City of Copperas Cove

NOTICE OF MEETING
OF THE
GOVERNING BODY OF
COPPERAS COVE, TEXAS

An agenda information packet is available for public inspection in the Copperas Cove Public Library, City Hall and on the City's Web Page, www.ci.copperas-cove.tx.us

Notice is hereby given that a **Regular Council Meeting** of the City of Copperas Cove, Texas, will be held on the **5th day of August 2008** at **7:00 p.m.** in the City Hall Council Chambers at 507 South Main Street, Copperas Cove, Texas 76522, at which time the following subjects will be discussed:

A. CALL TO ORDER

B. INVOCATION AND PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. ANNOUNCEMENTS

E. PUBLIC RECOGNITION

F. CITIZENS FORUM At this time, citizens will be allowed to speak on any matter other than personnel matters, matters under litigation, or matters on the regular agenda, for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.

G. CONSENT AGENDA: All matters listed under this item are considered to be routine by the City Council and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately.

1. Consideration and action on rejecting RFP (Request for Proposal) No. 2008-09-75, Uniform Services, and awarding to G & K Services of Coppell, Texas, for a three (3) year period, on a BuyBoard (State Coop) contract with a 2% price increase on June the 1st of each year. ***Wanda Bunting, Director of Financial Services***

H. PUBLIC HEARINGS/ACTION – None.

I. ACTION ITEMS

1. Consideration and action on Ordinance No. 2008-24, adding a new Section 18-16.8, changing the speed limit on Big Divide Road and Grimes Crossing Road to a maximum speed of thirty-five (35) miles per hour. ***James A. Trevino, Street/Drainage Superintendent***

2. Consideration and action on authorizing the City Manager to execute a Letter of Intent with ZEST-TX, LLC. ***Andrea M. Gardner, City Manager***

3. Consideration and action on authorizing the Mayor Pro Tem to execute a contract with the Office of Rural Community Affairs (ORCA) for a sewer improvements project to be constructed within the city limits. ***Andrea M. Gardner, City Manager***

4. Consideration and action on Resolution No. 2008-29, approving the abatement of water and trash fees for the Optimist club of Greater Copperas Cove Area #06341. ***Andrea M. Gardner, City Manager***

5. Consideration and action on the approval to purchase an International, 6-8 yard dump truck from Santex Truck Center, San Antonio, Texas, in the amount of $58,208. ***Robert M. McKinnon, Public Works Director***

6. Consideration and action on the approval to purchase a Caterpillar 20E Backhoe Loader from Holt Caterpillar, Waco, Texas, in the amount of $86,508.24. ***Robert M. McKinnon, Public Works Director***

7. Certification of petitions for the Recall of Council Members Robert L. Reeves, Mark E. Peterson, Charlotte Heinze, and Ray Don Clayton. ***Jane Lees, City Secretary***

8. Consideration and discussion on conducting an annual evaluation for the Municipal Judge. ***Kelli Sames, Human Resources Director***

9. Consideration and discussion on conducting an annual evaluation for the City Attorney. ***Kelli Sames, Human Resources Director***

10. Consideration and action on calling for Public Hearings on the proposed tax increase for the 2008-2009 fiscal year to be held on August 19, 2008 and September 2, 2008 at City Hall at 7:00 p.m. ***Wanda Bunting, Director of Financial Services***

11. Consideration and action on the appointments to the City of Copperas Cove TIRZ Number One Board Member Positions One through Four. ***Andrea M. Gardner, City Manager***

12. Consideration and action on authorizing the City Manager to enter into an agreement for professional services with Blackwell Environmental, LLC in an amount not to exceed $8,500 for assisting the City with a new/revised Oil & Gas Ordinance and to obtain municipal legal assistance through

Denton, Navarro, Rocha & Bernal in an amount not to exceed $8,000 and oil & gas legal assistance through Hays & Owens in an amount not to exceed $7,000. ***Andrea M. Gardner, City Manager***

13. Consideration and action on authorizing the Mayor Pro Tem to issue drilling permits on the applications of Central Basin Oil Investments, Inc. and Halek Energy LLC for Atkinson #3CB through #8CB to drill for oil and gas within the corporate limits of the City of Copperas Cove. ***James R. Thompson, City Attorney***

14. Consideration and action on authorizing the Mayor Pro Tem to issue a drilling permit on the application of Central Basin Oil Investments, Inc. and Halek Energy LLC for re-entry drill on Williams #1 within the corporate limits of the City of Copperas Cove. ***James R. Thompson, City Attorney***

15. Consideration and action on authorizing the Mayor Pro Tem to issue drilling permits on the applications of Central Basin Oil Investments, Inc. and Halek Energy LLC for Moten #1CB through #13CB to drill for oil and gas within the corporate limits of the City of Copperas Cove. ***James R. Thompson, City Attorney***

16. Consideration and action on Resolution No. 2008-28, ordering a Special Election to be held November 4, 2008, in conjunction with the Special Election ordered by Resolution 2008-26 on July 15, 2008, for the purpose determining whether Council Members Robert L. Reeves, Mark E. Peterson, Charlotte Heinze, and Ray Don Clayton shall be recalled; establishing polling locations; and establishing procedures for said election. ***Jane Lees, City Secretary***

J. STAFF REPORTS

1. Chamber of Commerce 2nd Quarter Report for 2008. ***Marty Smith, President, Copperas Cove Chamber of Commerce***

2. K-TUTS update. ***Robert L. Reeves, Mayor Pro Tem***

K. REPORTS OF ADVISORY COMMITTEES AND BOARDS – None.

L. ITEMS FOR FUTURE AGENDAS

M. EXECUTIVE SESSION

1. Pursuant to §551.074 of the Open Meetings Act. *Tex. Gov't Code,* Council will meet in Executive Session to discuss the evaluation of the City Manager.

2. Pursuant to §551.074 of the Open Meetings Act. *Tex. Gov't Code,* Council will meet in Executive Session to discuss the evaluation of the City Secretary.

N. RECONVENE INTO OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEMS POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION

O. ADJOURNMENT

The City Council reserves the right to adjourn into Executive Session at any time regarding any issue on this agenda for which it is legally permissible.

City Hall is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to the meeting. Please contact the City Secretary at (254) 547-4221, (254) 547-6063 TTY, or FAX (254) 547-5116 for information or assistance.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Governing Body of the City of Copperas Cove was posted at _____, August 2, 2008 on the glass front door of City Hall, a place convenient and readily accessible to the general public at all times.

_____
Jane Lees, City Secretary

City of Copperas Cove

NOTICE OF WORKSHOP
OF THE
GOVERNING BODY OF
COPPERAS COVE, TEXAS

An agenda information packet is available for public inspection in the Copperas Cove Public Library, City Hall and on the City's Web Page www.ci.copperas-cove.tx.us

Notice is hereby given that a **Workshop** of the City of Copperas Cove, Texas will be held on the **5th day of August 2008**, at **5:30 p.m.,** in the City Hall Council Chambers at 507 South Main Street, Copperas Cove, Texas 76522 at which time the following subjects will be discussed:

A. CALL TO ORDER

B. ROLL CALL

C. WORKSHOP ITEMS

1. Presentation and discussion of the Fiscal Year 2009 Proposed Budget. ***Wanda Bunting, Director of Financial Services***

2. Discussion of Tax Rate for Fiscal Year 2009. ***Wanda Bunting, Director of Financial Services***

D. ADJOURNMENT

City Hall is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to the meeting. Please contact the City Secretary at (254) 547-4221, (254) 547-6063 TTY, or FAX (254) 547-5116 for information or assistance.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Governing Body of the City of Copperas Cove was posted at 9:00 a.m., August 2, 2008 on the glass front door of City Hall, a place convenient and readily accessible to the general public at all times.

_____
Jane Lees, City Secretary

City of Copperas Cove, TX
RFP No. 2006-09-75; Uniform Services

NAME OF BIDDER/PROPOSER	Unifirst	G & K Services (BuyBoard)	
Cost of 65% polyester/35% cotton uniform shirts per week	$ 4.40	$ 1.84	
Cost of 100% cotton uniform shirts per week	$ 6.38	$ 3.16	
Visibility Shirt Cost of 65% polyester/35% cotton uniform per week	$ 4.40	$ 3.06	
Visibility Cost of 100% cotton uniform per week	$ 6.38	$ 7.65	
Polo	$ 4.18	$ 3.32	18.00 Buy Back For Both Companies
Trousers	$ 2.20	$ 1.99	
Jeans	$ 3.19	$ 2.75	
Jackets - 2 per employee Cost of lined jackets- 3/4 length /waist	$ 0.60	$ 0.51	
Additional cost for reflective strips (per jacket)	$ 1.08	$ 1.00	
Emblems -cost for initial installment	Included	Included	$6.00 fee for direct embroidery w/G&K-Polos
Emblems - cost for replacement	$ 3.00	Included	
Coveralls	$ 0.52	$ 0.84	65/35=.84 100%Cotton=1.02 BigBen=1.02 G&K
Towel rentals:			
Shop towel Red	$ 0.07	$ 0.07	
Shop towel White	No Bid	$ 0.09	
Towel replacement charges:			
Shop towel	3% - inventory	$ 0.45	
Swipe towel	No Bid	$ 0.45	
Towel bag charge:	No Charge	No Bid	
Mop heads:	$ 1.50	$ 1.02	
Mats for front door:	3X5 $2.75 4X6 $3.75 3X10 $4.75	3X4 $1.84 4X6 $2.94 3x10 $3.67	

G&K press' all executive shirts and pants, all other pressing is available for 0.25 cents per garmet.
G&K never charges a set up fee or enviromental fees.
G&K will have a 2% price increase on June 1st of each year of the BuyBoard contract.

Unifirst press' everything on a buck pressing system.
Unifirst charges set up fees after the initial set up. (All new employees during contract time).

I hereby certify that this is a correct and true tabulation of all bids received.

Tracy Molnes 7/8/2008

Tracy Molnes, Purchasing Officer Date

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. G-1

Contact – Wanda Bunting, Director of Financial Services, 547-4221
wbunting@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on rejecting RFP (Request for Proposal) No. 2008-09-75, Uniform Services, and awarding to G & K Services of Coppell, Texas, for a three (3) year period, on a BuyBoard (State Coop) contract with a 2% price increase on June the 1st of each year.**

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1. BACKGROUND/HISTORY

The City of Copperas Cove currently has approximately one hundred (100) employees in thirteen departments who wear City issued work uniforms. The current contract between the City of Copperas Cove and Unifirst Corporation expires on September 30, 2008. The current Uniform Rental required a re-bid since the current supplier, Unifirst, has difficulty supplying high visibility shirts as required by the RFP. Staff sent out six requests for proposals. On May 20, 2008, staff received one (1) proposal and one "No Bid" for uniform services. (Please see the attached tabulation.) The "No Bid" was from G & K Services who supplied their BuyBoard contract for our review and consideration.

2. FINDINGS/CURRENT ACTIVITY

G & K Services is the lowest price proposal.

