

ORDINANCE NO. 2023-24

AN ORDINANCE GRANTING TO UNIVERSAL NATURAL GAS, LLC (d/b/a UNIVERSAL NATURAL GAS, INC.) AND ITS SUCCESSORS AND ASSIGNS, FOR A PERIOD OF TEN (10) YEARS FROM THE EFFECTIVE DATE OF THIS ORDINANCE, A NON-EXCLUSIVE FRANCHISE AND RIGHT TO ENTER THE PUBLIC WAYS TO INSTALL, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM WITHIN, ALONG, ACROSS, OVER AND UNDER THE PUBLIC WAYS OF THE CITY OF LEAGUE CITY, TEXAS FOR THE TRANSPORTATION, DISTRIBUTION AND/OR SALE OF GAS TO CUSTOMERS AND THE PUBLIC GENERALLY IN THE CITY; DEFINING THE WORDS AND PHRASES THEREIN; PROVIDING FOR ASSIGNMENT, SALE OR LEASE OF THE FRANCHISE; PROVIDING FOR USE AND REPAIR OF THE PUBLIC WAYS; PROVIDING FOR REGULATION OF SERVICE; ESTABLISHING DEPTH OF PIPELINES; ESTABLISHING RIGHTS AND DUTIES IN THE MOVEMENT AND ALTERATION OF PIPELINES; PROVIDING FOR INDEMNIFICATION OF THE CITY OF LEAGUE CITY; PROVIDING FOR INSPECTION OF GRANTEE'S RECORDS; REQUIRING GRANTEE TO PAY A FRANCHISE FEE; PROVIDING FOR CONDITIONS OF THE FRANCHISE; PROVIDING FOR CONSTRUCTION OF THIS ORDINANCE UPON THE INVALIDITY OF ANY PART THEREOF; PROVIDING FOR ACCEPTANCE OF THIS FRANCHISE BY GRANTEE AND BOTH AN EFFECTIVE AND AN OPERATIVE DATE THEREOF; REPEALING ALL PREVIOUS GAS FRANCHISE ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR PUBLICATION AND PRESCRIBING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEAGUE CITY, TEXAS:

SECTION 1. DEFINITIONS

As used in this Ordinance, the following words and phrases shall have the following meanings:

- A. "Affiliate" means any person or entity that directly or indirectly owns or controls, that is directly or indirectly owned or controlled by, or that is under common ownership or control with, Grantee.
- B. "City" means the City of League City, in Galveston County, Texas, a municipal corporation, hereinafter also referred to as "Grantor".
- C. "City Secretary" means the City Secretary of the City or other such officer of the City designated to serve as the filing officer for official documents and records of the City.
- D. "City Council" means the City Council of the City as the governing body of the City.
- E. "City Engineer" means the City Engineer of the City, the Public Works Director of the City, or such other officer of the City designates to approve engineering plans and designs for construction within Public Ways.
- F. "City Manager" means the City Manager of the City, the City Administrator of the City, or such other chief administrative officer of the City designates to hear appeals from the decisions of other City officers.

- G. “Customer” means any individual person, corporation, company, partnership, firm, unincorporated association, trust, municipality, or public or private entity to whom Grantee provides Service.
- H. “Franchise Fee” or “Franchise Fees” shall mean the sum of fees to be paid to the City by Grantee under Section 11 of this Ordinance.
- I. “Franchise Agreement” refers to this Ordinance.
- J. “Gas Sales” means the sale of natural gas to Grantee’s Customers located within the geographic areas depicted in Exhibit B to this Franchise Agreement as more fully described in Exhibit B-1 within the corporate limits of the City by use of Grantee’s System, and sale of natural gas to Grantee’s Customers located outside the corporate limits of the City but where Grantee employs Grantor’s Public Ways to provide service to such Customers.
- K. “Gas Transportation” means the transportation of Transport Gas for redelivery to Customers by use of Grantee’s System located within the corporate limits and located in the City’s Public Ways.
- L. “Grantee” shall mean UNIVERSAL NATURAL GAS, LLC, a Texas limited liability company, and its successors and assigns.
- M. “Gross Receipts from Gas Sales” means Grantee’s total receipts from Gas Sales to Grantee’s Customers. Grantee’s Gross Receipts from Gas Sales subject to the Franchise Fee shall specifically exclude:
- [1] receipts from Gas Sales or Services to Customers located at delivery points outside the corporate limits of the City, except for sale of natural gas to Grantee’s Customers located outside the corporate limits of the City where Grantee employs Grantor’s Public Ways to provide service to such Customers;
 - [2] the revenue of any Affiliate of Grantee, to the extent that such revenue is also included in Gross Receipts from Gas Sales of the Grantee;
 - [3] sales taxes, gross receipts taxes, other applicable taxes under state or local law, and Franchise Fees collected by Grantee;
 - [4] any interest income earned by the Grantee; and
 - [5] all monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City’s Public Ways.
- N. “Gross Receipts from Gas Transportation” means Grantee’s total receipts from its transportation of Transport Gas through Grantee’s System within the City (excluding gas sold to another gas utility in the City for resale to its customers within City). Grantee’s

Gross Receipts from Gas Transportation subject to the Franchise Fee shall specifically exclude:

- [1] receipts from Gas Transportation services to Customers located at delivery points outside the corporate limits of the City, unless such service is provided through use of Grantee's System located in Grantor's Public Ways;
- [2] the revenue of any Person including, without limitation, an Affiliate of Grantee, to the extent that such revenue is also included in Gross Receipts from Gas Transportation of the Grantee;
- [3] sales taxes, gross receipts taxes, other applicable taxes under state or local law, and Franchise Fees collected by Grantee;
- [4] any interest income earned by the Grantee; and
- [5] all monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's Public Ways.

O. "Permit" means the authorization to Grantee:

- [1] for the opening of the streets, avenues, alleys, or Public Ways shown on maps or plans submitted by Grantee to the City Engineer, showing the streets, avenues, and alleys and the locations thereon wherein Grantee proposes to construct new mains and pipes;
- [2] for the new construction or laying of the new mains and pipes by Grantee as shown on plans;
- [3] to perform all work on existing Grantee facilities or the System within the Public Ways or other City rights-of-way; and
- [4] excludes any permits the City requires for any construction by Grantee not related to use of the City's Public Ways.

P. "Person" means an individual, corporation, general or limited partnership, limited liability company, trust, association, or other business or legal entity.

Q. "Public Ways" means the present and future streets, avenues, boulevards, alleys, bridges, sidewalks, and highways within the municipal corporate limits of the City.

R. "Service" has its broadest and most inclusive meaning. The term includes any act performed, anything supplied, and any facilities used or supplied by Grantee. The term includes the Grantee's Gas Transportation services and the interchange of facilities between two or more gas utilities.

