

OPTION CONTRACT

Preamble

This Option Contract (herein "Option Contract" or "Agreement") is made this _____ day of _____, 2001, at College Station, Brazos County, Texas by Bobby Trant, Patsy T. Langford, and Robin T. Johnson, referred to in this Option Contract as Optionors, and the Cities of Bryan and College Station, Texas, each being a municipal corporation of the State of Texas, referred to in this Option Contract as Optionees.

Recitals

WHEREAS, Optionors are the owners of certain real property in Grimes County, referred to in this Option Contract as the Property, said property being located in Grimes County, Texas and more particularly depicted on a map and in field notes, attached as Exhibit A, and more particularly described on Exhibit B, both of which are attached to and by this reference made a part of this Option Contract; and

WHEREAS, Optionees desire to acquire the exclusive and irrevocable right and option to purchase, without becoming obligated to purchase, the Property at an agreed price and under specified terms and conditions;

WHEREAS, the parties have executed a memorandum of option concurrently with the execution of this Option Contract containing a summary of this Option Contract, which memorandum is to be recorded, and which is incorporated herein by reference and made a part hereof;

THEREFORE, it is agreed as follows:

1. Recitals. The above Recitals are true and correct and incorporated into this Option Contract.
2. Grant of Option. For the consideration of \$6,500.00, Optionors hereby grant to Optionees, their successors, and assigns, the exclusive and irrevocable right and option to purchase the Property described in Exhibit B at the price and under the terms set forth in the Farm and Ranch Contract in Exhibit C, which is attached to and by this reference made a part of this Option Contract.
3. Expiration Date. This option shall expire at 5:00 o'clock p.m., Central Standard Time on January 16, 2002, (the "First Expiration Date") unless extended pursuant to the provisions of paragraph 4 hereof.

4. Extensions Of Option.

(a) On or before the First Expiration Date Optionees shall be entitled to extend the expiration date of the option rights granted hereunder to 5:00 p.m. Central Standard Time on January 16, 2003, by payment to Optionors of an additional Option Payment in the amount of \$150.00 per optioned acre by January 16, 2002.

(b) If Optionees have previously extended its option rights pursuant to subparagraph 4(a) above, Optionees shall be entitled to extend the expiration date of the option rights granted hereunder to 5:00 p.m. Central Standard Time on January 16, 2004, by payment to Optionors of an additional Option Payment in the amount of \$150.00 per optioned acre by January 16, 2003.

(c) If Optionees have previously extended its option rights pursuant to subparagraph 4(b) above, Optionees shall be entitled to extend the expiration date of the option rights granted hereunder to 5:00 p.m. Central Standard Time on January 16, 2005 by payment to Optionors of an additional Option Payment in the amount of \$100.00 per optioned acre by January 16, 2004.

(d) If Optionees have previously extended its option rights pursuant to subparagraph 4(c) above, Optionees shall be entitled to extend the expiration date of the option rights granted hereunder to 5:00 p.m. Central Standard Time on July 15, 2005, by payment to Optionors of an additional Option Payment in the amount of \$75.00 per optioned acre by January 16, 2005.

If any of the aforesaid extension options is not exercised by Optionees' payment of the stated additional Option Payment on or before the expiration date of the preceding option term, then, Optionees' option rights hereunder (including all additional extension rights) shall expire, and Optionors shall retain all Option Payments made prior to such date.

The number of optioned acres shall be calculated using the survey(s) required by Paragraph 8. As part of the survey(s) the surveyor shall certify to Optionors and Optionees the total acreage contained in each parcel of land within the Property which the title company provides a preliminary title report reflecting the Optionors as the owner. The sum of the surveyed acreage contained in the parcels of land located within the area identified on the map in Exhibit A which parcels have preliminary title reports reflecting the Optionors as owner and for which Optionees approve the condition of title as provided in paragraph 10 shall constitute the Optioned Acreage. The Option Payments called for under this paragraph 4 hereof will be determined by multiplying the dollar amount per optioned acre by the Optioned Acreage as determined above. Should the Optionors own an undivided interest in such a parcel the Optioned Acreage would be a pro rata amount. For example, if Optionors own a twenty percent (20%)

undivided interest in a 100-acre parcel, Optionors' Optioned Acreage for such parcel would be 20 acres (20% x 100 acres).

In addition to the Property which the title company provides a preliminary title report reflecting the Optionors as the owner, any ownership of additional property or additional undivided interests in property hereafter acquired by Optionors within the borders of the map marked as Exhibit A and the field notes will be added to this Option Contract and the Farm and Ranch Contract, subject to the same requirements and payments set forth for the original Property optioned.

5. Exercise of Option. Optionees may exercise this option by execution and tender to Optionors of the Farm and Ranch Contract attached hereto as Exhibit C. The Farm and Ranch Contract provides for a purchase price of \$3,200.00 per acre plus any option payments remaining unexercised or unpaid on the date of tender. Optionors shall forthwith execute and deliver to Optionees an executed copy of said contract within five (5) days.

6. Disposition of Option Consideration. The option payments from Optionees to Optionors hereunder are not to be applied to or credited against payment of the purchase price of \$3,200.00 per acre.

7. Intended Use. Optionees contemplate using the Property as a Type I Municipal Sanitary Landfill ("Landfill"). Optionors hereby authorize Optionees at Optionees' expense to apply for and attempt: to secure such zoning classification, access to suitable public roads, suitable utility connections, consents of property owners, and such building and other governmental permits as may be necessary to permit Optionees to construct and operate upon the premises a Landfill, in accordance with such design and specifications as Optionees shall determine. Such zoning classification, access, utility connections, consents, and permits are hereinafter called the "Permits."

Such applications may be made in Optionees' name or Optionors' name, or both, as may be required by relevant governmental agencies, and Optionors agree to cooperate fully and in good faith in this regard, provided, however, Optionors shall not be required to incur any cost or expense or liability in connection therewith. Notwithstanding the above, it is agreed that any permits related to the operation of the Landfill shall be filed for and secured in the name of the Optionees. Optionors agree to execute application(s) for the rezoning of the Property and to execute such other documents as may be requested by Optionees in connection with Optionees' efforts to secure the Permits. If requested to do so by Optionees and only if requested by Optionees, Optionors shall attend hearings and appear before relevant governmental agencies and support Optionees' efforts to obtain the Permits.