3. FINANCIAL IMPACT

Funds have been appropriately budgeted in each department's uniform expenditure account.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends the rejection of RFP No. 2008-09-75; Uniform Services and that the City Manager is expressly authorized to execute a contract for Uniform Services to, G & K Services for a three (3) year period through the TASB BuyBoard Cooperation.

ORDINANCE NO. 2008-24

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS ADDING SECTION 18-16.8 SPEED LIMITS; REPEALING ALL ORDINANCES IN CONFLICT WITH THIS AMENDMENT; PROVIDING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE.

WHEREAS, in Copperas Cove, Texas, a traffic study has been made to determine the reasonable and safe prima facie maximum speed of motor vehicles on Big Divide Road and Grimes Crossing Road; and

WHEREAS, it has been determined by the traffic study that the reasonable and safe prima facie maximum speed for motor vehicles on said sections of the hereinabove mentioned streets in Copperas Cove, Texas, should be as set out hereinafter.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS:

SECTION 1.

That the City's Code of Ordinances is hereby amended by adding Sec. 18-16.8 as follows:

Sec. 18-16.8. Big Divide Road and Grimes Crossing Road

The speed zones (both southerly and northerly directions) for the operations of motor vehicles upon Big Divide Road and Grimes Crossing Road within the City limits shall be as follows:

From the intersection of U.S. Hwy 190, measuring northward to the railroad tracks, for a distance of 4.24 miles, a maximum speed of thirty-five (35) miles per hour.

SECTION 2.

That all ordinances for which provision has heretofore been made are hereby expressly repealed if in conflict with the provisions of this Ordinance.

SECTION 3.

That should any section, clause, or provision of this Ordinance be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of this

Ordinance or any other Ordinance of the City as a whole or any part thereof, other Ordinance of the City as a whole or any part thereof, other than the part so declared to be invalid.

SECTION 4.

That this Ordinance shall go into effect upon passage.

PASSED, APPROVED AND ADOPTED this 5th day of August 2008, at a regular meeting of the City Council of the City of Copperas Cove, Texas, which meeting was held in compliance with the Open Meetings Act, *Tex. Gov't. Code* §551.001, et.seq., at which meeting a quorum was present and voting.

_____
Robert L. Reeves, Mayor ProTem

ATTEST:

_____
Jane Lees, City Secretary

APPROVED AS TO FORM:

_____
James R. Thompson, City Attorney

HEARN ENGINEERING, INC.

3000 Joe DiMaggio Blvd., Ste. 25 • Round Rock, Texas 78665 • Telephone (512) 310-0176 • FAX (512) 244-7316

July 9, 2008

Mr. James Trevino
Public Works Superintendent
City of Copperas Cove
PO Drawer 1449
Copperas Cove, TX 76522

Re: Speed Study on Big Divide Road

Mr. Trevino:

We performed a speed study as requested on Big Divide Road/Grimes Crossing. The current speed limit is 30 mph. Typically speed limits are set at the 85th percentile speed, unless there are unusual circumstances, which could include things like high accident experience, high volumes of pedestrian crossings (particularly those of school age), or other reasons that a speed limit at the 85th percentile might not be desirable. With one hundred vehicles in the study group, the speed driven by car number 85 ranked from slowest to fastest, is the 85th percentile speed. It is generally considered that eighty-five percent of the drivers will drive at a speed that is reasonable and prudent, with fifteen percent of the drivers exceeding that speed.

The new portion of Big Divide Road that runs generally northwest from US Highway 190 to tie into the existing Big Divide Road was designed with a 45 mph design speed, and has good vertical and horizontal sight distance in addition to a smooth driving surface. The 85th percentile speed for this section was 34 mph, which is low in consideration of the condition of the roadway. Given the good condition of this roadway, I recommend a speed limit of 35 mph.

The older portion of Big Divide Road, which connects to Grimes Crossing Road, is much narrower, with poor vertical and horizontal sight distance. The road is in reasonable condition, but is not the smooth driving surface found on the new roadway. The 85th percentile speed for this section of roadway was 38 mph. Given the horizontal and vertical constraints, and the narrow lanes, I recommend a speed limit of 35 mph for this section.

Grimes Crossing Road is also an older, narrower road, with generally good vertical and horizontal sight distance. The road surface is in reasonable condition. The 85th percentile speed of Grimes Crossing Road was 38 mph. I recommend a speed limit of 35 for this roadway.

A possible amendment to the municipal code for review by the City's attorney could be to add:

Sec. 18-16.8. Speed Limits - Big Divide Road

The speed zones (both northeasterly and southwesterly directions) for the operation of motor vehicles upon Big Divide Road within the city limits shall be as follows:

(1) From the intersection of US Highway 190 to the intersection with Grimes Crossing Road, a maximum of thirty-five (35) miles per hour.

Sec. 18-16.9. Speed Limits - Grimes Crossing Road

The speed zones (both northerly and southerly directions) for the operation of motor vehicles upon Grimes Crossing Road within the city limits shall be as follows:

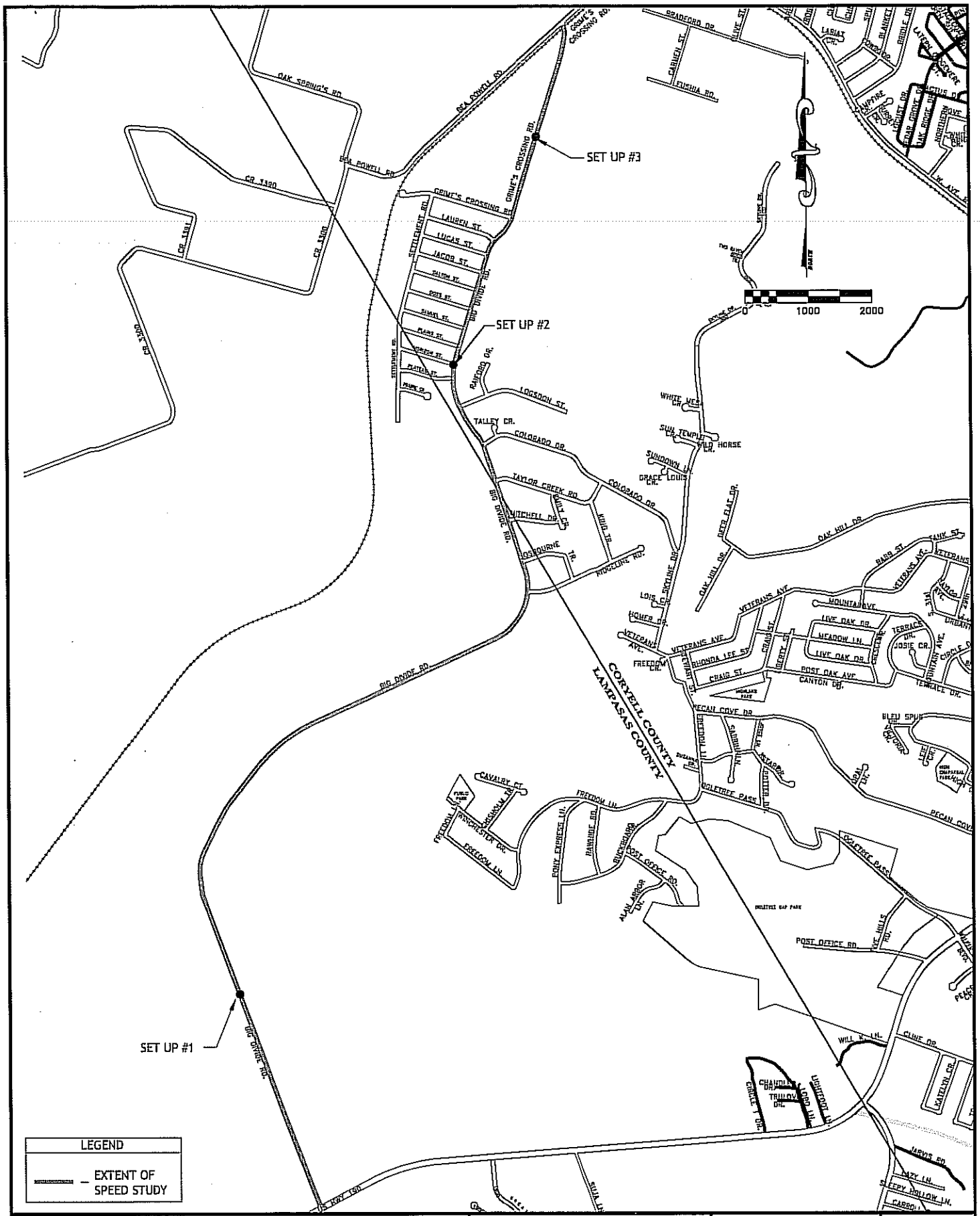
(1) From the intersection with Big Divide Road to the railroad tracks, a maximum of thirty-five (35) miles per hour.

Attached is a map showing the locations of the three speed samples, and copies of the speed data. If you should have any questions, please contact me at (512) 310-0176.

Sincerely;

Carol R. Hearn, P.E., R.P.L.S.

STATE OF TEXAS
CAROL R. HEARN
61570
REGISTERED
PROFESSIONAL ENGINEER



REVISIONS	DATE
FILE NAME:	

HEARN ENGINEERING INC.

3000 JOE DIMAGGIO BLVD. STE. 25,
ROUND ROCK, TEXAS 78665
PH (512) 310-0176
FAX (512) 244-7316

CITY OF COPPERAS COVE

BIG DIVIDE ROAD/
GRIME'S CROSSING DR.

SPEED TEST

LAMPASAS & CORYELL CO., TEXAS

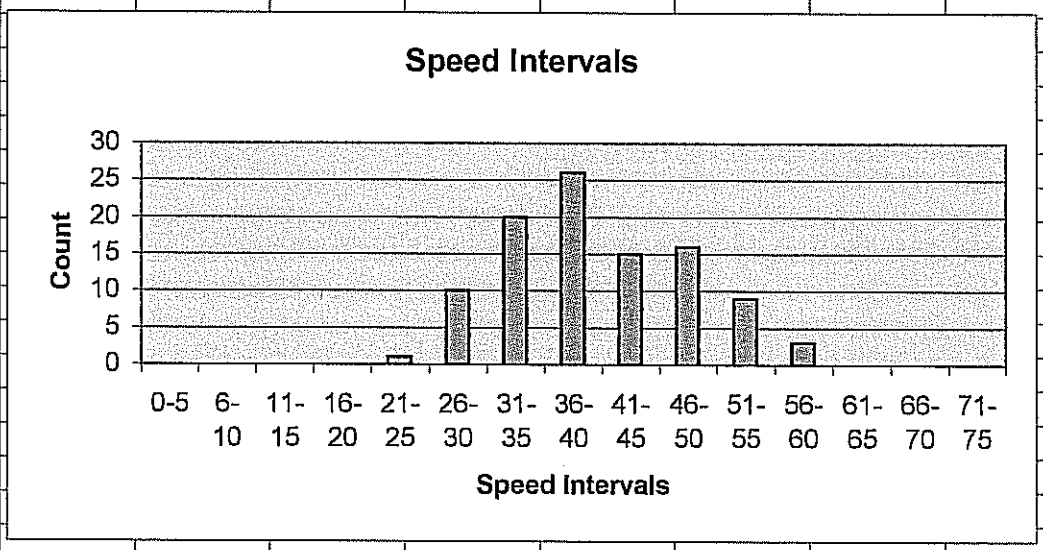
DESIGNED BY: DCH
DRAWN BY: GA
CHECKED BY: DCH
SCALE: 1" -
DATE: 7/2008

SHEET 1 OF 1

TRAFFIC SPEED SURVEY

Date:				6/12/08					
Start Date/Time:				06/12/08	11:10		Copperas Cove:		
End Date/Time:				06/12/08	14:55		Big Divide Road north of US190		
Time Interval:(minutes)				15					
Speed Interval:				5					
Posted Speed Limit:				30					
Average Speed:				40.81					
Maximum Speed:				59					
50th Percentile:				48					
85th Percentile:				34					
Number Above Speed Limit:				93					
Total Number of Vehicles:				100					