- S. “System” means Grantee’s system of mains, pipelines, conduits, valves, feeders, regulator stations, laterals, service lines, measuring devices, and all other necessary plants, attachments, land, structures, facilities and appurtenances for the purpose of selling, storing, supplying, conveying, transmitting, distributing, and/or transporting natural gas and any gas, including the equivalent substitutes, for all other lawful purposes in, through, upon, under, and along the present and future Public Ways within the municipal corporate limits of the City.
- T. “Transport Gas” means gas owned or controlled by a user or its designee (i.e., gas that is purchased or otherwise acquired by a user from someone other than Grantee) and delivered by such user or its designee to Grantee at a point on Grantee’s System, such point of delivery to be defined by Grantee, and carried, delivered, or transported through Grantee’s System located within the municipal corporate limits of the City by Grantee to the user for a fee.

SECTION 2. GRANT OF FRANCHISE

- A. Subject to the terms and conditions of this Franchise Ordinance, the Grantor hereby grants to Grantee, its successors and assigns and Affiliates, for the term of ten (10) years from the effective date of this Ordinance, the right to enter upon the Public Ways to install, operate and maintain a System along, across, over and under the Public Ways for the privilege of transporting, distributing and/or selling gas to Customers that are located within the geographic areas depicted in Exhibit B to this Franchise Agreement as more fully described in Exhibit B-1 within the municipal corporate limits of the City; and to distribute, sell, store, supply, transport, carry and/or convey natural gas and any gas through Grantee’s System in the City to other cities, towns, communities, and areas outside the City, for the full term of this Franchise Ordinance.
- B. The Ordinance shall have the effect of and shall be a contract between Grantor and Grantee and shall be the measure of the rights and liabilities of Grantor as well as Grantee.
- C. The Franchise granted by this Ordinance shall in no way affect or impair the present or future rights, obligations, or remedies of the City or Grantee under the Texas Gas Utility Regulatory Act, as amended. This is a non-exclusive franchise.

SECTION 3. FRANCHISE ASSIGNMENT, SALE OR LEASE

Grantee may not convey, sell, transfer, or assign the franchise granted hereby, or any part of this franchise, to any person, entity or corporation, except with the consent of Grantor, such consent not to be unreasonably withheld.

SECTION 4. USE AND REPAIR OF THE PUBLIC WAYS

- A. Grantee’s System shall be erected, placed, extended, repaired, laid, or otherwise installed, operated, and maintained in such a manner as will, consistent with reasonable necessity, cause the least interference with other existing public uses of the Public Ways, including but not limited to existing sewer, water, pipes, electricity, communications facilities, public or private drains, and any other facilities within the City, including facilities of utilities

granted a franchise or permit by the City. This Ordinance shall constitute the Permit to perform all work on existing Grantee facilities or the System within the Public Ways.

- B. Except in the case of an emergency, within the City's full purpose jurisdiction, when Grantee desires to lay any new mains or replace any existing mains in City's Public Ways, and before commencing its new construction work or replacement of mains, it shall submit to the City Engineer, or other proper authority, a map or plan showing the locations in the Public Ways wherein Grantee proposes to construct such new or replacement mains and pipes. The City Engineer, or other proper authority, shall by written notice, either issue or deny the Permit to Grantee. Approval by the City Engineer, or other proper authority, shall constitute the Permit to Grantee for the opening of the Public Ways shown on the map or plan, and for the new construction or laying of the new mains and pipes by Grantee or the replacement of existing mains and pipes as shown on the plan.

In the event that the Permit is denied, the City Engineer, or other proper authority, shall advise Grantee of the reasons for the denial and all necessary steps to secure approval of the Permit. Grantee shall have the right to immediately appeal the non-issuance of the Permit to the City Manager, and if not approved within ten (10) calendar days by the City Manager, Grantee may appeal to the City Council and be heard at a public meeting held in compliance with applicable law. If the City Council fails to act on the appeal within ten (10) calendar days, the appeal will be deemed to be denied unless agreed otherwise in writing by Grantee and the City. Appeal of any decision made by the City Council shall be made to the District Court of Galveston County, Texas, and an appeal from any decision of the District Court shall be as in all other civil actions.

- C. After any excavation or disturbance, Grantee shall, with due diligence and dispatch, place the Public Way in to its condition prior to the excavation or disturbance and in compliance with the Grantor's standards and specifications.

SECTION 5. REGULATION OF SERVICE

The System of Grantee shall at all times be installed, operated, and maintained in accordance with accepted good practice, and in accordance with all state, federal, and City regulations, and in such condition as will enable the Grantee to furnish adequate and continuous service as required by the orders, rules, and regulations of Grantor, the Railroad Commission of Texas, or other regulatory authority having jurisdiction. The requirements set forth in this Section shall not relieve Grantee of any other obligations set forth herein.

SECTION 6. DEPTH OF PIPELINES

After the Effective Date of this franchise, Grantee's main or lateral lines installed or replaced in Public Ways shall be installed or replaced at depths which comply with all applicable state and federal rules, regulations establishing minimum safety standards for the design, construction, maintenance, and operation of pipelines. Depth shall be measured from the lower of existing grade or proposed future grade as set forth on plans or other specifications existing at the time such lines are installed or replaced.

SECTION 7. DUTY TO MOVE OR ALTER LINES

- A. Grantor reserves the right to lay or permit to be laid cables, electric conduits, water, sewer, gas, or other pipelines and to do or permit to be done any underground work deemed necessary and proper by the Grantor, along, across, over, or under the Public Ways. In permitting such work to be done, the Grantor shall be liable to the Grantee for any damage to Grantee's pipelines and facilities caused by Grantor or its agents' or contractors' negligence.
- B. When Grantee is required by Grantor to remove or relocate any portion of Grantee's System to accommodate construction, widening, alignment, or realignment of the City's Public Ways by Grantor, and Grantee is eligible under federal, state, county, local or other programs for reimbursement of costs and expenses incurred by Grantee as a result of such removal or relocation, and such reimbursement is required to be handled through Grantor, then Grantee's costs and expenses shall be included in any application by Grantor for reimbursement, if Grantee provides the Grantor its appropriate cost and expense documentation prior to the filing of the application. Grantor shall provide reasonable notice to Grantee of the deadline for Grantee to submit documentation of the costs and expenses of such relocation to Grantor.
- C. When Grantee is required to remove or relocate any portion of Grantee's System to accommodate construction of the City's Public Ways by the Grantor without reimbursement, Grantee shall have the right to seek a surcharge to recover relocation costs pursuant to Section 104.112 of the Texas Utilities Code or any other applicable law or regulations.

SECTION 8. INDEMNIFICATION

Grantee and its successors and assigns shall indemnify, save, defend, protect and hold City and its agents, successors, assigns, legal representatives, employees, contractors, elected and non-elected officials and officers harmless from and against any and all claims, damages, losses, liabilities, demands, costs, causes of action, settlements, awards, penalties, fees assessments, fines, charges, demands, liens, punitive damages, attorney fees, and judgments of every kind or character, known or unknown, fixed or contingent (collectively "Claims") arising out of the acts or omissions of the Grantee, its servants, agents, employees, contractors, subcontractors, licensees, or any other person or entity in connection with the Grantee and the operation of this franchise, including without limitation any claims arising from tort, personal injury, death, property damage, or nuisance; provided however, that in the event of such Claim or Claims being prosecuted against the City, Grantee shall have the right to defend against the same, and to settle or discharge same in such manner as Grantor and Grantee agree. The City shall give prompt written notice to Grantee of the presentation or prosecution of such Claims. The indemnity provided for in this paragraph shall not apply to any Claims or liability resulting from the acts, omissions, or negligence of the City, its agents, legal representatives, employees, or contractors.