8. Right to Enter: Survey. Optionors authorize Optionees to enter upon the Property at any reasonable time to survey the Property, and to make soil

borings and conduct other studies to determine the suitability of the land for the uses intended, all at Optionees' expense. Optionees agree to hold harmless and indemnify Optionors from and against any loss, claims, or damage from whatever cause arising out of such entry. Optionees, at Optionees' sole expense, shall obtain a survey of the various parcels comprising the Property made by a surveyor registered in Texas, certified in favor of Optionors, Optionees, and the title insurance company. The survey will be staked on the ground, and the plat will show the location of all highways, streets, roads, railroads, rivers, creeks, or other water courses, perimeter fences only, easements, and rights-of-way on or adjacent to the property, if any. The survey will contain the surveyor's certification that there are no encroachments on the Property other than those located on the survey and will set forth the number of total acres to the nearest 100th of an acre. Upon completion of the survey, the field note descriptions prepared by the surveyor shall become the legal description of the parcels constituting the Property subject to this Option Agreement and the Farm and Ranch Contract attached hereto as Exhibit C.

9. Optionors' Covenants, Representations And Warranties. Optionors covenant, represent, and warrant to Optionees as follows:

(a) Optionors own good and marketable title to the Property. There are no liens, encumbrances, leases, restrictions, or other matters affecting title to the Property (except as shown on Exhibit D attached hereto) and no person or entity has the right to impose or claim a mechanic's or materialman's lien upon the Property. There are no covenants, conditions, restrictions or other title exceptions applicable to the Property which are presently violated or which would prevent or impair Optionees' intended use of the Property. Optionors will not grant any monetary liens or encumbrances or grant any easement, license, or any other interest affecting the Property after the date hereof excepting (i) leases involving minerals at a depth of more than 1,500 feet which do not allow any surface use, activity, access, or encumbrance; and (ii) leases of the surface that are subordinate to Optionees' rights hereunder and do not extend past the earlier of June 30, 2004 or Closing.

(b) Optionors have not entered into and there is not existing any other agreement, written or oral, under which Optionors are or could become obligated to sell, lease or grant any other rights in the Property to any party.

(c) To the best of Optionors' knowledge the Property consists of one contiguous tract of land.

(d) Optionors further warrant and covenant that it has not and will not, during the term of this Agreement, take any action to request or effect annexation of the Property to any municipality or to request or petition any change of the zoning classification of the Property.

(e) Optionors shall not take any action after the date hereof which affects title to the Property, or allow any action to be taken by any third party or by operation of law which affects title to the Property.

(f) As of the date hereof, no notice of violation has been issued and no proceedings commenced with regard to any applicable law, regulation, ordinance, requirement, covenant, condition or restriction affecting or relating to the present use or occupancy of the Property by any person, authority or agency having jurisdiction thereover with which Optionors have not fully complied. Optionors shall, at Optionors' sole cost and expense, correct any violations and bear all expenses, fines, or related expenditures in connection therewith.

(g) Optionors do not know of any intended public improvements which will result in any charges being levied or assessed against the Property which will result in a lien thereon.

(h) There are no underground storage tanks, pumps, or piping located on the Property, and to Optionors' knowledge there are no hazardous waste or substance deposits located on the Property.

(i) There are no actions, suits, claims or proceedings pending or threatened with respect to or in any manner affecting the Property, nor, to Optionors' knowledge, are there any circumstances which should or could reasonably form the basis for any such actions, suits, claims or proceedings, and Optionors have not been notified of any contemplated condemnation by third parties that possess the right to condemn the Property or any portion thereof, and there is no pending action in condemnation with respect to the Property or any portion thereof, by any governmental or quasi-governmental authority.

(j) There are no pending civil (including actions by private parties), criminal, or administrative proceedings against Optionors relating to environmental matters with respect to the Property, and there have been none at any time during Optionors' ownership of the Property; Optionors know of no threatened civil (including actions by private parties), criminal, or administrative proceedings against it relating to environmental matters; and Optionors know of no facts or circumstances which may give rise to any future civil (including actions by private parties), administrative or criminal proceedings against it relating to environmental matters with respect to the Property.

(k) The Property has not been used for the disposal of waste, to Optionors' knowledge by third parties nor for the disposal of waste by Optionors except as incident to the normal operation of farming and ranching activities conducted on the Property.

10. Preliminary Examination Of Title And Survey. At Optionees' expense, on or before April 15, 2001, Optionors shall deliver to Optionees preliminary title

reports issued by Navasota Abstract Company on behalf of a title company licensed in Texas and acceptable to Optionees regarding the status of title to the various parcels comprising the Property. Copies of each document constituting, describing, or reflecting covenants, conditions, restrictions or other title exceptions relating to the parcels comprising the Property shall be delivered with the title reports. Optionees shall have until May 15, 2001 to disapprove or preliminarily approve the condition of title and any survey of any parcel. If Optionees disapprove the then current condition of title or survey, then Optionees shall notify Optionors of this determination and Optionors shall promptly undertake to eliminate or modify all such unacceptable matters to the satisfaction of Optionees. Encumbrances listed on Exhibit D shall not be valid exceptions to condition of title. Should Optionors not be able to successfully modify or eliminate such unacceptable matters, Optionees can choose to terminate this Option as to that particular parcel. Thereafter, although Optionees retain the right to terminate this Agreement as to any parcel comprising a portion of the Property at any time, any termination of this Agreement by Optionees which arises from an objection to title which Optionees previously approved in its preliminary examination, shall result in forfeiture by Optionees of all Option Payments. Notwithstanding any other provision of this Agreement, if Optionees preliminarily approve the condition of title and survey, Optionors warrant that it shall not cause or allow any change to the condition of title or survey during the option period, and Optionees maintain the right to renew its objections to changes in the condition of title and survey occurring subsequent to the preliminary review and prior to Closing and to recover from Optionees the Option Consideration paid regarding that particular parcel if the title condition is not cured.

11. Broker's Commissions. Optionors and Optionees warrant, each to the other, that there are no brokers involved in this sale transaction. If any person shall assert a claim to a fee, commission, or other compensation on account of alleged employment as a broker or finder or for performance of services as a broker or finder in connection with this transaction, the party hereto under whom the broker or finder is claiming shall indemnify and hold harmless the other party against and from any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought thereon (including, but without limitation, reasonable attorney's and defense costs).

12. Waiver of Claims. At the Closing of any sale of the Property by Optionors to Optionees, Optionors shall execute for no additional consideration a waiver of any and all claims, known and unknown, against the City of Bryan and the City of College Station relating to the siting and permitting of a Landfill on the Property, including any takings claims, either regulatory or inverse, for the market value of property taken or damages to the Optionors' remaining property or to any other properties owned either now or in the future by Optionors. The waiver shall be in the form specified in Exhibit E.