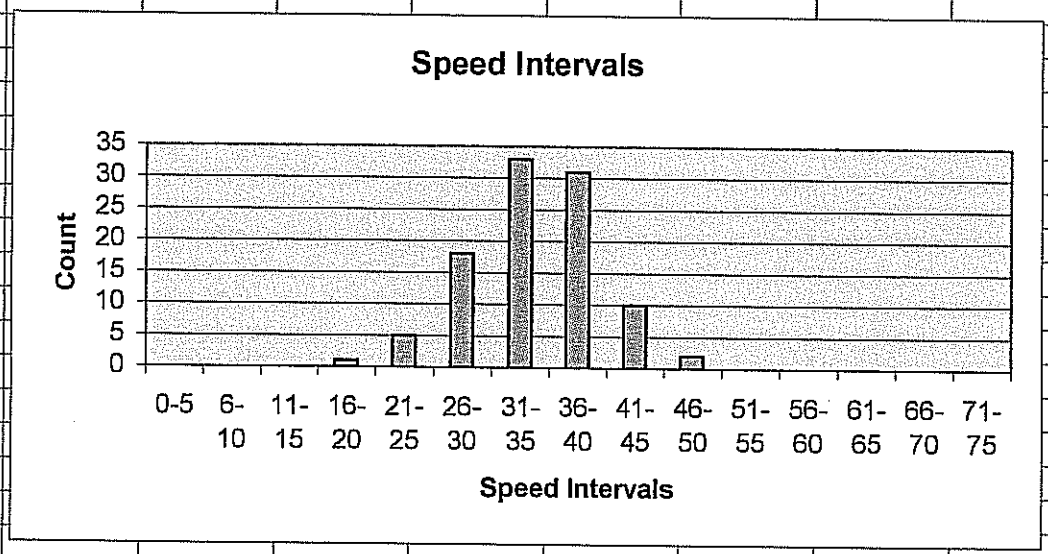
Speed Interval:	
0-5	0
6-10	0
11-15	0
16-20	0
21-25	1
26-30	10
31-35	20
36-40	26
41-45	15
46-50	16
51-55	9
56-60	3
61-65	0
66-70	0
71-75	0
Total	100



TRAFFIC SPEED SURVEY

Date:	5/22/08		
Start Date/Time:	05/22/08	15:00	Copperas Cove:
End Date/Time:	05/22/08	18:00	Big Divide Road south of Ridgeline to north of Colorado St.
Time Interval:(minutes)	15		
Speed Interval:	5		
Posted Speed Limit:	30		
Average Speed:	34.31		
Maximum Speed:	47		
50th Percentile:	38		
85th Percentile:	41		
Number Above Speed Limit:	76		
Total Number of Vehicles:	100		

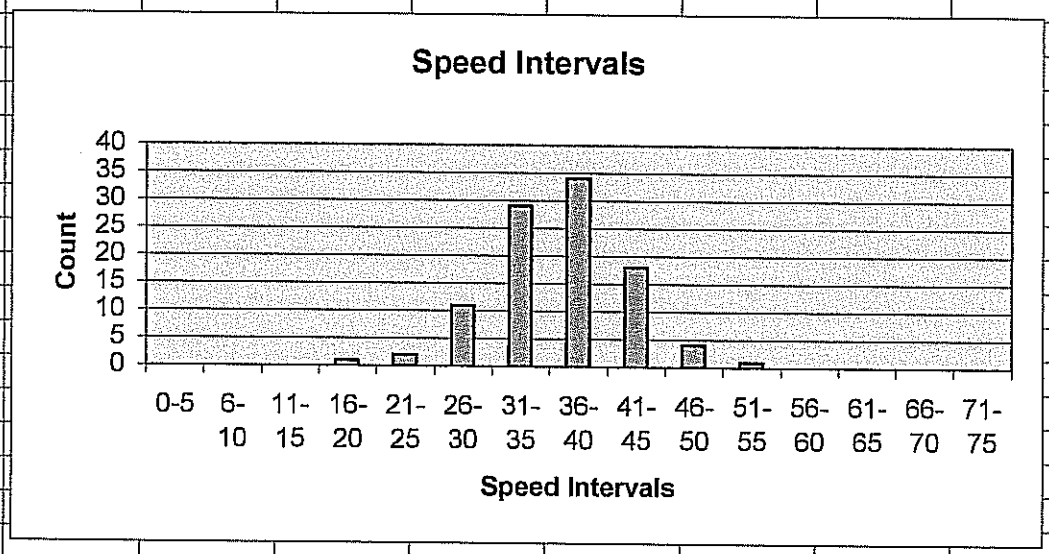
Speed Interval:	
0-5	0
6-10	0
11-15	0
16-20	1
21-25	5
26-30	18
31-35	33
36-40	31
41-45	10
46-50	2
51-55	0
56-60	0
61-65	0
66-70	0
71-75	0
Total	100

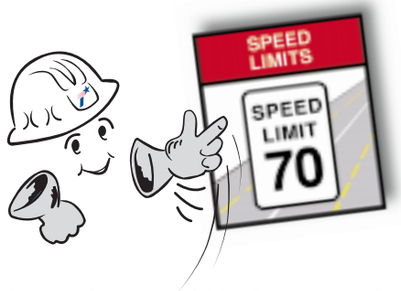


TRAFFIC SPEED SURVEY

Date:	6/12/08		
Start Date/Time:	06/12/08	8:30	Copperas Cove:
End Date/Time:	06/12/08	11:00	2960 Grimes Crossing Road
Time Interval:(minutes)	15		
Speed Interval:	5		
Posted Speed Limit:	30		
Average Speed:	36.24		
Maximum Speed:	52		
50th Percentile:	46		
85th Percentile:	38		
Number Above Speed Limit:	87		
Total Number of Vehicles:	100		

Speed Interval:	
0-5	0
6-10	0
11-15	0
16-20	1
21-25	2
26-30	11
31-35	29
36-40	34
41-45	18
46-50	4
51-55	1
56-60	0
61-65	0
66-70	0
71-75	0
Total	100





Where do speed limits come from?

Have you ever wondered how speed limits are determined? Who sets them? Can the speed limit be lowered to slow down traffic? How do you get one changed? Would a change in the speed limit be the best solution to a problem? This brochure will help answer these and other questions about speed limits.

What do speed limits do?

Speed limits are designed to reflect the reasonable speed of the majority of drivers on a particular roadway. On any section of road most drivers will naturally select a comfortable speed, not too slow or too fast, but one that will get them where they want to go safely and without undue delay.

Speed limits are posted primarily to inform motorists of the speed considered reasonable by a majority of drivers on a particular road. Motorists, especially those unfamiliar with the road, can use this information to evaluate how they should drive that road. A safer driving environment is established when motorists drive at the same speed.

How are speed limits set?

State law requires speed limits on state roadways be set at the state maximum, unless traffic and engineering studies show a need for a lower speed limit for safety reasons. The law sets the state maximum at 70 mph in the daytime and 65 at night. Traffic and engineering studies must be conducted according to the Procedures for Establishing Speed Zones, a publication of the Texas Department of Transportation (TxDOT). TxDOT and cities are required to use this publication when establishing speed zones on state highways.

A speed zone study is conducted

TxDOT uses what is known as the 85th percentile method to set speed limits. This means 85% of the motorists are driving at or below this 85th percentile speed. The remaining 15% of speeds above the 85th percentile are the minority of drivers who are considered to be exceeding a reasonable speed. Most other states also use the 85th percentile method.

Speed checks are used at the location under study to determine the 85th percentile speed. The observed speed for vehicles at the location is tallied and the 85th percentile speed is calculated using the information gathered. To ensure a true reflection of the normal traffic situation, speed checks are made on average weekdays at off-peak hours, under favorable weather conditions.

The data collected are charted to show roadway features such as curves, surface width and type, right of way width, crash history, cross streets, school crossings, and important sites along the location which generate traffic.

A safe speed is determined

From all of this information, engineers design a speed zone. The speed limit is normally set at the nearest value to the 85th percentile speed ending in 5 or 0. The posted limit may be lowered up to 10 mph below the 85th percentile speed if some of the following conditions are present:

- Roadway pavement width of 20 feet or less
- Horizontal or vertical curves
- Hidden driveways and other developments
- High number of driveways
- Crash history
- Rural residential or developed area
- Lack of striped, improved shoulders

After the proper speed limit has been determined, black on white regulatory signs are posted along the roadway to alert drivers to the maximum legal speed for that section of roadway.

Who sets the speed limit?

Speed zones on the state highway system may be set by the Texas Transportation Commission or by a city if the highway is within city limits.

Citizen requests for speed zone studies on state highways outside city limits should be made to the TxDOT district office with responsibility over the roadway. Please refer to the list on the back of this brochure for the TxDOT district office serving your area. Citizen requests for speed zone studies on state highways within city limits should be made to the local city government.

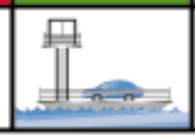
TxDOT only has jurisdiction over setting speed limits on the state highway system. Questions about speed limits on city streets or county roads should be directed to the transportation departments of these local entities.

Common misconceptions

Speed zoning is just one traffic control "tool" for improved driving on highways. However, speed zoning is often seen as a solution for traffic problems it cannot address. The two most widely held misconceptions are that lower speed zones reduce driving speeds and crashes.

Years of research have shown that arbitrarily lowering or raising the posted speed limit does not appreciably affect actual speeds. The research supports the premise that drivers select their speeds according to their environment and their own sense of comfort and safety.

Other research studies have shown that speed limits set below the reasonable speed of most drivers do not significantly reduce the number of crashes on a road. In fact, crashes may increase with unreasonably low speed limits. The safest traffic condition is when everybody drives at the same speed. Studies have shown that people who choose to drive faster or slower than the majority of traffic around them have a greater chance of being in a crash.

TxDOT WEB SITE	VEHICLE TITLES AND REGISTRATION	FERRY OPERATIONS	MAPS	PERMITS	AUTO THEFT PREVENTION
www.dot.state.tx.us					

How can a speed limit be too low?