SECTION 9. GRANTEE'S RATES, RULES AND REGULATIONS

- A. The City Council hereby expressly reserves the right, power, and authority to fully regulate and fix the rates and charges for the services of the Grantee within its corporate City limits, as provided by State law including, but not limited to, Title 3 of the Texas Utilities Code, and the City Charter. Grantee shall supply natural gas and provide its Services at the rates and under the terms and conditions approved by Grantor. The approved initial Rates to be charged by Grantee for such Services are attached hereto as Exhibit A.
- B. The Grantee may, from time to time, propose changes related to its general rates by filing an application with the City Manager for the consideration of the City Council. Within a reasonable time, consistent with applicable State and local laws, the City Council shall hold a hearing regarding the application and shall have the authority to either approve or disapprove the proposed changes or make such order as may be reasonable.

At the time of any application seeking changes to Grantee's rates within the City, Grantee shall provide Grantor with the following information ("Rate Comparison Information"):

- [1] Grantee's then current rates, as approved by the Railroad Commission of Texas, for environs customers living in unincorporated areas of the State
 - [2] The then current rates for other natural gas utility providers approved to provide services within the Grantor's City limits
 - [3] Grantee's then current rates, as approved by other municipalities where Grantee is approved to provide Services
- C. Furthermore, in the event Grantee initiates lower base rates that are below those currently in effect for customers within Grantee's municipal boundaries with either the Railroad Commission of Texas and/or another municipality ("Lower Base Rates"), then Grantee shall, within 30-days following implementation of such Lower Base Rates, provide such information to the Grantee (to the City Manager or other designated City employee, as may be required) and may be required by the Grantee to submit an application to adjust the applicable Grantee rates to match such Lower Base Rates.
 - D. The Grantee acknowledges and agrees that the Grantor may, at any time during the term of this Agreement, at the expense of the Grantee, obtain expert assistance and advice, as required to determine fair and reasonable rates to be charged by Grantee to its customers in the corporate limits of the City, and in determining the extent to which the Grantee is complying with the terms and conditions of this Ordinance. The Grantee agrees to pay Grantor reasonable expenses in connection therewith, or reimburse the Grantor for the same, which expense the Grantee shall be entitled to recover through rates and tariffs.

SECTION 10. INSPECTION OF RECORDS

- A. Grantee shall permit Grantor or its agents to inspect, examine and audit, during regular business hours, the books, papers, and records kept by Grantee in the ordinary course of business and pertaining to the natural gas business carried on by it in the City, such as plats,

maps and atlases identifying Grantee's pipelines in the City, and the books and records necessary to verify the Franchise Fee payments provided for in Section 11 of this Franchise Agreement.

- B. Notwithstanding the Grantee's obligation to permit Grantor or its agents to inspect, examine and audit, Grantee's books, papers, and records, Grantee shall have the right to the reasonable protection of proprietary information and to provide redacted documents or require Grantor or its agents to enter into such agreements pertaining to confidentiality as may reasonably protect the proprietary information of Grantee but which do not unreasonably frustrate the purposes of this Section; provided, however, that information subject to disclosure under Chapter 552 of the Texas Government Code shall not be redacted.
- C. City has the right to audit Grantee's conformance with and payments made under this Franchise for the previous three (3) years from the date of notice to audit is provided to Grantee by City and up to two (2) years following the termination of this Franchise. These books, records, documents, and other evidence shall be available, within ten (10) business days of written request.
- D. Grantee shall retain such books, records, documents and other evidence pertaining to this agreement during the term of this Franchise and three years thereafter, except if an audit is in progress or audit findings are yet unresolved, in which case records shall be kept up to one year in addition to the initial three-year period until all audit tasks are completed and resolved.
- E. The cost of the audit will be borne by the City unless the audit reveals an underpayment of ten percent (10%) or greater. If an underpayment of ten percent (10%) or greater occurs, the underpayment and all reasonable costs of the audit, including any travel costs, shall be borne by Grantee and must be paid within sixty (60) days of receipt of an invoice. Failure to comply with the provisions of this section shall be a material breach of this Franchise Agreement and shall constitute, in the City's sole discretion, grounds for termination of this Franchise Agreement. Each of the terms "books," "papers," and "records," as used above, shall be construed to include electronic files, even if such electronic files are subsequently used to generate or prepare a final printed document.
- F. In the event that a dispute arises regarding an audit performed on Grantee's books, papers, and records, Grantee agrees to participate in non-binding mediation to attempt in good faith to resolve the dispute, should the City request such mediation. Grantee agrees that it will consult with the City and the parties will mutually agree on cost, location, and a Mediator to preside over the mediation.
- G. If an audit contemplated by this Section 10 reveals Grantee has underpaid the City, then City shall provide Grantee written notification from City regarding the existence of such alleged underpayment, and Grantee shall proceed in good faith to undertake a review of City's claim. Grantee shall have thirty (30) days within which to verify the City's findings. If Grantee confirms the existence of an underpayment, or if Grantee fails to present evidence refuting the City's findings within thirty (30) working days, it shall remit the

amount of underpayment to City within ten (10) working days after the end of the 30-day period. Should Grantee determine through examination of its books and records that City has been overpaid, upon receipt of written notification from Grantee regarding the existence of such overpayment, City shall proceed in good faith to review Grantee's claim. If City confirms the existence of an overpayment, or if the City fails to present evidence refuting Grantee's findings within thirty (30) working days, it shall remit the amount of overpayment to Grantee within ten (10) working days after the end of the 30-day period.

SECTION 11. CONSIDERATION FOR FRANCHISE: FRANCHISE FEE

A. As full consideration for the rights and privileges conferred by this Ordinance, Grantee agrees to pay Grantor as follows:

[1] Grantee shall collect the Franchise Fee from its Customers and shall pay Grantor a Franchise Fee the sum of which is equal to Five Percent (5%) of the Gross Receipts received by Grantee, per billing period, from the transportation and sale of natural gas for consumption within the municipal corporate limits of the City.

(a) For Gas Sales to Customers the Franchise Fee shall be based on Gross Receipts from Gas Sales to Grantee's Customers within the corporate limits of the City.

(b) For Gas Sales to Customers where such Customers are located outside the corporate limits of the City but where to provide Service to such Customers, Grantee's System is located in Grantor's Public Ways, the Franchise Fee shall be based on Gross Receipts from such Gas Sales.