13. Agreement To Not Oppose Siting And Permitting. So long as the Option is in effect and following the purchase of the Property, Optionors will not take any of the following actions regarding the Optionees' efforts to obtain approval for the Property to become the site of a permitted Landfill:

(a) seek party status or participate in any proceedings before the TNRCC or any other governmental agency or any court for the purpose of opposing the siting of the Landfill on the Property or issuance of a permit (or amendment) for the Landfill or related facilities; and,

(b) directly or indirectly assist, encourage, fund, or otherwise support any individual, entity, or other party in opposition to the utilization of the Property as a location for a Landfill or to a permit (or amendment) for the Landfill or related facilities.

The parties understand and agree that a breach of this provision by Optionors could cause very large consequential damages for Optionees, including additional hauling and disposal costs if another landfill must be used because the permit is delayed or denied. Optionors acknowledge that the law may hold them to be liable for these consequential damages in the event of breach. Optionees agree to employ reasonable efforts to mitigate those damages. However, at a minimum, Optionors agree to pay all of the increase in Optionees' costs, including costs of hearings, including all legal and consultant costs and court costs, cost of preparation for the hearings, including legal and consultant costs and costs of discovery, caused by such a breach. Optionors also agree to repay Optionees for all costs paid by Optionees for the Option and the Property under this Agreement in the event of such a breach, unless such breach causes no harm or only insignificant harm. Optionors' obligations under this paragraph shall survive the exercise of this Option and the closing of the transaction contemplated hereby and shall remain effective during the operating life of the Landfill.

14. Notices. Unless otherwise provided herein, any notice, tender, or delivery to be given hereunder by either party to the other may be effected by personal delivery in writing or by registered or certified mail, postage prepaid, return receipt requested, and notices mailed in such manner shall be conclusively deemed received and effective as of two (2) days following the date it is so deposited. Mailed notices shall be addressed as set forth below, but each party may change its address by giving fifteen (15) days' written notice in accordance with this Paragraph.

To the Optionors:

Bobby Trant, Patsy T. Langford, and Robin T. Johnson
c/o Bobby Trant
14017 Highway 244
Iola, Texas 77861

with a copy to:

Karl C. Hoppess, Esq.
Karl C. Hoppess & Associates, P.C.
1301 McKinney, Suite 3550
Houston, Texas 77010

To the Optionees:

The City of Bryan
Attention: City Manager
P.O. Box 1000
Bryan, Texas 77805

The City of College Station
Attention: City Manager
P.O. Box 9960
College Station, Texas 77842

with a copy to:

The City of Bryan
Attention: City Attorney
P.O. Box 1000
Bryan, Texas 77805

The City of College Station
Attention: City Attorney
P.O. Box 9960
College Station, Texas 77842

Robert D. Fowler
Robert D. Fowler, P.C.
1301 West 25th Street, Suite 320
Austin, Texas 78705

15. Attorney's Fees. In the event of any controversy, claim, or dispute between the parties hereto, arising out of or relating to this Agreement or the breach thereof, the prevailing party shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for attorney's fees in such litigation, which shall be determined by the court in such litigation or in a separate action brought for that purpose.

16. Condemnation.

(a) The parties to this agreement are aware that it may be necessary for Optionees to acquire all or a portion of the Property by commencing condemnation proceedings pursuant to Chapter 21 of the Texas Property Code. Optionors

acknowledge that Optionees have the right to take all or a portion of the Property pursuant to state law, and that Optionors will need to be joined as defendants in such statutory condemnation proceedings so that Optionees will acquire fee simple title to the undivided interests of Optionors and any third party.

(b) The parties have agreed that this Agreement will be controlling as to the purchase price to be paid by Optionees to acquire the fee simple interest in the Property owned by the Optionors.

(c) If this Agreement is in effect, the parties acknowledge and agree that the Optionees have the right to acquire the property interests owned by the Optionors in the Property through a statutory condemnation proceeding.

(d) Optionors acknowledge that the Optionees cannot legally waive their rights to condemn the Property through statutory condemnation proceedings. Nothing in this agreement shall be construed as a waiver of Optionees' right to condemn the Property through statutory condemnation proceedings. However, Optionees agree that they will not adversely pursue condemnation of any of the title of Optionors during the continuance of this Agreement and if Optionees decide to terminate or breach this Agreement in order to condemn Optionors' interest they will be bound, for value purposes, by the total amount in compensation to be paid Optionees hereunder, including option payments and the purchase price.

(e) If Optionees pay Optionors the sums set forth herein and in the Farm and Ranch Contract, Optionors agree to cooperate in any statutory condemnation proceedings by acceptance or waiver of service of citation, entrance of appearance(s), appearance at court hearings, signing documents such as judgments, disclaimers of interest, agreed motions and other court orders which will assist Optionees in acquiring fee simple title to the Property.

(f) Optionees agree that as to any property they determine must be acquired through condemnation proceedings and in which Optionors own an undivided interest, the Optionors shall be named as Condemnees in the condemnation proceedings. Optionors agree that they will not oppose or question the right of Optionees to condemn such Property and they will cooperate with and support the Optionees in acquiring the Property and in obtaining the award as to damages in such taking both before the Commissioners and before the Court. In such condemnation proceedings Optionors shall have the right to appeal the award into a judicial proceeding in the District Court in Grimes County having jurisdiction for the sole purpose of determining title, ownership, and proportionment of the Property being condemned and the award contained in the judgment.

Upon conclusion of each condemnation proceeding by judgment, should the Court have determined that Optionors own more interest in the Property than that set forth in the original preliminary title report provided pursuant to Paragraph 4, such additional interest of Optionors shall be added to and included in

this Option Contract and the Farm and Ranch Contract for all purposes and Optionors shall be paid as if the additional ownership interest and acreage was contained within the original report under Paragraph 4.

(g) As to any acquisition by Optionees of third parties' interest or title to property, Optionors agree that they shall not interfere with or oppose Optionees' efforts to acquire such title through condemnation litigation involving such portion of the Property. Optionors agree that they shall not take any action or assist third parties to increase the land acquisition costs of Optionees for this landfill project. Optionors agree not to oppose Optionees' right to acquire such third party's interest or property, including raising any jurisdictional complaint concerning condemnation proceedings instituted by Optionees, or contesting the amount of just compensation offered by Optionees to third parties to acquire the Property.