There are definite disadvantages to setting speed limits too far below the 85th percentile speed. Experience has shown that if reasonable drivers see an unreasonably low speed limit without seeing a need to drive that slowly, they will tend to ignore the signs and develop disrespect for speed limits in general.

When a speed limit is set too far below the 85th percentile, law enforcement officials must deal with reasonable people being ticketed for exceeding the posted limit as well as the unreasonable minority who drive too fast. Speed limits set at the 85th percentile are self-enforcing because the majority of people drive the posted speed already.

Conclusion

Most traffic problems are not simple and do not have simple solutions. Requests for speed zoning are sometimes made with the admirable motive to "quick-fix" a particular problem. However, no single traffic control tool can be a cure-all for the traffic problems in a community. The traffic professionals at TxDOT are always available to answer questions and assist in any way they can to find the best solution.

The goal of the Texas Department of Transportation has always been to set speed limits that maximize safety, but which are respected and obeyed by motorists. By using sound engineering principles, we can provide a balanced transportation system that gets motorists where they need to go as quickly as we can in a safe manner. Helpful comments about the speed zone process or speed limits at individual locations are always welcome.

District	Phone	Address
Abilene	(915) 676-6856	4250 N. Clack
Amarillo	(806) 356-3200	5715 Canyon Dr.
Atlanta	(903) 796-2851	701 E. Main St.
Austin	(512) 832-7000	7901 N. I-35
Beaumont	(409) 898-5745	8350 U.S. 69
Brownwood	(915) 646-2591	2495 U.S. 183 N.
Bryan	(979) 778-2165	1300 N. Texas Ave.
Childress	(940) 937-2571	1700 Ave. F-N.W.
Corpus Christi	(361) 808-2300	1701 S. Padre Island Dr.
Dallas	(214) 320-6230	4777 East U.S. 80, Mesquite
El Paso	(915) 774-4200	13301 Gateway West
Fort Worth	(817) 370-6500	2501 Southwest Loop 820
Houston	(713) 802-5800	7721 Washington Ave.
Laredo	(956) 712-7411	1817 Bob Bullock Loop
Lubbock	(806) 745-4411	135 Slaton Rd.
Lufkin	(936) 633-4315	1805 N. Timberland Dr.
Odessa	(915) 498-4746	3901 E. U.S. 80
Paris	(903) 737-9251	1365 N. Main St.
Pharr	(956) 702-6100	600 W. Highway 83
San Angelo	(915) 947-9205	4502 Knickerbocker Rd.
San Antonio	(210) 615-1110	4615 NW Loop 410
Tyler	(903) 510-9204	2709 W. Front St.
Waco	(254) 867-2800	100 South Loop Dr.
Wichita Falls	(940) 720-7700	1601 Southwest Pkwy.
Yoakum	(361) 293-4300	403 Huck St.

Recycled Paper TxDOT Public Information Office March 2000

Texas Department of Transportation
125 East 11th Street
Austin, TX 78701-2483

Texas Department of Transportation

Customer Answer Series

Speed Limits

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-1

Contact – James A. Trevino, Street/Drainage Superintendent, 547-0751
jtrevino@ci-copperas-cove.tx.us

SUBJECT: **Consideration and action on Ordinance No. 2008-24, adding a new section 18-16.8, changing the speed limit on Big Divide Road and Grimes Crossing Road to a maximum speed of thirty-five (35) miles per hour.**

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1. BACKGROUND/HISTORY

Speed limits on Texas Roads (including city streets) are generally set by the Texas Transportation Code Statute 545.352, which establishes a 30 mph on residential streets. The Statue recognizes the local governing body's authority to alter speed limits inside their city limits.

Current Copperas Cove Ordinance Sec. 18-15 states, *"The state traffic laws regulating the speed of vehicles shall be applicable upon all streets within this city, except as this chapter, as authorized by state law, hereby declares and determines upon the basis of engineering and traffic investigation that certain speed regulations shall be applicable upon specified streets."*

2. FINDINGS/CURRENT ACTIVITY

Construction of Big Divide Road was completed in November 2007. Since opening the road to traffic, public opinion has been that the speed limit was too low for the road conditions.

Determining a maximum safe speed limit required an engineering traffic investigation. Hearn Engineering was hired to perform the traffic investigation. Attachment 2 contains the results of the study and recommendations.

The engineer's recommendation is to set the maximum legal speed limit on both Big Divide and Grimes Crossing Roads at thirty-five (35) miles per hour as a reasonable and safe speed.

3. FINANCIAL IMPACT

None.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends approval of Ordinance 2008-24, changing the speed limit on Big Divide Road and Grimes Crossing Road to a maximum speed of thirty-five (35) miles per hour. The Ordinance shall go into effect upon passage by the City Council.

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-10

Contact – Wanda Bunting, Director of Financial Services, 547-4221
wbunting@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on calling for Public Hearings on the proposed tax increase for the 2008-2009 fiscal year to be held on August 19, 2008 and September 2, 2008 at City Hall at 7:00 p.m.**

---

1. BACKGROUND/HISTORY

In accordance with Truth in Taxation laws (Tax Code Section 26.05(d)), if the proposed tax rate for the 2008-2009 fiscal year exceeds the effective tax rate or the rollback rate, whichever is less, the City Council must schedule two public hearings.

2. FINDINGS/CURRENT ACTIVITY

After publishing the first required notice, the taxing unit must hold two public hearings. The second public hearing may not be held earlier than the third day after the date of the first hearing. A quorum of the governing body must be present at both hearings. Taxpayers must have the opportunity to express their views on the increase at each hearing. The governing body may not adopt a tax rate at either of these hearings. These hearings must be held:

- within the boundaries of the unit,
- on a weekday that is not a holiday, and
- in a public building or, if a public building is not available, in a building normally open to the public.

At each hearing, the governing body must announce the date, time and place of the meeting at which it will vote on the tax rate.

3. FINANCIAL IMPACT

None.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends that the City Council call for two public hearings on the proposed tax rate for the 2008-2009 fiscal year to be held August 19, 2008 and September 2, 2008, at City Hall, at 7:00 p.m.

City of Copperas Cove

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JUL 1 2008

Application for the Copperas Cove TIRZ #1 Board

Name FRANK D. SOMERA JR.

Address 203 JANUARY ST. COPPERAS COVE, TX 76522

Home Phone (254) 547-1018 Office Phone — Mobile Phone (254) 290 4061

Fax — E-mail fSOMERA@HOT.RR.COM

Occupation CLERGY / RET MILITARY

List your past/current experience on boards/commissions or any volunteer work/community service you have done CC COUNCIL MEMBER (2005 — 2008)

BD OF ADJUSTMENTS (2003 – 2005)

Professional Affiliations MOAA, AUSA, MOWW RETIREE COUNCIL FORT HOOD, etc

Educational Background BS AGRIC; M.DIV; DOCTOR OF MINISTRY

Tell us why you wish to serve on the TIRZ #1 Board and what specific qualifications or talents you would bring to this board.

— POSISTION #2 please (1 YEAR TERM

Please return this form no later than 5:00 p.m. on July 14, 2008, along with a resume to:
Jane Lees, City Secretary, P.O. Drawer 1449, 507 South Main Street, Copperas Cove, TX 76522.
This form may also be faxed to: 254-542-8927. If you have any questions please call the City Secretary at 254-547-4221, ext. 6237, or e-mail to jlees@ci.copperas-cove.tx.us

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JUL 1 2008

City of Copperas Cove

Application for the Copperas Cove TIRZ #1 Board

Name Gene Christian Dane

Address 903 South Main Street - CC Tx 76522

Home Phone 547-8068 Office Phone 547-3930 Mobile Phone 258-5477

Fax 547-4248 E-mail gene@gdane.com

Occupation Licensed Professional Architect - Texas & Colorado

List your past/current experience on boards/commissions or any volunteer work/community service you have done My previous experience with community service has always been with coaching or other activities involving my children and church. I am looking forward to an opportunity to serve my community at a higher level.

Professional Affiliations American Institute of Architects, Texas Society of Architects, Congress of the New Urbanism, United States Green Building Council, National Association of Home Builders, Central Texas Home Builders, Copperas Cove Chamber of Commerce

Educational Background Copperas Cove High School Graduate, AAS-Drafting & Design, Successful Completion of 7 year structured Internship through the National Council of Architectural Registration Boards (Equivalent to BA degree in Architecture) 230 credit hours total College Credit.

Tell us why you wish to serve on the TIRZ #1 Board and what specific qualifications or talents you would bring to this board.

I want to serve on this Board, with other forward thinking people within my community, in an effort to make a positive contribution towards effective, well managed, and necessary growth in Copperas Cove. My qualifications as a design professional and business owner will contribute greatly towards the success of this Board. My planning, organizational, and management talents will enhance the dynamics of this Board.

Please return this form no later than 5:00 p.m. on July 14, 2008, along with a resume to:
Julie Lees, City Secretary, P.O. Drawer 1449, 507 South Main Street, Copperas Cove, TX 76522
This form may also be faxed to: 254-542-8927. If you have any questions please call the City Secretary at 254-547-4221, ext. 6237
or e-mail to: lees@ci.copperas-cove.tx.us

Gene Dane
913 S. Main St.
Copperas Cove, TX 76522
(254) 258-5477
gene@gdane.com

Professional Registrations – Texas Architect #20174, Colorado Architect #400984

Professional Affiliations – American Institute of Architects, Texas Society of Architects

Professional Experience –

September 2003 – Present
Gene Dane & Associates. Inc., Copperas Cove, TX
***157 Architecture,* Copperas Cove, TX**
Principal, Architect
Custom residential design, production housing design
Multi-family design, Light commercial design, Land Planning

February 2002 – September 2003
John Dengler & Associates, p.c., Ft. Collins, CO
Project Manager, Designer
2000 – 10,000+ sq. ft. custom residential design, Land planning, Multi-family design, Light commercial design

May 2000 – January 2002
Gerou & Associates, Inc., Evergreen, CO
Project Manager, Designer
2000 – 10,000+ sq. ft. custom residential design and construction, Light commercial design and construction

September 1995 – April 2000
John Dengler & Associates, p.c., Ft. Collins, CO
Project Manager
2000 – 10,000+ sq. ft. custom residential design, Multi-family design, Light commercial design

January 1993 – August 1995
DE-BU, Designers – Builders, Inc., Houston, TX
Vice-President, Designer, Production Manager
3000 – 30,000+ sq. ft. custom residential design, Light commercial design

December 1991 – December 1992
Architekton, Inc., Houston, TX
Designer, Production Manager
3000 – 10,000+ sq. ft. custom residential design

June 1987 – November 1991
Gene Dane Residential Designs, Copperas Cove, TX
Owner, Designer
1000 – 2500 sq. ft. production housing design

End of Resume

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JUL 11 2008

Application for the

Copperas Cove TIRZ #1 Board

Name: CHARLIE YOUNGS

Address: 609 ASH ST, COPPERAS COVE, TX 76522

Home Phone: 254-547-0308
Office Phone: 254-287-3189 **Mobile Phone:** 702-6952

Fax: 287-2153 **E-mail:** charlie.youngs@us.army.mil

Occupation: Department of the Army Civilian, Operational Test Command (OTC), Ft. Hood, TX.