(c) For Gross Receipts from Gas Transportation Service to Transport Gas Customers the Franchise Fee shall be based on the volume and value of gas transported by Grantee for Transport Customers through Grantee's System to third parties, excluding the volume and value of any gas transported to another gas utility in City for resale to its customers within City. The value of Transport Gas is to be established by utilizing Grantee's monthly weighted average cost of gas that Grantee charges to industrial customers as reasonably near the time as the transportation service is performed.

[2] All sums due from Grantee shall be in lieu of all other franchise fees, licenses, or occupational taxes, which may be levied or attempted to be levied on Grantee by the City.

[3] Grantee shall pay such Franchise Fee collected from its Customers to the Grantor under the terms of this Franchise Agreement. For Gross Receipts from Gas Sales the Franchise Fee shall be based upon Grantee's Gas Sales occurring on or after the Effective Date of this Ordinance. For Gross Receipts from Gas Transportation, the Franchise Fee shall be based upon Grantee's Gas Transportation of Transport Gas occurring on or after the Effective Date of this Ordinance. During the term of this Ordinance, Grantee shall collect from its Customers and pay the City on January

31st (for the last six months of the prior calendar year) and July 31st (for the first six months of the calendar year). Grantee shall include with the Franchise Fee payment a statement showing its collections of Gross Receipts from Gas Sales and Gross Receipts from Gas Transportation through Grantee's System in the City's Public Ways, including the calculation of the Franchise Fee for the subject time period.

- [4] Any payments that are received after 5:00 P.M. of the due date constitute late payments. Late payments shall accrue interest from such due date until payment is received by the Grantor. Any portion of an undisputed payment due and not paid when due shall bear interest at the lesser of 1.5% per month or the maximum rate allowed by law.
 - [5] It is expressly agreed that the Franchise Fee payments shall be in lieu of any payments for the right to use the Public Ways of the City, including expressly the charge permitted to be levied by the Texas Tax Code Sections 182.021-182.026 and 182.081-182.082, or any successor statute permitting such a charge, however designated. The Franchise Fee shall be in lieu of and accepted as payment of all of Grantee's obligations to pay all other franchise fees, licenses, easement or occupation taxes, levies, exactions, rentals, street-cut fees, inspection fees, right of way inspection fees, permit fees, franchise fees, easement taxes, or charges of any kind whatsoever which may be levied or attempted to be levied in general by the City, for the use of City's Public Ways, with the exception of any permit fees related to construction outside a Public Way, sales taxes, ad valorem taxes, and special assessments that are made without reference to or dependence upon Grantee's franchise or occupancy of the streets and public right of way, e.g., special assessment paving liens.
- B. The rights, privileges, and franchises granted by this Ordinance are not to be considered exclusive, and City hereby expressly reserves the right to grant, at any time as it may see fit, like privileges, rights, and franchises to any other person or corporation for the purpose of furnishing gas in the City.
 - C. Unless expressly set forth herein, or otherwise provided by law, by accepting this Ordinance, Grantee does not agree to be responsible for the payment of franchise fees other than as expressly set forth herein, or, except for Grantee's successors and assigns, for the payment of franchise fees owed to the City by any other entity, corporation, or firm.

SECTION 12. CONDITIONS OF FRANCHISE

This contract, franchise, grant, and privilege is granted and accepted under and subject to Grantor's Charter, and all applicable laws and under and subject to all of the orders, rules, regulations, and ordinances of Grantor now or hereafter adopted by governmental bodies now or hereafter having jurisdiction.

To the extent that all or any other existing franchise agreement held by Grantee shall conflict with any provision of this Franchise Agreement, this Franchise Agreement shall prevail upon passage, adoption and acceptance of this Franchise Agreement.

In addition to all other rights, powers, and remedies retained by the Grantee and Grantor under this Franchise Agreement or otherwise, in the event a dispute arises regarding the obligations under this Franchise Agreement, the Grantor shall give written notice specifying the nature of the dispute to the Grantee. The Grantee shall have 45 days from receipt of such notice to remedy the dispute. If the cure cannot reasonably be completed within such 45-day period, commercially reasonable best efforts to complete such cure shall be used. In the event a remedy does not occur, the Grantor shall give 20 days' written notice of intent to pursue additional judicial and/or legal remedies to the Grantee, including but not limited to injunctions to prevent breaches of this Franchise Agreement, and to enforce specifically the terms and provisions of this Franchise Agreement. Actions taken by Grantee in order to comply with then-current laws and regulations shall not be considered grounds for a dispute under this Franchise Agreement. Nothing herein shall be construed to limit Grantee's or Grantor's right to seek judicial determination of a breach of this Franchise Agreement.

SECTION 13. INVALIDITY OF ORDINANCE; SEVERABILITY

If any clause, sentence, or section of this Franchise Agreement shall be held to be invalid, it shall not affect the remaining portions of this Franchise Agreement, which shall remain valid and effective as if such invalid provision did not exist, although the parties shall be entitled to a judicial interpretation or construction of this Franchise Agreement to address the validation of such provision by minimal amendment thereof. Franchise Agreement

SECTION 14. EFFECTIVE DATE AND TERM

This ordinance shall take effect and be in full force immediately upon the date of its final passage and acceptance by Grantee (the "Effective Date").

SECTION 15. NOTICE OF ORDINANCE

Full text of Ordinance shall be published once, within five (5) days following the first reading, in a newspaper of general circulation in the City, and the expense of such publication shall be borne by Grantee.

SECTION 16. ACCEPTANCE BY GRANTEE

Grantee has consented to and agrees with this Franchise Agreement as evidenced by the notarized signature of an authorized representative of Grantee on page 14.

SECTION 17. REPEALER

This Franchise Agreement and all exhibits hereto comprise the entire Franchise Agreement and supersedes all prior agreements, negotiations, undertakings, understandings, proposals, statements, and representations, whether written or oral concerning Grantee's use of Grantor's Public Ways, which are by mutual consent hereby abrogated and superseded by this Franchise Agreement.

SECTION 18. NO WAIVER OF POWER.

In granting this Franchise, the City does not waive its regulatory powers, nor any rights under the Constitution and laws, present and future, of the State of Texas, nor any of its rights under future ordinances. The enumeration of special duties required of the Grantee shall not be construed as a limitation of the powers and duties conferred upon the City by the Constitution or laws of the State of Texas, or any present or future ordinances; and the Grantee shall perform all duties required by of it, by any valid ordinances adopted by the City, and by the laws of the State of Texas.

SECTION 19. CITY RESERVES POWER

The City retains exclusive control over its Public Ways, including (without enumerating all of its powers and without limiting its other powers) the power to lay out, establish, open, alter, widen, lower, elevate, extend, grade, abandon, discontinue, abolish, close, sell, pave, supervise, maintain and improve all of its Public Ways, and to construct, maintain and repair its facilities, including sewer pipes, water mains, drainage systems, and other public works within its Public Ways. In the exercise of such powers, the City may, whenever it deems it to be necessary, require the Grantee to alter, lower, elevate, relocate, or remove portions of its System in any such Public Way, as and when required by the City. Such alterations to the Grantee's systems shall be made at Grantee's expense, subject to the Grantee's right to recover such costs from the ratepayers within the City pursuant to Section 104.112 of the Texas Utilities Code.