(h) Optionors are entitled to recover the net sales proceeds and option payments pursuant to this Agreement and the Farm and Ranch Contract if there is a closing of the real estate transaction described in this agreement. Optionors are not entitled to additional compensation from Optionees if condemnation litigation is commenced by Optionees to acquire title to the Property. If Optionors sell their interest in the Property to Optionees pursuant to this Agreement and the Farm and Ranch Contract, the Optionors are not entitled to recover any condemnation proceeds or award in addition to the sales proceeds related to the Property. Optionees shall not make a claim for the market value of the Property or damages to any remaining property in any condemnation proceeding initiated by Optionors to acquire title to the Property if Optionors have received the total proceeds provided by this Agreement and the Farm and Ranch Contract for their interest in the Property. If Optionees institute condemnation proceedings and deposit monies into the Registry of the Court having jurisdiction over such condemnation proceedings in Grimes County, Optionors shall not seek to withdraw any portion of the funds that would result in Optionors being paid more than what they are entitled to for their interest in the property.

17. Miscellaneous.

17.01 If any provision of this Agreement is declared void or unenforceable, such provision shall be deemed severed from this Agreement, which shall otherwise remain in full force and effect.

17.02 Each party hereto agrees to do all such things and take all such action, and to make, execute, and deliver such other documents and instruments as shall be reasonably requested to carry out the provisions, intent and purposes of this Agreement. Further, Optionors agree to cooperate with Optionees in any condemnation hearing deemed necessary by Optionees to quiet title to any Property purchased under this Agreement by Optionees from Optionors. Such cooperation by Optionors shall involve no additional consideration to Optionors other than the reimbursement of its out-of-pocket expenses as a result of being named a party.

17.03 Each of the parties hereto represents and warrants to the other that this Agreement has been duly authorized by all necessary action and that this Agreement constitutes and will constitute a binding obligation of each such party.

17.04 This Agreement shall be binding upon and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties, provided, however, that no assignment of this Agreement shall in any way relieve the assignor of its obligations hereunder.

17.05 No verbal statements by either party hereto or its representatives, whether implied or express occurring either before or after the execution of this Agreement, shall be construed as having any bearing upon this Agreement or any portion hereof. This Agreement evidences the complete agreement between the parties hereto and shall supersede all prior contracts, agreements, and arrangements between the parties concerning the Property. This Agreement may not be amended, modified or rescinded except in writing, signed by all parties hereto, and any attempt at oral modification of this Agreement shall be void and of no effect.

17.06 Paragraph headings used herein are for convenience only and are not a part of this Agreement and shall not be deemed to limit or alter any provision hereof, and shall not be deemed relevant in construing this Agreement.

17.07 Any waiver by either party shall in no way affect either party's rights to enforcement of the provisions contained in this Agreement nor shall any extension or waiver be held to be an extension of time or a waiver of any prior or subsequent breach of the same or any other obligation under this Agreement.

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

17.09 Time is of the essence of each and every term, provision, covenant, and obligation of the parties under this Agreement.

17.10 This Agreement shall be deemed to be made under, and performance hereunder shall be governed by, the laws of the State of Texas.

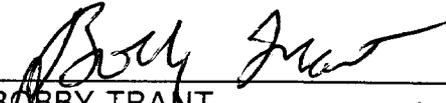
17.11 All covenants, agreements, warranties and representations provided herein and attached hereto shall survive the Closing provided for herein and shall not merge in any of the deeds or other instruments or documents of conveyance provided for herein.

17.12 Upon request of Optionees, Optionors will execute a short form memorandum of this Option Agreement in recordable form, which may be recorded in the real estate records of Grimes County, Texas.

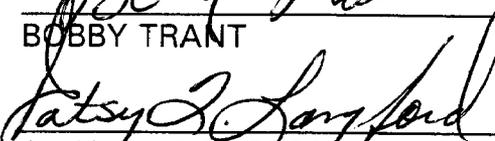
17.13 Optionors shall not release any announcement or provide any information concerning this option or any transactions contemplated hereby. Any governmental, public, or private inquiries or requests for information shall be promptly referred to Optionees.

IN WITNESS WHEREOF, the parties hereto have executed this Option Agreement the day and year first above written.

OPTIONORS:



BOBBY TRANT



PATSY T. LANGFORD



ROBIN T. JOHNSON

OPTIONEES:

CITY OF BRYAN, TEXAS

BY: _____
Printed Name: _____
Title: _____

CITY OF COLLEGE STATION, TEXAS

BY: _____
Printed Name: _____
Title: _____

STATE OF TEXAS §
§
COUNTY OF Grimes §

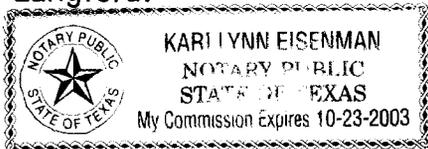
This instrument was acknowledged before me on March 15, 2001, by Bobby Trant.



Kari Lynn Eisenman
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF Grimes §

This instrument was acknowledged before me on March 15, 2001, by Patsy T. Langford.



Kari Lynn Eisenman
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF Grimes §

This instrument was acknowledged before me on March 15, 2001, by Robin T. Johnson.



Kari Lynn Eisenman
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF BRAZOS §

This instrument was acknowledged before me on _____, by _____, of the City of College Station, a Texas municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he has executed the same for the purposes and consideration therein expressed on behalf of said municipal corporation.

Notary Public, State of Texas

OPTION CONTRACT BETWEEN
BOBBY TRANT, PATSY T. LANGFORD, AND ROBIN T. JOHNSON, OPTIONORS,
AND THE CITY OF BRYAN, TEXAS AND
THE CITY OF COLLEGE STATION, TEXAS, OPTIONEES

EXHIBIT B
DESCRIPTION OF OPTION PROPERTY

As used in this Option Contract, the term "Property" includes the following:

1. TRACT ONE: being (i) all of Optionors' surface rights; (ii) all of Optionors' interest in oil, gas, and other minerals from the surface to a depth of 1,500 feet below the surface; and (iii) all Optionors' right to explore from the surface of such property oil, gas, and other minerals at any depth in the real property in Grimes County, Texas owned by Optionors, whether such ownership is outright or in undivided interests, which is located in the Joseph T. Robinson A-390 Survey and which is located south of Hwy 30, together with all improvements thereon and all rights, privileges, and appurtenances pertaining thereto, including but not limited to, water rights, claims, permits, and easements. Optionors would retain the right to develop the retained minerals from off the Property using directional drilling or other recovery methods that do not require the use and/or occupancy of the surface.

At the date of this contract both Seller and Buyer understand that the real property interests owned by Sellers in the Property consist of those acquired by a General Warranty Deed, dated November 8, 2000, from Clare Moore Stanton to Sellers of record in Volume 965, Page 01 of the Real Property Records of Grimes County, Texas, and the General Warranty Deed, dated November 7, 2000, from Roy W. Moore to Sellers of record in Volume 964, Page 848 of the Real Property Records of Grimes County, Texas.