List your past/current experience on boards/commissions or any volunteer work/community service you have done.
Worked for the City of Copperas Cove Dec. 1989 - Jan 1992, Planning Dept. As an employee I sat on a number Committees. TXDOT planning committee; CTGOG Community Development Block Grant (CDBG) award Committee; Committees to development ordinances; Committee to Develop and write Grants (I was the Grants writer for the City); Committee to develop Annexation Strategies; Parks and Recreation Master Plan; CCEDC Board - Treasurer; and various others as directed by the City Manager.

City Councilman, 1994-1997. Appointed and served as Chairman to the Coryell County Appraisal Board; Annexation Planning and Development Committee; Committee to develop City of Copperas Cove 1995 Comprehensive Plan (the City Comprehensive Plan had not been updated since 1985); 1995 Water Development Board; 1996 Comprehensive Drainage Plan; Chairman City Manager selection committee; Library and Fire Station expansion committee and others as directed by the Mayor.

Professional Affiliations: Copperas Cove Chamber; Serra Club: Life time member Order of the Purple Heart; Life time member Veteran Foreign Wars.

Educational Background:
--1990 Master Degree, Public Administration, University of Central Texas.
--1980, December, Master Degree, Administration of Justice, Wichita State University, Wichita, KS.
--1980, June, Master of Military Science, Command & General Staff College, Fort Leavenworth, KS.
--1975 BS, Criminal Justice, Saint Martins College, Olympia, WA

Tell us why you wish to serve on the TIRZ #1 Board and what specific qualifications or talents you would bring to this board.

I have a solid understanding of Coppera's Cove growth patterns both from the commercial/retail as well as residential. I have no ties with any builders or developers so I would hope that my appointment to this board would be perceived by the public as a person that has no hidden agenda other than to do what is in the best interest for the Citizens of Copperas Cove. Nothing more, nothing less. I would hope that my knowledge of planning and zoning, building codes, current ordinances', financial management and my desire to see Cove present a positive picture to the outside world would benefit the success of this Board and this project. This is a very new way to do things and could set the tone of how we do business with builders and developers in the future. It would benefit the entire community if this project is a success.

NOTE: This application is also my resume.

Please return this form no later than 5:00 p.m. on July 14, 2008, along with a resume to:

Jane Lees, City Secretary, P.O. Drawer 1449, 507 South Main Street, Copperas Cove, TX 76522.

This form may also be faxed to: 254-542-8927. If you have any questions please call the City Secretary at 254-547-4221, ext. 6237,

or e-mail to jlees@ci.copperas-cove.tx.us

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JUL 15 2008

City of Copperas Cove

Application for the Copperas Cove TIRZ #1 Board

Name Dan Yancy

Address 1601 Buck Board Trail, Copperas Cove, TX 76522

Home Phone 547.1506 Office Phone 554.4334 Mobile Phone 681.3575

Fax 554.4372 E-mail dan.yancy@1stnb.com

Occupation Senior Vice President, First National Bank, Texas

List your past/current experience on boards/commissions or any volunteer work/community service you have done Current Chairman of CCEDC Board of Directors
Past Director of Copperas Cove Chamber of Commerce Board, United Way Board, & Communities in Schools Board

Professional Affiliations AVSA, RMA, Chamber of Commerce

Educational Background B.S. Midwestern State University, Wichita Falls

Tell us why you wish to serve on the TIRZ #1 Board and what specific qualifications or talents you would bring to this board.

My experience in the financial services industry and in construction & development financing should complement the goals of the TIRZ

Please return this form no later than 5:00 p.m. on July 14, 2008, along with a resume to:
Jane Lees, City Secretary, P.O. Drawer 1449, 507 South Main Street, Copperas Cove, TX 76522
This form may also be faxed to: 254-542-8927. If you have any questions please call the City Secretary at 254-547-4221, ext. 6237
or e-mail to jlees@ccopperas-cove.texas

City Secretary

City of Copperas Cove

RECEIVED
BY [illegible] DATE 7-14-08

Application for the Copperas Cove TIRZ #1 Board

Name: Jack Smith

Address: 3005 Sun Temple Circle, Copperas Cove, TX 76522

Home Phone: 254-577-5878 Office Phone: 254-547-9619 Mobile Phone: 254-290-3132

Fax: 254-542-1489 E-mail: JackSmithHomes@aol.com

Occupation: Real Estate Broker

List your past/current experience on boards/commissions or any volunteer work/community service you have done

Director-Noon Exchange Club, President-Noon Exchange Club, 3 Terms as Director
Fort Hood Area Association of Realtors, currently President elect of the FHAAR,
Director-Chamber of Commerce

Professional Affiliations

Fort Hood Area Association of Realtors, Temple-Belton Board of Realtors,
Texas Association of Realtors, National Association of Realtors, Central
Texas Homebuilders Association, National Association of Homebuilders

Educational Background: Please see attached list

Tell us why you wish to serve on the TIRZ #1 Board and what specific qualifications or talents you would bring to this board.

I am interested in the future growth and improvement of Copperas Cove. My background, experience, and training has included Real Estate finance. With these attributes, I think that I will be a great asset and be able to have a complete understanding of the goal of TIRZ.

Please return this form no later than 5:00 p.m. on July 14, 2008, along with a resume to:
Jane Lees, City Secretary, P.O. Drawer 1449, 507 South Main Street, Copperas Cove, TX 76522.
This form may also be faxed to: 254-542-8927. If you have any questions please call the City Secretary at 254-547-4221, ext. 6237,
or e-mail to jlees@ci.copperas-cove.tx.us

Course Date	Course Nbr	Course Name	Provider Name	Total Hrs	Legal Hrs
02/22/2008	6668	REAL ESTATE SPOKESPERSON TRAINING	T A R	8	0
03/25/2006	0423	ALTERNATIVE FINANCE	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0211	REAL ESTATE APPRAISAL I	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0511	REAL ESTATE MARKETING I	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0424	LOAN PROCESSING AND LOAN	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0212	REAL ESTATE APPRAISAL II	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	1021	RES INSPECTION RE AGENTS	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0311	REAL ESTATE LAW I	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0523	PSYCHOLOGY OF MARKETING	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0512	REAL ESTATE MARKETING II	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0711	REAL ESTATE BROKERAGE I	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0421	LOAN AP, PROCEDURES, C/C	LONE STAR COLLEGE TOMBALL	30	0
03/25/2006	0422	FEDERAL GOVERNMENT LOANS	LONE STAR COLLEGE TOMBALL	30	0
12/20/2005	1111	LAW OF AGENCY	LONE STAR COLLEGE TOMBALL	30	0
12/20/2005	0111	REAL ESTATE PRINCIPLES I	LONE STAR COLLEGE TOMBALL	30	0
12/20/2005	0112	REAL ESTATE PRINCIPLES II	LONE STAR COLLEGE TOMBALL	30	0
12/20/2005	1200	LAW OF CONTRACTS	LONE STAR COLLEGE TOMBALL	30	0
12/20/2005	0113	REAL ESTATE PRINCIPLES	LONE STAR COLLEGE TOMBALL	30	0
12/20/2005	0611	REAL ESTATE MATH I	LONE STAR COLLEGE TOMBALL	30	0
12/20/2005	3779	SELLING IN A DIVERSE MARKET	CHAMPIONS	9	0
12/19/2005	3836	TREC ETHICS MCE (E)	CHAMPIONS	3	3
12/19/2005	3837	TREC LEGAL UPDATE MCE (L)	CHAMPIONS	3	3
03/19/2005	3779	SELLING IN A DIVERSE MARKET	CHAMPIONS	9	0
03/18/2005	3836	TREC ETHICS MCE (E)	CHAMPIONS	3	3
03/18/2005	3837	TREC LEGAL UPDATE MCE (L)	CHAMPIONS	3	3
02/26/2003	2044	REAL ESTATE IN THE NEW MILLENNIUM	CHAMPIONS	15	7
02/21/2001	1597	EFFECTIVE BUYER REPRESENTATION	CONT ED INST	15	9
02/21/2000	1380	STEPS FOR SUCCESSFUL CODE ENFORCEMENT	T A R	6	6
02/13/2000	0112	REAL ESTATE PRINCIPLES II	HALL REAL ESTATE INSTITUTE	30	0
03/31/1999	1200	LAW OF CONTRACTS	HALL REAL ESTATE INSTITUTE	30	0
01/31/1998	0511	REAL ESTATE MARKETING I	HALL REAL ESTATE	30	0

			INSTITUTE		
01/31/1997	0111	REAL ESTATE PRINCIPLES I	HALL REAL ESTATE INSTITUTE	30	0
01/31/1997	0112	REAL ESTATE PRINCIPLES II	HALL REAL ESTATE INSTITUTE	30	0
01/31/1997	0611	REAL ESTATE MATH I	HALL REAL ESTATE INSTITUTE	30	0
01/31/1997	0411	REAL ESTATE FINANCE I	HALL REAL ESTATE INSTITUTE	30	0
12/31/1996	0321	REAL ESTATE LAW/CONTRACTS	HALL REAL ESTATE INSTITUTE	30	0
12/31/1996	1111	LAW OF AGENCY	HALL REAL ESTATE INSTITUTE	30	0

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-11

Contact – Andrea M. Gardner, City Manager, 547-4221
agardner@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on the appointments to the City of Copperas Cove TIRZ Number One Board Member Positions One through Four.**

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1. BACKGROUND/HISTORY

With the approval of a TIRZ creation ordinance, a Board of Directors for the Zone is created. The board shall consist of seven (7) members as follows:

- Positions One through Four shall be reserved for the City.
- Positions Five and Six shall be reserved for Lampasas County and the Lampasas County Road and Bridge Fund.
- Position seven shall be reserved for the Lampasas Independent School District.

Failure of taxing unit to appoint a director by June 17, 2009, shall be deemed a waiver of the right to appoint a director, and the City shall be entitled to appoint persons to the position.

Additionally, the TIRZ creation ordinance authorizes the Mayor to nominate and appoint, subject to the City Council approval, the directors to Positions One through Four of the Board of Directors, and any position unfilled on June 17, 2009, subject to the consent and approval of the City Council.

The directors appointed to odd-numbered positions shall be appointed for two year terms, beginning on the effective date of the TIRZ creation ordinance, while the directors appointed to even-numbered positions shall be appointed to a one year term, beginning on the effective date of the TIRZ creation ordinance. All subsequent appointments shall be for two-year terms. The member of the Board of Directors appointed to Position One is hereby designated to serve as the chair of the Board of Directors for a one-year term beginning on the effective date of the TIRZ creation ordinance. Thereafter the Mayor shall annually nominate and appoint, subject to the City Council approval, a member to serve as chair for a term of one year beginning on the anniversary of the effective date of the TIRZ creation ordinance.