SECTION 20. VENUE

This Franchise Agreement is performable in Galveston County, Texas and in the event of a dispute between such parties hereto, by agreement of such parties, venue shall be established in Galveston County, Texas.

SECTION 21. ANNEXATIONS

Grantor shall promptly notify Grantee in writing of areas newly annexed into or de-annexed from the corporate limits of Grantor, and Grantee shall update its records for the purpose of payment of franchise fees as soon as reasonably practicable after receiving such notice. Upon receipt of notice of annexation from the City, Grantee shall have one hundred eighty (180) days to begin collecting and paying the Franchise Fee for any revenues received from Grantee's customers residing in the newly annexed territories.

SECTION 22. RENEWAL OF FRANCHISE

Upon expiration of the initial ten (10) year term of this franchise, unless one of the parties provides written notice of termination to the other party six (6) months prior to the termination date, this Franchise Agreement shall be automatically renewed up to three (3) successive terms, with each renewal term lasting for five (5) years. Either party may provide written notice of termination to the other party prior to the expiration of a renewal term, so long as such notice is provided six (6) months prior to the termination date of the renewal term.

SECTION 23. NOTICES

Notices to the City shall be sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to:

City of League City
Attn: City Manager
300 West Walker Street
League City, Texas 77573

Notices to Grantee shall be sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to:

Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.)
Attn: General Counsel
9950 Woodloch Forest Drive, 22nd Floor
The Woodlands, TX 77380

Any party may change the address to which notices, and other communications hereunder, are to be delivered by giving notice to the other party in the manner described herein.

SECTION 24. PROOF OF ABILITY TO PERFORM UNDER THIS FRANCHISE

At the City's request, the Grantee will provide a copy of its Annual Report to the City Manager each year as proof of its financial ability to perform the duties required by this Franchise Agreement.

SECTION 25. INSURANCE

During the term hereof, the Grantee shall maintain one or more policies of general liability insurance having policy limits of not less than \$5,000,000.00 per occurrence. At the City's request, the Grantee will provide a certificate of insurance evidencing such coverage.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
LEAGUE CITY, TEXAS, THIS _____ DAY OF _____, 2023.**

John Baumgartner,
City Manager

ATTEST:

Diana Stapp,
City Secretary

APPROVED AS TO FORM:

Nghiem V. Doan,
City Attorney

The above and forgoing Franchise Ordinance and the grants, franchise, powers, rights and privileges thereto were accepted by Grantee this _____ day of _____, 2023.

UNIVERSAL NATURAL GAS, LLC

By: _____

Name: _____

Title: _____

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the ____ day of _____, 2023, by _____, _____ of UNIVERSAL NATURAL GAS, LLC, and who represents he has been given authority to sign this Agreement by and on behalf of said entity.

Notary Public, State of _____

Exhibit A

**UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.
RESIDENTIAL SERVICE
RATE SCHEDULE RES – LEAGUE CITY**

AVAILABILITY

This schedule is available to residential consumers within the municipal boundaries of the City of League City, Texas receiving natural gas service from UNIGAS (hereinafter called "Company").

APPLICATION OF SCHEDULE

The Company will provide distribution service for the delivery of gas supply through the Company's facilities to eligible residential customers residing in single family or multi-unit residential dwellings in which each unit requires a separate connection and meter. Gas supplied hereunder is for the individual use of the Consumer at one point of delivery and shall not be resold or shared with others. If the Consumer has a written contract with Company, the terms and provisions of such contract shall be controlling.

BASE MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly billing period rate for each customer receiving service under this rate schedule shall be the sum of the following:

Monthly Customer Charge: \$21.95

All Gas Consumed at: \$0.7196 per Mcf

Cost of Gas Component: The basic rates for cost of service set forth above shall also include the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule COG.

Taxes: Plus applicable taxes and fees related to above in accordance with the provisions of Rate Schedule TAXES.

Pipeline Safety Inspection Fee: The billing shall reflect adjustments in accordance with provisions of the Pipeline Safety Inspection Fee, Rate Schedule PSFUG, in accordance with Texas Admin Code §8.201.

Rate Case Expense Rider: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Miscellaneous Service Charges: The billing shall reflect adjustments in accordance with provisions of the Miscellaneous Service Charges, Rate Schedule M. Any applicable Miscellaneous Service Charges where rates for such Miscellaneous Services Charges differ shall be equal to or less than those charges assessed by other gas utilities currently approved to operate in League City, Texas.

UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.

COMMERCIAL SERVICE

RATE SCHEDULE COMM – LEAGUE CITY

AVAILABILITY

This schedule is available to commercial and other non-residential (hereinafter called “Commercial”) customers within the municipal boundaries of the City of League City, Texas receiving natural gas service from UNIGAS (hereinafter called "Company").

APPLICATION OF SCHEDULE

The Company will provide distribution service for the delivery of gas supply through the Company's facilities to eligible Commercial customers in which each unit requires a separate connection and meter. Gas supplied hereunder is for the individual use of the Customer at one point of delivery and shall not be resold or shared with others. If the Customer has a written contract with Company, the terms and provisions of such contract shall be controlling.

BASE MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly billing period rate for each customer receiving service under this rate schedule shall be the sum of the following:

<u>UNIGAS – COMMERCIAL TARIFF MATRIX</u>				
<u>COMMERCIAL CUSTOMER DESCRIPTION</u>	<u>MONTHLY CONSUMPTION CRITERIA</u>		<u>BASE MONTHLY RATE</u>	
	<u>Equal to or Greater Than:</u>	<u>Less Than or Equal to:</u>	<u>Monthly Customer Charge</u>	<u>Commodity</u>
Small Commercial	<i>0.0 Mcf/Mth.</i>	<i>150.0 Mcf/Mth.</i>	<i>\$27.93/Mth.</i>	<i>\$0.5654/Mcf</i>
Large Commercial	<i>150.1 Mcf/Mth.</i>	<i>N/A</i>	<i>\$470.37/Mth</i>	<i>\$0.8034/Mcf</i>

Cost of Gas Component: The basic rates for cost of service set forth above shall also include the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule COG.