OPTION CONTRACT BETWEEN
BOBBY TRANT, PATSY T. LANGFORD, AND ROBIN T. JOHNSON, OPTIONORS,
AND THE CITY OF BRYAN, TEXAS AND
THE CITY OF COLLEGE STATION, TEXAS, OPTIONEES

EXHIBIT C

FARM AND RANCH CONTRACT

PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)

09-22-97



FARM AND RANCH CONTRACT

1. **PARTIES:** Bobby Trant, Patsy T. Langford, and Robin T. Johnson (Seller) agrees to sell and convey to the City of Bryan, Texas and the City of College (Buyer) and Buyer agrees to buy from Seller the property described below. Station, Texas

2. **PROPERTY:** The land situated in Grimes County, Texas, described as follows:
1 tract of land, being referred to herein as Tract 1 or as the "Property" as shown on the map attached hereto as Exhibit A and more particularly described on Exhibit B.

or as described on attached exhibit, together with all improvements thereon and all rights, privileges and appurtenances pertaining thereto, including but not limited to: water rights, claims, ~~and~~ ^{and} permits, ~~and~~ ^{and} easements, ~~all rights and obligations of applicable government programs and cooperative or association memberships.~~ Included with the sale are the following items, if any: windmills and tanks, domestic water systems, curtains and rods, draperies and rods, valances, blinds, window shades, screens, shutters, awnings, wall-to-wall carpeting, mirrors fixed in place, ceiling fans, attic fans, mail boxes, television antennas and satellite dish with controls and equipment, permanently installed heating and air conditioning units, window air conditioning units, built-in security and fire detection equipment, plumbing and lighting fixtures, including chandeliers, water softener, stove, built-in kitchen equipment, garage door openers with controls, built-in cleaning equipment, all swimming pool equipment and maintenance accessories, shrubbery, landscaping, permanently installed outdoor cooking equipment, built-in fireplace screens, artificial fireplace logs and all other property owned by Seller and attached to the above described real property.

~~The following crops and equipment are included:~~ _____

The following property is not included: all property is included

All property sold by this contract is called the "Property." The Property will be conveyed subject to the the following exceptions, reservations, conditions and restrictions (if none, insert "none"):

A. Minerals, Royalties, and Timber Interests:

(1) Presently outstanding in third parties:

Tract 1 - unknown

(2) To be additionally retained by Seller:

Tract 1 - none from surface to depth of 1,500 feet; Seller retains all deeper than 1,500 feet; Seller transfers all rights to develop as may burden any surface rights.

B. Mineral Leases:

Tract 1 - oil and gas lease with Chesapeake Operating, Inc.

C. Surface Leases:

Tract 1 - None

D. Easements:

Tract 1 - None

E. Restrictions, Zoning Ordinances or other Exceptions:

Tract 1 - None

3. SALES PRICE:

- A. Cash portion of Sales Price payable by Buyer at closing $\frac{\$3,200/\text{acre}}{\text{estimated to be}}$ \$ 64,000
- B. (1) Sum of all financing described in Paragraph 4 \$ _____
 (2) Less: face amount of any lender required stock < _____ >
 (3) Difference between B(1) and B(2) \$ _____
- C. Sales Price [sum of A and B(3)] $\frac{\$3,200/\text{acre: estimated to be}}$ \$ 64,000
- D. The Sales Price will will not be adjusted based on the survey required by Paragraph 6B, and the number of acres over or under 400 acres will be multiplied by \$ 3,200 per acre. The result thereof will be added to or subtracted from the Sales Price, and the cash amount set out in 3A will be adjusted accordingly, ~~however, if the amount set out in 3A is to be adjusted by more than 10%, either party may terminate this contract and the earnest money will be refunded to Buyer.~~

4. ~~FINANCING: Within _____ days after the effective date of this contract Buyer shall apply for all third party financing or noteholder's approval of any assumption and make every reasonable effort to obtain financing or assumption approval. Financing or assumption approval will be deemed to have been obtained when the lender determines that Buyer has satisfied all of lender's financial requirements (those items relating to Buyer's net worth, income and creditworthiness). If financing (including the face amount of any lender required stock) or assumption approval is not obtained within _____ days after the effective date hereof, this contract will terminate and the earnest money will be refunded to Buyer. Each note to be executed hereunder must be secured by vendor's and deed of trust liens.~~

The portion of Sales Price not payable in cash will be paid as follows: (Check applicable boxes below)

A. THIRD PARTY FINANCING:

- (1) This contract is subject to approval for Buyer of a third party first lien note of \$ _____ (including the face amount of any lender required stock) payable at _____ intervals for not less than _____ years with the initial interest rate not to exceed _____ % per annum.
- (2) This contract is subject to approval for Buyer of a third party second lien note of \$ _____ (including the face amount of any lender required stock) payable at _____ intervals for not less than _____ years with the initial interest rate not to exceed _____ % per annum.

B. SELLER FINANCING: A promissory note from Buyer to Seller of \$ _____ bearing _____ % interest per annum, secured by vendor's and deed of trust liens, in accordance with the terms and conditions set forth in the attached TREC Seller Financing Addendum. If an owner policy of title insurance is furnished, Buyer shall furnish Seller with a mortgagee policy of title insurance.

C. ASSUMPTION:

- (1) Buyer shall assume the unpaid principal balance of a first lien promissory note payable to _____ dated _____ which unpaid balance at closing will be \$ _____ (including the face amount of any lender required stock). The total current monthly payment including principal, interest and any reserve deposits is \$ _____. Buyer's initial payment will be the first payment due after closing.
- (2) Buyer shall assume the unpaid principal balance of a second lien promissory note payable to _____ dated _____ which unpaid balance at closing will be \$ _____ (including the face amount of any lender required stock). The total current monthly payment including principal, interest and any reserve deposits is \$ _____. Buyer's initial payment will be the first payment due after closing.

If any assumed loan initially required the purchase of lender's stock, the sale of the Property will include such stock.