2. FINDINGS/CURRENT ACTIVITY

On June 17, 2008, the City Council approved the process for accepting applications to the TIRZ #1 Board for possible appointment. Applications from the following individuals were submitted to the City Secretary for consideration and are attached for Council consideration and approval:

- Frank D. Somera, Jr.
- Gene Dane
- Charlie Youngs
- Dan Yancey
- Jack Smith

3. FINANCIAL IMPACT

None.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends that the City Council of Copperas Cove, Texas appointment Positions One through Four to the City of Copperas Cove Tax Increment Reinvestment Zone Number One.

BLACKWELL ENVIRONMENTAL, LLC

1107 Hwy 1431, #113. ☆ Marble Falls, Texas 78654 ☆ (512) 930-2044

July 29, 2008

Ms. Andrea Gardner, CPM
City Manager
City of Copperas Cove
507 S. Main Street
P.O. Box 1449
Copperas Cove, Texas 76522

RE: Professional Services for Assisting the City with a New Oil & Gas Ordinance

Dear Ms. Gardner:

Thank you for giving me the opportunity to assist the City of Copperas Cove in establishing a new Oil & Gas Well Ordinance. So that you may be more aware of my qualifications, I have attached a copy of my SOQ as it pertains to the Oil & Gas Industry.

In order to be able to estimate the hours and associated fees required for a project of this nature, I first established an outline of activities that I believe would be closely related the "Scope of Work". This outline by no means is a final outline of work, but merely a starting place to examine and see if we are both on the same page as to the "flow of work". Therefore, my estimated level of service is based on the following Work Outline.

1. City Manager shall establish the **Ordinance Review Team** (**ORT**) which could consist of the following Professionals, City Staff and Stakeholders :
    a. City Manager
    b. Attorney
    c. Engineer
    d. Other City Staff (City Engineer, Building Inspector, Fire Chief, etc)
    e. The City Manager may wish to add the following Stakeholders
        i. Members from the community that would be stakeholders in the outcome of the ordinance. This would most likely include ranking member of HOA's, or other concerned entities; and
        ii. Members from the Oil & Gas Industry that are stakeholders in the outcome of a new ordinance.

    The ORT should consist of two separate entities. The first entity would be the **ORT Administrative Committee** and would consist of members "a" thru "d" above, while the second entity would include all members of the ORT (includes the stakeholders listed in "e" above). Together these entities would be known as the **Full ORT Committee**.

2. The Attorney and Engineer shall take the lead to:
    a. **Review Existing Copperas Cove Oil & Gas Ordinance** – Review existing Ordinance to determine which clauses of the ordinance can be utilized in the new ordinance and which clauses should be considered for deletion.
    b. **Review existing ordinances from various other Cities to determine**:
        i. Structure;
        ii. Content;
        iii. Applicability;
        iv. Permit Classifications;
        v. Insurance & Bond Requirements
        vi. Application Procedures;
        vii. Suspension or Revocation of Permit Clauses
        viii. Technical Provisions
        ix. Conformance with TRRC Oil & Gas Rules;
        x. Conflict Resolution Clauses;
    c. **Prepare Draft of New Ordinance and submit to the ORT Administrative Committee for Review and Comment**;
3. Review Draft Ordinance with the **ORT Administrative Committee** and receive comments and other input.
4. Prepare Second Draft of New Ordinance which shall incorporate the comments and desires of the **ORT Administrative Committee** and submit new draft to the **Full ORT Committee** for review and comment.
5. Meet with **Full ORT Committee** to discuss draft ordinance
6. Make presentation to the **Copperas Cove City Council** detailing the workings of the committee, content of the ordinance and schedule of Public Hearings.
7. If necessary, amend the draft ordinance per comments received from the full committee and City Council.
8. **Hold First Public Hearing** concerning the "**Draft Oil & Gas Ordinance**".
9. Meet with full ORT to discuss Public Comments.
10. Make modifications related to Public Hearing, if necessary.
11. **Hold Second Public Hearing** concerning the Draft Oil & Gas Ordinance.
12. Meet with the **ORT Administrative Committee** for final resolution on ordinance
13. Draft Final Ordinance – Send to City Manager for final review.
14. Make Final presentation to City Council.

As you know, ordinances can be very easy to pass if there is no public or private opposition, or they can be extremely difficult. I think the key to minimize the impact from public or private opposition is to give them a seat at a few key meetings and the opportunity to have input into the process. This can be done by including them on the review committee, or by holding public hearings, or both. This usually (not always) will quiet down the opposition, as they then feel like they have had an opportunity to be heard and had some input into the decision making process. This also gives the two entities that are generally in opposition (Homeowners and Drillers) to sit down and talk to each other face to face.

As I previously mentioned, my fees are based on the outline above (which might be considered a "worst case scenario"), and are discussed as follows:

- My hourly billing rate is $145 per hour. I do not bill for travel time or travel expenses to and/or from the City of Copperas Cove, telephone calls or other "expenses" other than my time. I do, however bill for direct expense for this project such as Fed-Ex charges or outside printing charges (if necessary).

- Meetings with the ORT, Public Hearings or Council Meetings shall be billed at a flat rate of $500 per meeting regardless of the time the meeting takes. These meetings generally take at least two hours in length with an additional two or three hours of preparation time. Meetings with individuals such as the City Manager, Attorney, etc. are billed at an hourly rate for the actual time of the meeting rounded to the nearest hour.

Based on the above schedule my fees for this project would be:

Item		Description	Hours	Fee		Total
1		Ordinance Review Team Established - Project kick off meeting	2	$ 145.00	$	290.00
2		Ordinance Review				
	a	Review Existing Ordinance	1	$ 145.00	$	145.00
	b	review Other Cities Ordinances	4	$ 145.00	$	580.00
	c	Prepare Draft Ordinance	16	$ 145.00	$	2,320.00
3		Meeting with ORT Administrative Committee	1	$ 500.00	$	500.00
4		Prepare Second Draft Ordinance	2	$ 145.00	$	290.00
5		Meeting with Full ORT Committee	1	$ 500.00	$	500.00
6		First Presentation to City Council	1	$ 500.00	$	500.00
7		Amend Draft Ordinance	2	$ 145.00	$	290.00
8		Hold First Public Hearing	1	$ 500.00	$	500.00
9		Meet with full ORT to Discuss Public Hearing	1	$ 500.00	$	500.00
10		Make modification to Draft Ordinance	1	$ 145.00	$	145.00
11		Hold Second Public Hearing	1	$ 500.00	$	500.00
12		Meet with ORT Administrative Committee for final ordinance	1	$ 500.00	$	500.00
13		Draft Final Ordinance	2	$ 145.00	$	290.00
14		Make Final Presentation to City Council	1	$ 500.00	$	500.00
		Project Total			**$**	**8,350.00**

I would thus suggest we enter into a contract on a **Time and Material basis <u>Not To Exceed</u> $8,500**. Therefore if not all of the meetings are required, they would not be billed.

I have also attached a standard professional services agreement for your consideration.

If you have any questions whatsoever, please give me a call. Again, thank you for considering my firm.

Sincerely,

BLACKWELL ENVIRONMENTAL, LLC

James Blackwell

James E. Blackwell, PE

AGREEMENT
BETWEEN OWNER AND ENGINEER
FOR
PROFESSIONAL SERVICES

THIS IS AN AGREEMENT effective as of _____, 2008 ("Effective Date") between **CITY OF COPPERAS COVE, TEXAS** ("Owner") and **BLACKWELL ENVIRONMENTAL, LLC** ("Engineer"). Owner intends to contract Engineer provide assistance in amending the City's Gas and Oil Well Ordinance ("Project").

Owner and Engineer agree as follows:

ARTICLE 1 - SERVICES OF ENGINEER

1.01 Scope

A. Engineer shall provide, or cause to be provided, the services set forth herein and as further described in Exhibit A.

ARTICLE 2 - OWNER'S RESPONSIBILITIES

2.01 General

A. Owner shall have the responsibility set forth herein and as described in Exhibit B.

B. Owner shall compensate Engineer for services rendered as set forth in Exhibit C.

C. Owner shall be responsible for, and Engineer may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data, and other information furnished by Owner to Engineer pursuant to this Agreement. Engineer may use such requirements, programs, instructions, reports, data, and information in performing or furnishing services under this Agreement.

ARTICLE 3 - SCHEDULE FOR RENDERING SERVICES

3.01 Commencement

A. Engineer shall begin rendering services as of the Effective Date of the Agreement.

3.02 Time for Completion

A. Engineer estimates the completion of this project within 60 days form the date of commencement.

B. If, through no fault of Engineer, such periods of time or dates are changed, or the orderly and continuous progress of Engineer's services is impaired, or Engineer's services

are delayed or suspended, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.

C. If Owner authorizes changes in the scope, extent, or character of the Project, then the time for completion of Engineer's services, and the rates and amounts of Engineer's compensation, shall be adjusted equitably.

D. Owner shall make decisions and carry out its other responsibilities in a timely manner so as not to delay the Engineer's performance of its services.

E. If Engineer fails, through its own fault, to complete the performance required in this Agreement, then Owner shall be entitled to the recovery of direct damages resulting from such failure.

ARTICLE 4 - INVOICES AND PAYMENTS

4.01 Invoices

A. *Preparation and Submittal of Invoices.* Engineer shall prepare invoices in accordance with its standard invoicing practices and the terms of Exhibit C. Engineer shall submit its invoices to Owner on a monthly basis. Invoices are due and payable upon receipt.

4.02 Payments

A. *Application to Interest and Principal.* Payment will be credited first to any interest owed to Engineer and then to principal.

B. *Failure to Pay*. If Owner fails to make any payment due Engineer for services and expenses within 30 days after receipt of Engineer's invoice, then:

1. Amounts due Engineer may be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day; and

2. Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement until Owner has paid in full all amounts due for services, expenses, and other related charges. Owner waives any and all claims against Engineer for any such suspension.

C. *Disputed Invoices.* If Owner contests an invoice, Owner may withhold only that portion so contested, and must pay the undisputed portion.

D. *Legislative Actions.* If after the Effective Date of the Agreement any governmental entity takes a legislative action that imposes taxes, fees, or charges on Engineer's services or compensation under this Agreement, then the Engineer may invoice such new taxes, fees, or charges as a Reimbursable Expense to which a factor of 1.0 shall be applied. Owner shall pay such invoiced new taxes, fees, and charges; such payment shall be in addition to the compensation to which Engineer is entitled under the terms of Exhibit C.

ARTICLE 5 – OPINIONS OF CONSTRUCTION COST

5.01 Opinions of Probable Construction Cost

A. Engineer's opinions of probable Construction Cost are to be made on the basis of Engineer's experience and qualifications and represent Engineer's best judgment as an experienced and qualified professional generally familiar with the construction industry. However, since Engineer has no control over the cost of labor, materials, equipment, or services furnished by others, or over contractors' methods of determining prices, or over competitive bidding or market conditions, Engineer cannot and does not guarantee that proposals, bids, or actual Construction Cost will not vary from opinions of probable Construction Cost prepared by Engineer.

5.02 Opinions of Total Project Costs

A. The services, if any, of Engineer with respect to Total Project Costs shall be limited to assisting the Owner in collating the various cost categories which comprise Total Project Costs. Engineer assumes no responsibility for the accuracy of any opinions of Total Project Costs.