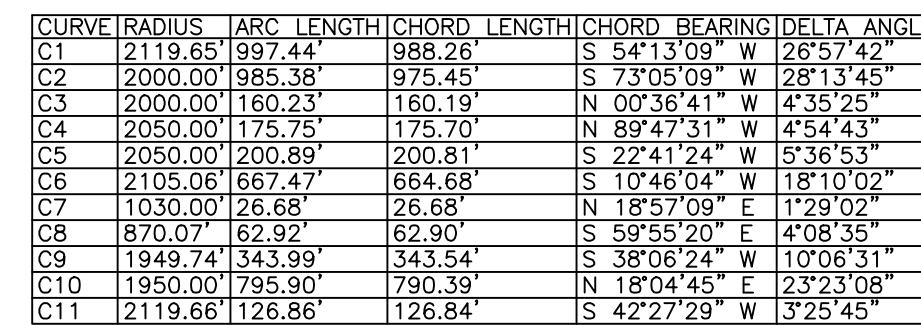
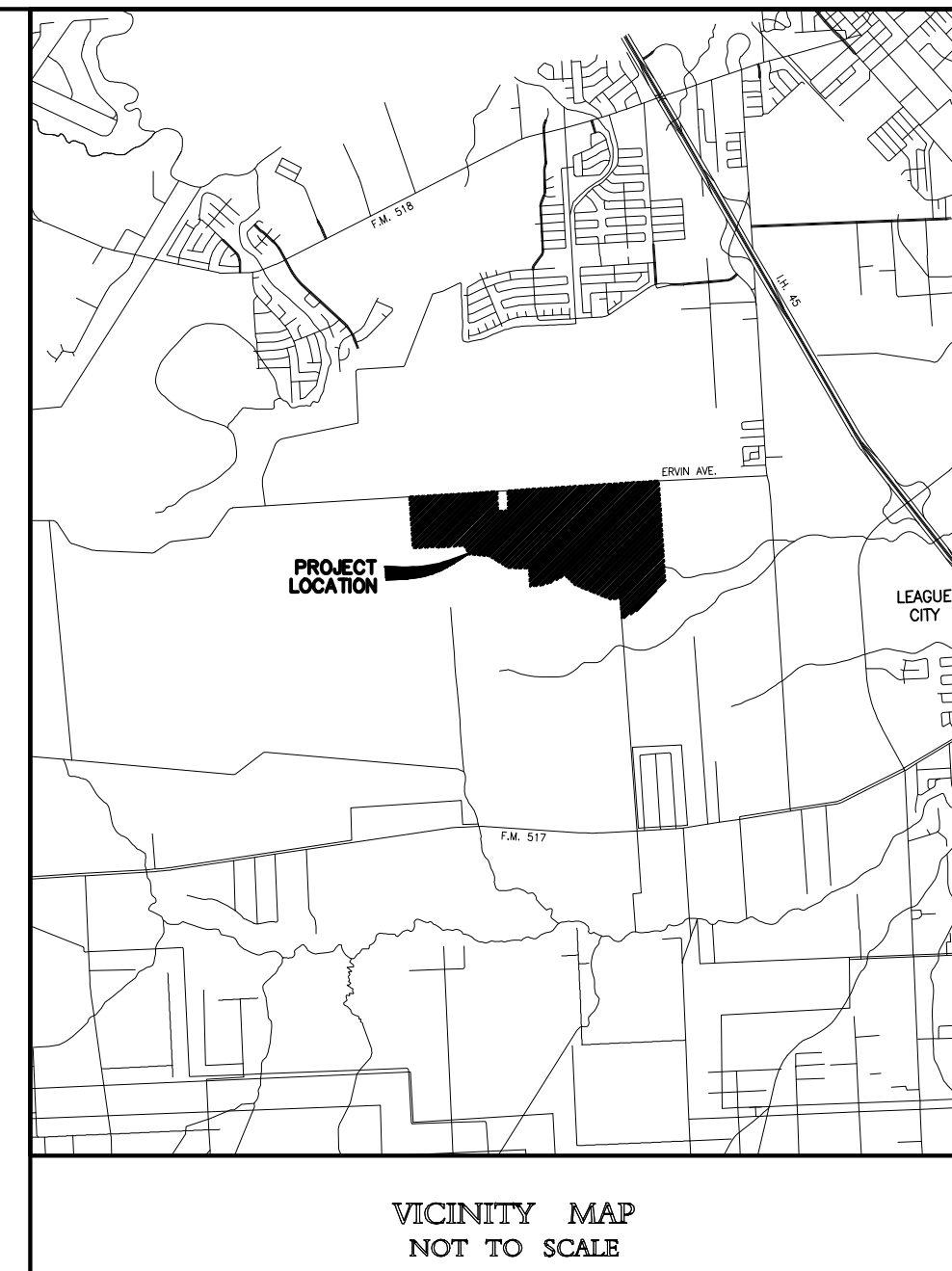
Pipeline Safety Inspection Fee: The billing shall reflect adjustments in accordance with provisions of the Pipeline Safety Inspection Fee, Rate Schedule PSFUG, in accordance with Texas Administrative Code §8.201.

Taxes: Plus applicable taxes and fees related to above in accordance with the provisions of Rate Schedule TAXES.

Rate Case Expense Rider: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Miscellaneous Service Charges: The billing shall reflect adjustments in accordance with provisions of the Miscellaneous Service Charges, Rate Schedule M. Any applicable Miscellaneous Service Charges where rates for such Miscellaneous Services Charges differ shall be equal to or less than those charges assessed by other gas utilities currently approved to operate in League City, Texas.

SAVE AND EXCEPT TRACT 1:	2.67 ACRES
SAVE AND EXCEPT TRACT 2:	24.22 ACRES
SAVE AND EXCEPT TRACT 3:	21.23 ACRES
SAVE AND EXCEPT TRACT 4:	18.63 ACRES
SAVE AND EXCEPT TRACT 5:	24.15 ACRES




LUTHER J. DALY, R.P.L.S.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NO. 6150
DATED MARCH 12, 2021.



MARCH 2021 JOB NO. LJAS001-0386-3002

LJA Surveying, Inc. 
3600 W Sam Houston Parkway S Phone 713.953.5200
Suite 175 Fax 713.953.5026
Houston, Texas 77042 T.B.P.E.L.S. Firm No. 10194382

NOTES:

1) ALL BEARINGS REFERENCED TO THE TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, NAD83 NAD2011 (EPOCH 2010.00).

THIS SURVEY WAS PREPARED FROM INFORMATION PROVIDED BY FIDELITY NATIONAL TITLE INSURANCE COMPANY OF MEMPHIS, CH-7652 07655200245-SA, EFFECTIVE DATE OF COMMITMENT FEBRUARY 24, 2025, AND ISSUED ON MARCH 1, 2025.

3) SURVEYOR DID NOT ABSTRACT SUBJECT PROPERTY.

THE FOLLOWING ITEMS LISTED IN SCHEDULE "B" OF THE ABOVE REFERENCED TITLE COMMITMENT ARE AS FOLLOWS:

10. THE FOLLOWING MATTERS AND ALL TERMS OF THE DOCUMENTS CREATING OR OFFERING EVIDENCE OF THE MATTERS:

A. RIGHTS OF PARTIES IN POSSESSION.

B. RIGHT OF WAY PIPELINE EASEMENT IN FAVOR OF SHELL PIPELINE CORPORATION AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 2097, PAGE 338, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

C. RIGHT OF WAY PIPELINE EASEMENT IN FAVOR OF DOW CHEMICAL COMPANY AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 2135, PAGE 22 AND VOLUME 2141, PAGE 125, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

D. PIPELINE RIGHT OF WAY EASEMENT IN FAVOR OF PHILLIPS PIPELINE COMPANY AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 873, PAGE 278, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT, BLANKET IN NATURE)

E. PIPELINE RIGHT OF WAY EASEMENT IN FAVOR OF COASTAL TRANSMISSION CORPORATION AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 1479, PAGE 497, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT, NO EVIDENCE FOUND ON THE TRAC WEBSITE OR ON GROUND)

F-G. INTENTIONALLY DELETED.