Buyer's assumption of an existing note includes all obligations imposed by the deed of trust securing the note. If the unpaid principal balance(s) of any assumed loan(s) as of the Closing Date varies from the loan balance(s) stated above, the cash payable at closing Sales Price will be adjusted by the amount of any variance, provided, if the total principal balance of all assumed loans

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~~varies in an amount greater than \$500.00 at closing, either party may terminate this contract and the earnest money will be refunded to Buyer unless the other party elects to eliminate the excess in the variance by an appropriate adjustment at closing. If the noteholder on assumption requires (a) Buyer to pay an assumption fee in excess of \$ _____ in C(1) above or \$ _____ in C(2) above, and Seller declines to pay such excess or (b) an increase in the interest rate to more than _____% in C(1) above or _____% in C(2) above, or (c) any other modification of the loan documents. Buyer may terminate this contract and the earnest money will be refunded to Buyer. A vendor's lien and deed of trust to secure assumption will be required, which will automatically be released on execution and delivery of a release by noteholder. If Seller is released from liability on any assumed note, the vendor's lien and deed of trust to secure assumption will not be required.~~

~~NOTICE TO BUYER: The payments, interest rates or other terms of some loans may be adjusted by the lender at or after closing. If you are concerned about the possibility of future adjustments, do not sign the contract without examining the notes and deeds of trust.~~

~~NOTICE TO SELLER: Your liability to pay the note assumed by Buyer will continue unless you obtain a release of liability from the lender. If you are concerned about future liability, you should use the TREC Release of Liability Addendum.~~

- D. CREDIT APPROVAL ON ASSUMPTION OR SELLER FINANCING. Within _____ days after the effective date of this contract, Buyer shall deliver to Seller credit report verification of employment, including salary verification of funds on deposit in financial institutions current financial statement to establish Buyer's creditworthiness for assumption approval or seller financing and _____

~~If Buyer's documentation is not delivered within the specified time, Seller may terminate this contract by notice to Buyer within 7 days after expiration of the time for delivery, and the earnest money will be paid to Seller. If this contract is not so terminated, Seller will be deemed to have accepted Buyer's credit. If the documentation is timely delivered, and Seller determines in Seller's sole discretion that Buyer's credit is unacceptable, Seller may terminate this contract by notice to Buyer within 7 days after expiration of the time for delivery and the earnest money will be refunded to Buyer. If Seller does not so terminate this contract, Seller will be deemed to have accepted Buyer's credit. Buyer hereby authorizes any credit reporting agency to furnish to Seller at Buyer's sole expense copies of Buyer's credit reports.~~

- 5. EARNEST MONEY: ~~There is no earnest money. Property is subject of an Option Contract.~~ Buyer shall deposit \$ _____ as earnest money with _____ at _____

~~(Address), as escrow agent, upon execution of this contract by both parties. Additional earnest money of \$ _____ must be deposited by Buyer with escrow agent on or before _____ 19____. If Buyer fails to deposit the earnest money as required by this contract, Buyer will be in default.~~

6. TITLE POLICY AND SURVEY:

- A. TITLE POLICY: Seller shall furnish to Buyer at Seller's Buyer's expense an owner policy of title insurance (the Title Policy) issued by Navasota Abstract Co. for Stewart Title (the Title Company) in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:

- (1) The standard printed exception for standby fees, taxes and assessments.
- (2) Liens created as part of the financing described in Paragraph 4
- (3) Those matters specifically described in Paragraph 2.
- (4) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements.
- (5) The standard printed exception as to marital rights.
- (6) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.

~~Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (the Commitment) and, at Buyer's expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment other than the standard printed exceptions. Seller authorizes the Title Company to mail or hand deliver the Commitment and related documents to Buyer at Buyer's address shown below. If the Commitment is not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to 15 days.~~

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B. SURVEY: (Check one box only)

- (1) Within _____ days after the effective date of this contract, Buyer shall obtain a survey at Buyer's expense.
- (2) Within _____ days after the effective date of this contract, Seller shall cause a survey to be delivered to Buyer at Seller's expense.
- (3) Within _____ days after the effective date of this contract, Seller will deliver to Buyer the existing survey plat of the Property dated _____, 19____, which
 will will not be recertified to a date subsequent to the effective date of this contract at the expense of Buyer Seller.

The survey must be made by a Registered Professional Land Surveyor acceptable to the Title Company and any lender.

Buyer will have 7 days after the receipt of the latter of the Commitment or survey to object in writing to matters disclosed in the Commitment or survey except for those matters specifically described in Paragraph 2. Buyer's failure to object under Paragraph 6 within the time allowed will constitute a waiver of Buyer's right to object: except that the requirements in Schedule C of the Commitment will not be deemed to have been waived. Seller shall cure the timely objections of Buyer or any third party lender within 20 days after Seller receives the objections and the Closing Date will be extended as necessary. If objections are not cured by the extended Closing Date, this contract will terminate and the earnest money will be refunded to Buyer unless Buyer elects to waive the objections.

C. ABSTRACT OF TITLE: TREC Addendum for Abstract of Title, or an addendum required by the parties, is attached.

NOTICE TO SELLER AND BUYER:

- (1) Broker advises Buyer to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.
- (2) If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49 of the Texas Water Code requires Seller to deliver and the Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.
- (3) Eligibility for government farm program benefits may depend upon compliance with a soil conservation plan for the Property. Buyer is advised to determine whether the property is subject to and in compliance with a plan before signing this contract.
- (4) Buyer is advised that the presence of wetlands, toxic substances, including asbestos and wastes or other environmental hazards or the presence of a threatened or endangered species or its habitat may affect Buyer's intended use of the Property. If Buyer is concerned about these matters, an addendum either promulgated by TREC or required by the parties should be used.
- (5) If the Property abuts the tidally influenced submerged lands of the state, Section 33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract. An addendum either promulgated by TREC or required by the parties should be used.
- (6) Unless expressly prohibited in writing by the parties, Seller may continue to show the Property for sale and to receive, negotiate and accept back-up offers.
- (7) Any residential service contract that is purchased in connection with this transaction should be reviewed for the scope of coverage, exclusions and limitations. **The purchase of a residential service contract is optional. Similar coverage may be purchased from various companies authorized to do business in Texas.**

7. PROPERTY CONDITION:

A. INSPECTIONS, ACCESS AND UTILITIES: Buyer may have the Property inspected by an inspector selected by Buyer, licensed by TREC or otherwise permitted by law to make such inspections. Seller shall permit access to the Property at reasonable times for inspection, repairs and treatment and for reinspection after repairs and treatment have been completed. Seller shall pay for turning on utilities for inspection and reinspection.

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- B. SELLER'S DISCLOSURE NOTICE PURSUANT TO SECTION 5.008, TEXAS PROPERTY CODE (Notice) (check one box only):
- (1) Buyer has received the Notice.
 - (2) Buyer has not received the Notice. Within _____ days after the effective date of this contract, Seller shall deliver the Notice to Buyer. If Buyer does not receive the Notice, Buyer may terminate this contract at any time prior to the closing. If Seller delivers the Notice, Buyer may terminate this contract for any reason within 7 days after Buyer receives the Notice or prior to the closing, whichever first occurs.
 - (3) The Texas Property Code does not require this Seller to furnish the Notice.