ARTICLE 6 - GENERAL CONSIDERATIONS

6.01 Standards of Performance

A. The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. Engineer makes no warranties, express or implied, under this Agreement or otherwise, in connection with Engineer's services.

B. Owner shall not be responsible for discovering deficiencies in the technical accuracy of Engineer's services. Engineer shall correct any such deficiencies in technical accuracy without additional compensation except to the extent such corrective action is directly attributable to deficiencies in Owner-furnished information.

C. Engineer may employ such Consultants as Engineer deems necessary to assist in the performance or furnishing of the services, subject to reasonable, timely, and substantive objections by Owner.

D. Subject to the standard of care set forth in paragraph 6.01.A, Engineer and its Consultants may use or rely upon design elements and information ordinarily or customarily furnished by others, including, but not limited to, specialty contractors, manufacturers, suppliers, and the publishers of technical standards.

E. Engineer and Owner shall comply with applicable Laws and Regulations and Owner-mandated standards that Owner has provided to Engineer in writing. This Agreement is based on these requirements as of its Effective Date. Changes to these requirements after the Effective Date of this Agreement may be the basis for modifications to Owner's

responsibilities or to Engineer's scope of services, times of performance, and compensation.

G. Engineer shall not be required to sign any documents, no matter by whom requested, that would result in the Engineer having to certify, guarantee, or warrant the existence of conditions whose existence the Engineer cannot ascertain. Owner agrees not to make resolution of any dispute with the Engineer or payment of any amount due to the Engineer in any way contingent upon the Engineer signing any such documents.

H. The General Conditions for any construction contract documents prepared hereunder are to be the "Standard General Conditions of the Construction Contract".

I. Engineer shall not at any time supervise, direct, or have control over Contractor's work, nor shall Engineer have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by Contractor, for security or safety at the Site, for safety precautions and programs incident to the Contractor's work in progress, nor for any failure of Contractor to comply with Laws and Regulations applicable to Contractor's furnishing and performing the Work.

J. Engineer neither guarantees the performance of any contractor nor assumes responsibility for any contractor's failure to furnish and perform the Work in accordance with the Contract Documents.

K. Engineer shall not be responsible for the acts or omissions of any contractor, subcontractor, or supplier, or of any of their agents or employees or of any other persons (except Engineer's own employees and its Consultants) at the Site or otherwise furnishing or performing any Work; or for any decision made on interpretations or clarifications of the Contract Documents given by Owner without consultation and advice of Engineer.

6.02 Design without Construction Phase Services

A. If Engineer's Basic Services under this Agreement do not include Project observation, or review of the Contractor's performance, or any other Construction Phase services, then (1) Engineer's services under this Agreement shall be deemed complete no later than the end of the Bidding or Negotiating Phase; (2) Engineer shall have no design or shop drawing review obligations during construction; (3) Owner assumes all responsibility for the application and interpretation of the Contract Documents, contract administration, construction observation and review, and all other necessary Construction Phase engineering and professional services; and (4) Owner waives any claims against the Engineer that may be connected in any way thereto.

6.03 Use of Documents

A. All Documents are instruments of service in respect to this Project, and Engineer shall retain an ownership and property interest therein (including the copyright and the right of reuse at the discretion of the Engineer) whether or not the Project is completed. Owner shall not rely in any way on any Document unless it is in printed form, signed or sealed by the Engineer or one of its Consultants.

B. A party may rely that data or information set forth on paper (also known as hard copies) that the party receives from the other party by mail, hand delivery, or facsimile,

are the items that the other party intended to send. Files in electronic media format of text, data, graphics, or other types that are furnished by one party to the other are furnished only for convenience, not reliance by the receiving party. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.

C. Because data stored in electronic media format can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within 60 days, after which the receiving party shall be deemed to have accepted the data thus transferred. Any transmittal errors detected within the 60-day acceptance period will be corrected by the party delivering the electronic files.

D. When transferring documents in electronic media format, the transferring party makes no representations as to long term compatibility, usability, or readability of such documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by the documents' creator.

E. Owner may make and retain copies of Documents for information and reference in connection with use on the Project by Owner. Engineer grants Owner a license to use the Documents on the Project, extensions of the Project, and other projects of Owner, subject to the following limitations: (1) Owner acknowledges that such Documents are not intended or represented to be suitable for use on the Project unless completed by Engineer, or for use or reuse by Owner or others on extensions of the Project or on any other project without written verification or adaptation by Engineer; (2) any such use or reuse, or any modification of the Documents, without written verification, completion, or adaptation by Engineer, as appropriate for the specific purpose intended, will be at Owner's sole risk and without liability or legal exposure to Engineer or to Engineer's Consultants; (3) Owner shall indemnify and hold harmless Engineer and Engineer's Consultants from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from any use, reuse, or modification without written verification, completion, or adaptation by Engineer; (4) such limited license to Owner shall not create any rights in third parties.

F. If Engineer at Owner's request verifies or adapts the Documents for extensions of the Project or for any other project, then Owner shall compensate Engineer at rates or in an amount to be agreed upon by Owner and Engineer.

6.04 Suspension and Termination

A. Suspension.

By Owner: Owner may suspend the Project upon seven days written notice to Engineer.

By Engineer: If Engineer's services are substantially delayed through no fault of Engineer, Engineer may, after giving seven days written notice to Owner, suspend services under this Agreement.

B. *Termination.* The obligation to provide further services under this Agreement may be terminated:

1. For cause,

   a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

   b. By Engineer:

      1) upon seven days written notice if Owner demands that Engineer furnish or perform services contrary to Engineer's responsibilities as a licensed professional; or

      2) upon seven days written notice if the Engineer's services for the Project are delayed or suspended for more than 90 days for reasons beyond Engineer's control.

      3) Engineer shall have no liability to Owner on account of such termination.

   c. Notwithstanding the foregoing, this Agreement will not terminate under paragraph 6.04.B.1.a if the party receiving such notice begins, within seven days of receipt of such notice, to correct its substantial failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

2. For convenience,

   a. By Owner effective upon Engineer's receipt of notice from Owner.

C. *Effective Date of Termination*. The terminating party under paragraph 6.05.B may set the effective date of termination at a time up to 30 days later than otherwise provided to allow Engineer to demobilize personnel and equipment from the Site, to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project materials in orderly files.

D. Payments Upon Termination.

1. In the event of any termination under paragraph 6.05, Engineer will be entitled to invoice Owner and to receive full payment for all services performed or furnished and all Reimbursable Expenses incurred through the effective date of termination. Upon making such payment, Owner shall have the limited right to the use of Documents, at Owner's sole risk, subject to the provisions of paragraph 6.03.E.

2. In the event of termination by Owner for convenience or by Engineer for cause, Engineer shall be entitled, in addition to invoicing for those items identified in paragraph 6.05.D.1, to invoice Owner and to payment of a reasonable amount for services and expenses directly attributable to termination, both before and after the effective date of termination, such as reassignment of personnel, costs of terminating contracts with Engineer's Consultants, and other related close-out costs, using methods and rates for Additional Services as set forth in Exhibit B.

6.05 Controlling Law

A. This Agreement is to be governed by the law of the state of Texas.

6.06 Successors, Assigns, and Beneficiaries

A. Owner and Engineer each is hereby bound and the partners, successors, executors, administrators and legal representatives of Owner and Engineer (and to the extent permitted by paragraph 6.06.B the assigns of Owner and Engineer) are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements, and obligations of this Agreement.

B. Neither Owner nor Engineer may assign, sublet, or transfer any rights under or interest (including, but without limitation, moneys that are due or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting, or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

C. Unless expressly provided otherwise in this Agreement:

1. Nothing in this Agreement shall be construed to create, impose, or give rise to any duty owed by Owner or Engineer to any Contractor, Contractor's subcontractor, supplier, other individual or entity, or to any surety for or employee of any of them.

2. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Engineer and not for the benefit of any other party.

3. Owner agrees that the substance of the provisions of this paragraph 6.06.C shall appear in the Contract Documents.

6.07 Dispute Resolution

A. Owner and Engineer agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice.

B. If the parties fail to resolve a dispute through negotiation under paragraph 6.07.A, then the parties may exercise their rights under law in Burnet County, Texas.

6.08 Environmental Condition of Site

A. Owner has disclosed to Engineer in writing the existence of all known and suspected Asbestos, PCBs, Petroleum, Hazardous Waste, Radioactive Material, hazardous substances, and other Constituents of Concern located at or near the Site, including type, quantity, and location.

B. Owner represents to Engineer that to the best of its knowledge no Constituents of Concern, other than those disclosed in writing to Engineer, exist at the Site.

C. If Engineer encounters an undisclosed Constituent of Concern, then Engineer shall notify (1) Owner and (2) appropriate governmental officials if Engineer reasonably concludes that doing so is required by applicable Laws or Regulations.

D. It is acknowledged by both parties that Engineer's scope of services does not include any services related to Constituents of Concern. If Engineer or any other party encounters an undisclosed Constituent of Concern, or if investigative or remedial action, or other professional services, are necessary with respect to disclosed or undisclosed Constituents of Concern, then Engineer may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project affected thereby until Owner: (1) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the Constituents of Concern; and (2) warrants that the Site is in full compliance with applicable Laws and Regulations.

E. If the presence at the Site of undisclosed Constituents of Concern adversely affects the performance of Engineer's services under this Agreement, then the Engineer shall have the option of (1) accepting an equitable adjustment in its compensation or in the time of completion, or both; or (2) terminating this Agreement for cause on 30 days notice.

F. Owner acknowledges that Engineer is performing professional services for Owner and that Engineer is not and shall not be required to become an "arranger," "operator," "generator," or "transporter" of hazardous substances, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), as amended, which are or may be encountered at or near the Site in connection with Engineer's activities under this Agreement.

6.09 Indemnification and Mutual Waiver

A. *Indemnification by Engineer.* To the fullest extent permitted by law, Engineer shall indemnify and hold harmless Owner, and Owner's officers, directors, partners, agents, consultants, and employees from and against any and all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court, arbitration, or other dispute resolution costs) arising out of or relating to the Project, provided that any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Engineer or Engineer's officers, directors, partners, employees, or Consultants. The indemnification provision of the preceding sentence is subject to and limited by the provisions agreed to by Owner and Engineer in Exhibit I, "Allocation of Risks," if any.

B. *Indemnification by Owner.* To the fullest extent permitted by law, Owner shall indemnify and hold harmless Engineer, Engineer's officers, directors, partners, agents, employees, and Consultants from and against any and all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court, arbitration, or other dispute resolution costs) arising out of or relating to the Project, provided that any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, but only to the extent caused by any negligent act or omission of Owner or Owner's officers, directors, partners, agents, consultants, or employees, or others retained by or under contract to the Owner with respect to this Agreement or to the Project.

C. *Environmental Indemnification.* In addition to the indemnity provided under paragraph 6.09.B of this Agreement, and to the fullest extent permitted by law, Owner shall indemnify and hold harmless Engineer and its officers, directors, partners, agents, employees, and Consultants from and against any and all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals, and all court, arbitration, or other dispute resolution costs) caused by, arising out of, relating to, or resulting from a Constituent of Concern at, on, or under the Site, provided that (i) any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom, and (ii) nothing in this paragraph shall obligate Owner to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence or willful misconduct.