H. RIGHT OF WAY 50' WIDE ROAD FOR ROADWAY TO COUNTY OF GALVESTON AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 2781, PAGE 802, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT, BLANKET IN NATURE)

I-M. INTENTIONALLY DELETED.

N. PIPELINE RIGHT OF WAY EASEMENT IN FAVOR OF DOW CHEMICAL COMPANY AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 2781, PAGE 802, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

O. PIPELINE RIGHT-OF-WAY AND EASEMENT IN FAVOR OF BASF CORPORATION AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NOS. 2010080873 AND 2010080694, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

P. DRAINAGE AND STORM SEWER EASEMENTS AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 9449037, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT, BLANKET IN NATURE)

R. SUBJECT TO THOSE CERTAIN STREETS AND/OR ROADWAYS LOCATED IN DIVISION "E" AS SHOWN ON MAP OF GALVESTON-HOUSTON INTERURBAN LAND COMPANY SUBDIVISION RECORDED IN VOLUME 294-A, PAGE 20 (TRANSFERRED TO VOLUME 7, PAGE 33) IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

S. PIPELINE RIGHT-OF-WAY AND EASEMENT IN FAVOR OF BASF CORPORATION AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NOS. 9735969 AND 9735970, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

T. PIPELINE RIGHT-OF-WAY AND EASEMENT IN FAVOR OF BASF CORPORATION AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NOS. 201008113, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

U. UNLOCATED PIPELINE EASEMENT IN FAVOR OF COASTAL TRANSMISSION CORPORATION AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 1475, PAGE 376, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT, BLANKET IN NATURE)

V. PIPELINE EASEMENT IN FAVOR OF DOW CHEMICAL PIPELINE COMPANY AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 2121, PAGE 202, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT, BLANKET IN NATURE)

W. PIPELINE EASEMENT IN FAVOR OF SHELL PIPELINE CORPORATION AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED IN VOLUME 2089, PAGE 228, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. (DOES AFFECT, BLANKET IN NATURE)

X. PIPELINE RIGHT-OF-WAY AND EASEMENT IN FAVOR OF DENBURY GREEN PIPELINE-TEXAS, LLC, AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 2010086228, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

Y. PIPELINE RIGHT-OF-WAY AND EASEMENT IN FAVOR OF DENBURY GREEN PIPELINE-TEXAS, LLC, AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 2010235210, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

Z-AB. INTENTIONALLY DELETED.

AC. TERMS, CONDITIONS AND STIPULATIONS CONTAINED IN THAT CERTAIN MEMORANDUM OF AGREEMENT RECORDED UNDER CLERK'S FILE NO. 2018008373, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NOT A SURVEY ITEM)

AD. TERMS, CONDITIONS AND STIPULATIONS CONTAINED IN THAT CERTAIN AGREEMENT FOR ACCESS RECORDED UNDER CLERK'S FILE NO. 2018008374, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

AE. PIPELINE RIGHT-OF-WAY AND EASEMENT IN FAVOR OF KW INTERESTS, LP, AS SET FORTH AND DEFINED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 2018008175, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

AF. WATER LINE EASEMENT AGREEMENT (WITH RIGHT OF REVERSION) DATED APRIL 28, 2020 IN FAVOR OF THE CITY OF LEAGUE CITY, TEXAS RECORDED UNDER CLERK'S FILE NO. 2020023179, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (DOES AFFECT AND SHOWN HEREON)

AG. 1/2 OF ALL OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN VOLUME 2901, PAGE 547, AND CORRECTED BY INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 2018005649, IN THE OFFICIAL PUBLIC RECORDS OF REAL PROPERTY OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

AH. 5/8THS OF 1/2 OF ALL OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN VOLUME 1373, PAGE 519, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

AI. ALL THE OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN VOLUME 1373, PAGE 519, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

AJ. ALL THE OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN VOLUME 2001, PAGE 579, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

AK. ALL THE OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN VOLUME 613, PAGE 563, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

AL. 1/2 OF 3/8THS OF 1/2 OF ALL OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN VOLUME 1391, PAGE 392, IN THE OFFICE OF THE COUNTY CLERK OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

AM. 1/2 OF ALL OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN VOLUME 3039, PAGE 585, IN THE DEED RECORDS OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

AN. INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS, AND ALL RIGHTS INCIDENT THERETO, CONTAINED IN INSTRUMENT RECORDED IN/UNDER CLERK'S FILE NO. 2018008369, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS HERE MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

AO. INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS, AND ALL RIGHTS INCIDENT THERETO, CONTAINED IN INSTRUMENT RECORDED IN/UNDER CLERK'S FILE NO. 9700533 OF THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS HERE MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

AP. INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS, AND ALL RIGHTS INCIDENT THERETO, CONTAINED IN INSTRUMENT RECORDED IN/UNDER CLERK'S FILE NO. 2018008369, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS HERE MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

AR. ALL OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 8800574, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

AS. WAIVER OF SURFACE RIGHTS TOGETHER WITH DESIGNATION OF 4 DRILL SITES AS SET FORTH IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 9449034, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NOT A SURVEY ITEM)

AT. INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS, AND ALL RIGHTS INCIDENT THERETO, CONTAINED IN INSTRUMENT RECORDED IN/UNDER CLERK'S FILE NO. 9449035 OF THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS HERE MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

AU. 1/4TH INTEREST IN ALL OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY CONVEYED IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 9449036, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

AV. INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS, AND ALL RIGHTS INCIDENT THERETO, CONTAINED IN INSTRUMENT RECORDED IN/UNDER CLERK'S FILE NO. 9725279 OF THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS HERE MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

AW. CONVEYANCE OF MINERAL LEASING RIGHTS AS SET FORTH IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 9725283, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NOT A SURVEY ITEM)

AX. INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS, AND ALL RIGHTS INCIDENT THERETO, CONTAINED IN INSTRUMENT RECORDED IN/UNDER VOLUME 1985, PAGE 675, 678, 683, 685, 687, AND 689 OF THE DEED RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS HERE MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

AY. TERMS, CONDITIONS AND STIPULATIONS CONTAINED IN THAT CERTAIN AFFIDAVIT REGARDING OIL, GAS, AND OTHER MINERALS WITHIN THE C. W. PRESSLER SURVEY, A-649, GALVESTON COUNTY, TEXAS, AS SET FORTH IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 2013061645, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NOT A SURVEY ITEM)

AZ. ALL THE OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN CLERK'S FILE NO. 2001018754, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