C. SELLER'S DISCLOSURE OF LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS is required by Federal law for a residential dwelling constructed prior to 1978. An addendum providing such disclosure is is not attached.

D. ACCEPTANCE OF PROPERTY CONDITION: (check one box only):

- (1) In addition to any earnest money deposited with escrow agent, Buyer has paid Seller \$_____ (the "Option Fee") for the (i) right to inspect the Property at Buyer's cost, (ii) right to conduct feasibility studies as Buyer deems necessary and (iii) unrestricted right to terminate this contract by giving notice of termination to Seller within _____ days after the effective date of this contract. If Buyer gives notice of termination within the time specified, the Option Fee will not be refunded, however, any earnest money will be refunded to Buyer. If Buyer does not give notice of termination within the time specified, Buyer will be deemed to have accepted the Property in its current condition and the Option Fee will will not be credited to the Sales Price at closing.
- (2) Buyer accepts the Property in its present condition, ~~provided Seller, at Seller's expense, shall complete the following repairs and treatment:~~ _____

~~E. LENDER REQUIRED REPAIRS AND TREATMENTS (REPAIRS): Unless otherwise agreed in writing, neither party is obligated to pay for lender required repairs or treatments for wood destroying insects. If the cost of lender required repairs exceeds 5% of the Sales Price, Buyer may terminate this contract.~~

~~F. COMPLETION OF REPAIRS AND TREATMENT: Unless otherwise agreed by the parties in writing, Seller shall complete all agreed repairs and treatment prior to the Closing Date. Repairs and treatments must be performed by persons who regularly provide such repairs or treatments. At Buyer's election, any transferable warranties received by Seller with respect to the repairs will be transferred to Buyer at Buyer's expense. If Seller fails to complete any agreed repairs and treatment prior to the Closing Date, Buyer may do so and the Closing Date will be extended up to 15 days, if necessary, to complete repairs and treatment.~~

8. **BROKERS' FEES:** All obligations of the parties for payment of brokers' fees are contained in separate written agreements.

9. **CLOSING:** The closing of the sale will be on or before July 15 2005 or within 7 days after objections to matters disclosed in the Commitment or by the survey have been cured, whichever date is later (the Closing Date). *If financing or assumption approval has been obtained pursuant to Paragraph 4, the Closing Date will be extended up to 15 days if necessary to comply with lender's closing requirements (for example, appraisal, survey, insurance policies, lender-required repairs, closing documents).* If either party fails to close this sale by the Closing Date, the non-defaulting party will be entitled to exercise the remedies contained in Paragraph 15. At closing Seller shall furnish tax statements or certificates showing no delinquent taxes, and a general warranty deed conveying good and indefeasible title showing no additional exceptions to those permitted in Paragraph 6.

10. **POSSESSION:** Seller shall deliver possession of the Property to Buyer on closing in its present or required repaired condition, ordinary wear and tear excepted. Any possession by Buyer prior to closing or by Seller after closing which is not authorized by a temporary lease form promulgated by TREC or required by the parties will establish a tenancy at sufferance relationship between the parties. *Consult your insurance agent prior to change of ownership or possession as insurance coverage may be limited or terminated. The absence of a written lease or appropriate insurance coverage may expose the parties to economic loss.*

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11. SPECIAL PROVISIONS: (Insert only factual statements and business details applicable to this sale. TREC rules prohibit licensees from adding factual statements or business details for which a contract addendum, lease or other form has been promulgated by TREC for mandatory use.)

None

12. SETTLEMENT AND OTHER EXPENSES:

A. The following expenses must be paid at or prior to closing:

- (1) Appraisal fees will be paid by N/A
- (2) The total of loan discount fees (including any Texas Veterans' Housing Assistance Program Participation Fee) may not exceed N/A % of the loan of which Seller shall pay N/A and Buyer shall pay the remainder. The total of any buydown fees may not exceed N/A which will be paid by N/A
- (3) Seller's Expenses: Releases of existing liens, including prepayment penalties and recording fees; release of Seller's loan liability; tax statements or certificates; preparation of deed; one-half of escrow fee; and other expenses stipulated to be paid by Seller under other provisions of this contract.
- (4) Buyer's Expenses: Loan application, origination and commitment fees; loan assumption costs; preparation and recording of deed of trust to secure assumption; lender required expenses incident to new loans, including PMI premium, preparation of loan documents, recording fees, tax service and research fees, warehouse or underwriting fees, copies of restrictions and easements, amortization schedule, premiums for mortgagee title policies and endorsements required by lender, credit reports, photos; required premiums for flood and hazard insurance; required reserve deposit for insurance premiums and ad valorem taxes; interest on all monthly installment notes from date of disbursements to one month prior to dates of first monthly payments; customary Program Loan costs for Buyer; one-half of escrow fee; and other expenses stipulated to be paid by Buyer under other provisions of this contract.

~~B. If any expense exceeds an amount expressly stated in this contract for such expense to be paid by a party, that party may terminate this contract unless the other party agrees to pay such excess. In no event will Buyer pay charges and fees expressly prohibited by the Texas Veterans' Housing Assistance Program or other governmental loan program regulations.~~

13. PRORATIONS AND ROLLBACK TAXES:

- A. PRORATIONS: Taxes for the current year, interest, maintenance fees, assessments, dues and rents will be prorated through the Closing Date. If taxes for the current year vary from the amount prorated at closing, the parties shall adjust the prorations when tax statements for the current year are available. *If a loan is assumed* and the lender maintains an escrow account, the escrow account must be transferred to Buyer without any deficiency. Buyer shall reimburse Seller for the amount in the transferred account. Buyer shall pay the premium for a new insurance policy. If taxes are not paid at or prior to closing, Buyer will be obligated to pay taxes for the current year.
- B. ROLLBACK TAXES: If this sale or Buyer's use of the Property after closing results in the assessment of additional taxes, penalties or interest (Assessments) for periods prior to closing, the Assessments will be the obligation of Buyer. If Seller's change in use of the Property prior to closing or denial of a special use valuation on the Property claimed by Seller results in Assessments for periods prior to closing, the Assessments will be the obligation of Seller. Obligations imposed by this paragraph will survive closing.

14. CASUALTY LOSS: If any part of the Property is damaged or destroyed by fire or other casualty loss after the effective date of the contract, Seller shall restore the Property to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller fails to do so due to factors beyond Seller's control, Buyer may either (a) terminate this contract and the earnest money will be

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refunded to Buyer (b) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (c) accept the Property in its damaged condition and accept an assignment of insurance proceeds. Seller's obligations under this paragraph are independent of any obligations of Seller under Paragraph 7.

- option proceeds as its sole and exclusive remedy
15. **DEFAULT:** If Buyer fails to comply with this contract, Buyer will be in default, and Seller may ~~either (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract.~~ If, due to factors beyond Seller's control, Seller fails within the time allowed to make any non-casualty repairs or deliver the Commitment, Buyer may either (a) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (b) terminate this contract ~~as the sole remedy and receive the earnest money.~~ If Seller fails to comply with this contract for any other reason, Seller will be in default and Buyer may either (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money, thereby releasing both parties from this contract.
16. **DISPUTE RESOLUTION:** It is the policy of the State of Texas to encourage the peaceable resolution of disputes through alternative dispute resolution procedures. The parties are encouraged to use an addendum approved by TREC to submit to mediation disputes which cannot be resolved in good faith through informal discussion.
17. **ATTORNEY'S FEES:** The prevailing party in any legal proceeding brought under or with respect to the transaction described in this contract is entitled to recover from the non-prevailing party all costs of such proceeding and reasonable attorney's fees.
- ~~18. **ESCROW:** The earnest money is deposited with escrow agent with the understanding that escrow agent is not (a) a party to this contract and does not have any liability for the performance or nonperformance of any party to this contract, (b) liable for interest on the earnest money and (c) liable for any loss of earnest money caused by the failure of any financial institution in which the earnest money has been deposited unless the financial institution is acting as escrow agent. At closing, the earnest money must be applied first to any cash down payment, then to Buyer's closing costs and any excess refunded to Buyer. If both parties make written demand for the earnest money, escrow agent may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of escrow agent from all parties. If one party makes written demand for the earnest money, escrow agent shall give notice of the demand by providing to the other party a copy of the demand. If escrow agent does not receive written objection to the demand from the other party within 30 days after notice to the other party, escrow agent may disburse the earnest money to the party making demand reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors. If escrow agent complies with the provisions of this paragraph, each party hereby releases escrow agent from all adverse claims related to the disbursement of the earnest money. Escrow agent's notice to the other party will be effective when deposited in the U. S. Mail, postage prepaid, certified mail, return receipt requested, addressed to the other party at such party's address shown below. Notice of objection to the demand will be deemed effective upon receipt by escrow agent.~~
19. **REPRESENTATIONS:** Seller represents that as of the Closing Date (a) there will be no liens, assessments, or security interests against the Property which will not be satisfied out of the Sales Price unless securing payment of any loans assumed by Buyer and (b) assumed loans will be without default. If any representation in this contract is untrue on the Closing Date, this contract may be terminated by Buyer and the Earnest Money will be refunded to Buyer. All representations contained in this contract will survive closing.
20. **FEDERAL TAX REQUIREMENT:** If Seller is a "foreign person", as defined by applicable law, or if Seller fails to deliver an affidavit that Seller is not a "foreign person", then Buyer shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. IRS regulations require filing written reports if cash in excess of specified amounts is received in the transaction.
21. **AGREEMENT OF PARTIES:** This contract contains the entire agreement of the parties and cannot be changed except by their written agreement. Addenda which are a part of this contract are (list): _____

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22. CONSULT YOUR ATTORNEY: Real estate licensees cannot give legal advice. This is intended to be a legally binding contract. READ IT CAREFULLY. If you do not understand the effect of this contract, consult your attorney BEFORE signing.

Buyer's Attorney is: _____ Seller's Attorney is: _____

23. NOTICES: All notices from the parties to each other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by facsimile machine as follows:

To Buyer at: _____ To Seller at: _____
Telephone: () _____ Telephone: () _____
Facsimile: () _____ Facsimile: () _____

EXECUTED the _____ day of _____, 19____ (THE EFFECTIVE DATE). (BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)

Buyer _____ Seller _____
Buyer _____ Seller _____

The form of this contract has been approved by the Texas Real Estate Commission. Such approval relates to this contract form only. No representation is made as to the legal validity or adequacy of any provision in any specific transaction. It is not suitable for complex transactions. Extensive riders or additions are not to be used. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 1-800-250-8732 or (512) 459-6544 (http://www.trec.state.tx.us) TREC NO. 25-2. This form replaces TREC NO. 25-1.

BROKER INFORMATION AND RATIFICATION OF FEE

Listing Broker has agreed to pay Other Broker _____ of the total sales price when Listing Broker's fee is received. Escrow Agent is authorized and directed to pay Other Broker from Listing Broker's fee at closing.

Other Broker License No. Listing Broker License No.
represents Seller as Listing Broker's subagent
represents Seller and Buyer as an intermediary
Buyer only as Buyer's agent Seller only as Seller's agent
Listing Associate Telephone
Associate Telephone Selling Associate Telephone
Broker Address Broker Address
Telephone Facsimile Telephone Facsimile

RECEIPT

Receipt of Contract and \$ Earnest Money in the form of is acknowledged.
Escrow Agent: Date: 19
By:
Address Telephone:
City State Zip Code Facsimile:

FARM AND RANCH CONTRACT BETWEEN
BOBBY TRANT, PATSY T. LANGFORD, AND ROBIN T. JOHNSON, SELLERS,
AND THE CITY OF BRYAN, TEXAS AND
THE CITY OF COLLEGE STATION, TEXAS, BUYERS

EXHIBIT B
DESCRIPTION OF OPTION PROPERTY

As used in this Option Contract, the term "Property" includes the following:

1. TRACT ONE: being (i) all of Optionors' surface rights; (ii) all of Optionors' interest in oil, gas, and other minerals from the surface to a depth of 1,500 feet below the surface; and (iii) all Optionors' right to explore from the surface of such property oil, gas, and other minerals at any depth in the real property in Grimes County, Texas owned by Optionors, whether such ownership is outright or in undivided interests, which is located in the Joseph T. Robinson A-390 Survey and which is located south of Hwy 30, together with all improvements thereon and all rights, privileges, and appurtenances pertaining thereto, including but not limited to, water rights, claims, permits, and easements. Optionors would retain the right to develop the retained minerals from off the Property using directional drilling or other recovery methods that do not require the use and/or occupancy of the surface.

At the date of this contract both Seller and Buyer understand that the real property interests owned by Sellers in the Property consist of those acquired by a General Warranty Deed, dated November 8, 2000, from Clare Moore Stanton to Sellers of record in Volume 965, Page 01 of the Real Property Records of Grimes County, Texas, and the General Warranty Deed, dated November 7, 2000, from Roy W. Moore to Sellers of record in Volume 964, Page 848 of the Real Property Records of Grimes County, Texas.