BA. ALL THE OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN CLERK'S FILE NO. 2011034191, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. DRILL SITE AND ACCESS ROUTES AS SET FORTH THEREIN. (NO LOCATION GIVEN)

BB. EASEMENT AND SURFACE USE AGREEMENT FOR DRILL SITE DATED MARCH 31, 2010, RECORDED UNDER CLERK'S FILE NOS. 2010016217 AND 2010134191, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NO LOCATION GIVEN)

BC. ALL THE OIL, GAS, AND OTHER MINERALS OF EVERY CHARACTER IN AND UNDER THE HEREIN DESCRIBED PROPERTY EXCEPTED IN INSTRUMENT RECORDED IN CLERK'S FILE NO. 2018008369, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. TITLE TO SAID INTEREST NOT CHECKED SUBSEQUENT TO DATE OF AFORESAID INSTRUMENT. (NOT A SURVEY ITEM)

BD. INTEREST IN AND TO ALL OIL, GAS AND OTHER MINERALS, AND ALL RIGHTS INCIDENT THERETO, CONTAINED IN INSTRUMENT RECORDED IN/UNDER CLERK'S FILE NO. 2018010659, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS HERE MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

BE. WAIVER OF SURFACE RIGHTS AS SET FORTH IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 2018008372, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NOT A SURVEY ITEM)

BF. WAIVER OF SURFACE RIGHTS AS SET FORTH IN INSTRUMENT RECORDED UNDER CLERK'S FILE NO. 2018008395, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NOT A SURVEY ITEM)

BG. LEASE FOR OIL, GAS OR OTHER MINERALS, TOGETHER WITH RIGHTS INCIDENT THERETO, DATED OCTOBER 26, 1938, BETWEEN K. DUNCAN SR., TRUSTEE BY AN INSTRUMENT OF RECORD IN FILE NUMBER 9220279, OF GALVESTON COUNTY, TEXAS, ASSIGNED TO OULFBORO IL CORPORATION AND THE SALT DOME OIL CORPORATION BY INSTRUMENT RECORDED IN VOLUME 585, PAGE 424, OF THE DEED RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

BH. LEASE FOR OIL, GAS OR OTHER MINERALS, TOGETHER WITH RIGHTS INCIDENT THERETO IN FAVOR OF WR PRODUCTION, LLC, RECORDED IN/UNDER CLERK'S FILE NOS. 20106034419, RAISED BY 20200202351, 2018010685, AMENDED BY 2010058384, 2018011040, AMENDED BY2019085382, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

BI. LEASE FOR OIL, GAS OR OTHER MINERALS, TOGETHER WITH RIGHTS INCIDENT THERETO IN FAVOR OF WR PRODUCTION, LLC, RECORDED IN/UNDER CLERK'S FILE NOS. 2018010686, 2018011038, AMENDED BY 2019058383, 2018011039, AMENDED BY 2019058385, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. REFERENCE TO WHICH INSTRUMENT IS MADE FOR PARTICULARS, NO FURTHER SEARCH OF TITLE HAS BEEN MADE AS TO THE INTEREST(S) EVIDENCED BY THIS INSTRUMENT, AND THE COMPANY MAKES NO REPRESENTATION AS TO THE OWNERSHIP OR HOLDER OF SUCH INTEREST(S). (NOT A SURVEY ITEM)

BJ. DESIGNATION OF GAS UNIT WR PRODUCTION, LLC - TIDWELL NO. 1 GAS UNIT, RECORDED UNDER CLERK'S FILE NO. 2019062860, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NOT A SURVEY ITEM)

BK. PETITION FOR CREATION OF GALVESTON COUNTY MINERAL UTILITY DISTRICT NO. 73 DATED MAY 31, 2018, RECORDED UNDER CLERK'S FILE NO. 2019003054, IN THE OFFICIAL PUBLIC RECORDS OF GALVESTON COUNTY, TEXAS. (NOT A SURVEY ITEM)

BL. RIGHTS OF TENANTS IN POSSESSION, AS TENANTS ONLY, UNDER UNRECORDED LEASE AGREEMENTS.

4) SUBJECT TRACT LIES IN MUD 73.

5) ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAPS MAP NUMBERS 4816702286 AND 48167020106, MAPS REVISED AUGUST 15, 2019, THE SUBJECT TRACT LIES WITHIN ZONE "X" (UNSHADED) AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE OF FLOODPLAIN. "X" AREA DOES NOT WARRANT NOR SUBSCRIBE TO THE ACCURACY OR SCALE OF SAID MAPS."

6) THERE ARE NO PAVED OR STRIPED PARKING SPACES LOCATED ON THE SUBJECT TRACT AT THE TIME OF THE SURVEY.

7) THERE IS NO VISIBLE EVIDENCE OF THE SUBJECT TRACT BEING USED AS A SOLID WASTE DUMP, SUMP OR LANDFILL OR RECENT EARTHWORK.

8) MINERAL INTERESTS WERE NOT INVESTIGATED AS A PART OF THIS SURVEY.

9) ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAPS MAP NUMBERS 4816702286 AND 48167020106, MAPS REVISED AUGUST 15, 2019, THE SUBJECT TRACT LIES WITHIN ZONE "X" (UNSHADED) AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE OF FLOODPLAIN. "X" AREA DOES NOT WARRANT NOR SUBSCRIBE TO THE ACCURACY OR SCALE OF SAID MAPS."

10) THERE ARE NO PAVED OR STRIPED PARKING SPACES LOCATED ON THE SUBJECT TRACT AT THE TIME OF THE SURVEY.

11) ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAPS MAP NUMBERS 4816702286 AND 48167020106, MAPS REVISED AUGUST 15, 2019, THE SUBJECT TRACT LIES WITHIN ZONE "X" (UNSHADED) AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE OF FLOODPLAIN. "X" AREA DOES NOT WARRANT NOR SUBSCRIBE TO THE ACCURACY OR SCALE OF SAID MAPS."

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13) ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAPS MAP NUMBERS 4816702286 AND 48167020106, MAPS REVISED AUGUST 15, 2019, THE SUBJECT TRACT LIES WITHIN ZONE "X" (UNSHADED) AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE OF FLOODPLAIN. "X" AREA DOES NOT WARRANT NOR SUBSCRIBE TO THE ACCURACY OR SCALE OF SAID MAPS."

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SAVE AND EXCEPT THE FOLLOWING FIVE (5) TRACTS:

TRACT 1 - 2.67 ACRES:

A DESCRIPTION OF A 2.67 ACRE TRACT OF LAND LOCATED IN THE I. & G.N. RAILROAD SURVEY, SECTION 1, ABSTRACT 607, OF THE J.F. PERRY & E. M. AUSTIN SURVEY, ABSTRACT 19, GALVESTON COUNTY, TEXAS, MORE PARTICULARLY BEING A PORTION OF LOT 6 OF BLOCK 7, AND LOT 3 OF BLOCK 8, OF DIVISION B OF GALVESTON-HOUSTON INTERURBAN LAND COMPANY SUBDIVISION, A SUBDIVISION OF RECORD IN