D. *Percentage Share of Negligence*. To the fullest extent permitted by law, a party's total liability to the other party and anyone claiming by, through, or under the other

party for any cost, loss, or damages caused in part by the negligence of the party and in part by the negligence of the other party or any other negligent entity or individual, shall not exceed the percentage share that the party's negligence bears to the total negligence of Owner, Engineer, and all other negligent entities and individuals.

E. *Mutual Waiver.* To the fullest extent permitted by law, Owner and Engineer waive against each other, and the other's employees, officers, directors, agents, insurers, partners, and consultants, any and all claims for or entitlement to special, incidental, indirect, or consequential damages arising out of, resulting from, or in any way related to the Project.

6.10 Miscellaneous Provisions

A. *Notices.* Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, by facsimile, by registered or certified mail postage prepaid, or by a commercial courier service. All notices shall be effective upon the date of receipt.

B. *Survival.* All express representations, waivers, indemnifications, and limitations of liability included in this Agreement will survive its completion or termination for any reason.

C. *Severability.* Any provision or part of the Agreement held to be void or unenforceable under any Laws or Regulations shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Engineer, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

D. *Waiver.* A party's non-enforcement of any provision shall not constitute a waiver of that provision, nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

E. *Accrual of Claims*. To the fullest extent permitted by law, all causes of action arising under this Agreement shall be deemed to have accrued, and all statutory periods of limitation shall commence, no later than the date of Substantial Completion.

ARTICLE 7 - DEFINITIONS

7.01 Defined Terms

A. Wherever used in this Agreement (including the Exhibits hereto) terms (including the singular and plural forms) printed with initial capital letters have the meanings indicated in the text above or in the exhibits; in the following provisions; or in the "Standard General Conditions of the Construction Contract," prepared by the Engineers Joint Contract Documents Committee (No. C-700, 2002 Edition):

1. *Additional Services*--The services to be performed for or furnished to Owner by Engineer that are not described in Exhibit A.

2. *Basic Services*--The services to be performed for or furnished to Owner by Engineer in accordance with Exhibit A, of this Agreement.

3. *Construction Cost*--The cost to Owner of those portions of the entire Project designed or specified by Engineer. Construction Cost does not include costs of services of Engineer or other design professionals and consultants, cost of land, rights-of-way, or compensation for damages to properties, or Owner's costs for legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project, or the cost of other services to be provided by others to Owner pursuant to Exhibit B of this Agreement. Construction Cost is one of the items comprising Total Project Costs.

4. *Constituent of Concern*--Any substance, product, waste, or other material of any nature whatsoever (including, but not limited to, Asbestos, Petroleum, Radioactive Material, and PCBs) which is or becomes listed, regulated, or addressed pursuant to [a] the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq. ("CERCLA"); [b] the Hazardous Materials Transportation Act, 49 U.S.C. §§1801 et seq.; [c] the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 et seq. ("RCRA"); [d] the Toxic Substances Control Act, 15 U.S.C. §§2601 et seq.; [e] the Clean Water Act, 33 U.S.C. §§1251 et seq.; [f] the Clean Air Act, 42 U.S.C. §§7401 et seq.; and [g] any other federal, state, or local statute, law, rule, regulation, ordinance, resolution, code, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material.

5. *Consultants*--Individuals or entities having a contract with Engineer to furnish services with respect to this Project as Engineer's independent professional associates, consultants, subcontractors, or vendors.

6. *Documents*--Data, reports, Drawings, Specifications, Record Drawings, and other deliverables, whether in printed or electronic media format, provided or furnished in appropriate phases by Engineer to Owner pursuant to this Agreement.

7. *Drawings*--That part of the Contract Documents prepared or approved by Engineer which graphically shows the scope, extent, and character of the Work to be performed by Contractor. Shop Drawings are not Drawings as so defined.

8. *Laws and Regulations; Laws or Regulations*--Any and all applicable laws, rules, regulations, ordinances, codes, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.

9. *Reimbursable Expenses*--The expenses incurred directly by Engineer in connection with the performing or furnishing of Basic and Additional Services for the Project.

10. *Resident Project Representative*--The authorized representative of Engineer, if any, assigned to assist Engineer at the Site during the Construction Phase. The Resident Project Representative will be Engineer's agent or employee and under Engineer's supervision. As used herein, the term Resident Project Representative includes any assistants of Resident Project Representative agreed to by Owner.

11. *Specifications*--That part of the Contract Documents consisting of written technical descriptions of materials, equipment, systems, standards, and workmanship as applied to the Work and certain administrative details applicable thereto.

12. *Total Project Costs*--The sum of the Construction Cost, allowances for contingencies, and the total costs of services of Engineer or other design professionals and consultants, together with such other Project-related costs that Owner furnishes for inclusion, including but not limited to cost of land, rights-of-way, compensation for damages to properties, Owner's costs for legal, accounting, insurance counseling and auditing services, interest and financing charges incurred in connection with the Project, and the cost of other services to be provided by others to Owner pursuant to Exhibit B of this Agreement.

ARTICLE 8 - EXHIBITS AND SPECIAL PROVISIONS

8.01 Exhibits Included

A. Exhibit A, "Engineer's Services".

B. Exhibit B, "Owner's Responsibilties".

C. Exhibit C, "Payments to Engineer for Services and Reimbursable Expenses".

8.02 Total Agreement

A. This Agreement, together with the exhibits identified above, constitutes the entire agreement between Owner and Engineer and supersedes all prior written or oral understandings.

8.03 Designated Representatives

With the execution of this Agreement, Engineer and Owner shall designate specific individuals to act as Engineer's and Owner's representatives with respect to the services to be performed or furnished by Engineer and responsibilities of Owner under this Agreement. Such individuals shall have authority to transmit instructions, receive information, and render decisions relative to the Project on behalf of each respective party.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the Effective Date of which is indicated on page 1.

Owner:	**Engineer:**
CITY OF COPPERAS COVE, TEXAS	**Blackwell Environmental, LLC**
By:	By: James E. Blackwell, PE
Title:	Title: Manager
Date Signed:	Date Signed:
	Engineer License or Certificate No. 61679
	State of: Texas
Address for giving notices:	Address for giving notices:
	Blackwell Environmental, LLC
	1107 Highway 1431 - # 113
	Marble Falls, Texas 78654
Designated Representative (see paragraph 8.03.A):	Designated Representative (see paragraph 8.03.A):
	James E. Blackwell
Title:	Title: Manager
Phone Number:	Phone Number: (512) 930-2044
Facsimile Number:	Facsimile Number: (512) 556-8469
E-Mail Address:	E-Mail Address: jimblackwell@blackwellenv.com

EXHIBIT A – ENGINEER'S SERVICES

Engineer's Services

Article 1 of the Agreement is amended and supplemented to include the following agreement of the parties. Engineer shall provide Basic and Additional Services as set forth below.

PART 1 – BASIC SERVICES

A1.01 – The Scope of Work shall be defined as outlined in the letter proposal from James E. Blackwell, PE of Blackwell Environmental, LLC to Ms. Andrea Gardner, CPA of the City of Copperas Cove, Texas and dated July 29, 2008. This letter proposal is attached as Exhibit"A-1" of this Agreement.

PART 2 -- ADDITIONAL SERVICES

A2.01 - Additional Services - If authorized, Engineer shall furnish or obtain from others Additional Services of the types listed below.

1. Services resulting from significant changes in the scope, extent, or character of the portions of the Project designed or specified by Engineer or its design requirements including, but not limited to, changes in size, complexity, Owner's schedule, character of construction, or method of financing; and revising previously accepted studies, reports, Drawings, Specifications, or Contract Documents when such revisions are required by changes in Laws and Regulations enacted subsequent to the Effective Date of this Agreement or are due to any other causes beyond Engineer's control.

2. Services resulting from Owner's request to evaluate additional Study and Report Phase alternative solutions beyond those identified.

3. Services required as a result of Owner's providing incomplete or incorrect Project information to Engineer.

4. Providing renderings or models for Owner's use.

5. Undertaking investigations and studies including, but not limited to, detailed consideration of operations, maintenance, and overhead expenses; the preparation of feasibility studies, cash flow and economic evaluations, rate schedules, and appraisals; assistance in obtaining financing for the Project; evaluating processes available for licensing, and assisting Owner in obtaining process licensing; detailed quantity surveys of materials, equipment, and labor; and audits or inventories required in connection with construction performed by Owner.

6. Furnishing services of Engineer's Consultants for other than Basic Services.

7. Services attributable to more prime construction contracts than specified.

8. Services during out-of-town travel required of Engineer other than for visits to the Site or Owner's office.

9. Preparing for, coordinating with, participating in and responding to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering, and constructibility review requested by Owner; and performing or furnishing services required to revise studies, reports, Drawings, Specifications, or other Bidding Documents as a result of such review processes.

10. Preparing additional Bidding Documents or Contract Documents for alternate bids or prices requested by Owner for the Work or a portion thereof.

11. Determining the acceptability of substitute materials and equipment proposed during the Bidding or Negotiating Phase when substitution prior to the award of contracts is allowed by the Bidding Documents.

12. Assistance in connection with Bid protests, rebidding, or renegotiating contracts for construction, materials, equipment, or services, except when such assistance is required by Exhibit F.

13. Providing construction surveys and staking to enable Contractor to perform its work other than as required, and any type of property surveys or related engineering services needed for the transfer of interests in real property; and providing other special field surveys.

14. Providing Construction Phase services beyond the original date for final completion of the Work.

15. Providing assistance in responding to the presence of any Constituent of Concern at the Site, in compliance with current Laws and Regulations.

16. Preparing and furnishing to Owner Record Drawings showing appropriate record information based on Project annotated record documents received from Contractor.

17. Preparation of operation and maintenance manuals.

18. Preparing to serve or serving as a consultant or witness for Owner in any litigation, arbitration, or other dispute resolution process related to the Project.

19. Providing more extensive services required to enable Engineer to issue notices or certifications requested by Owner.

20. Other services performed or furnished by Engineer not otherwise provided for in this Agreement.

21. Services in connection with Work Change Directives and Change Orders to reflect changes requested by Owner.

22. Services in making revisions to Drawings and Specifications occasioned by the acceptance of substitute materials or equipment other than “or-equal” items; and services after the award of the Construction Contract in evaluating and determining the acceptability of a substitution which is found to be inappropriate for the Project or an excessive number of substitutions.

23. Services resulting from significant delays, changes, or price increases occurring as a direct or indirect result of materials, equipment, or energy shortages.

24. Additional or extended services during construction made necessary by (1) emergencies or acts of God endangering the Work, (2) the presence at the Site of any Constituent of Concern, (3) Work damaged by fire or other cause during construction, (4) a significant amount of defective, neglected, or delayed work by Contractor, (5) acceleration of the progress schedule involving services beyond normal working hours, or (6) default by Contractor.

25. Services (other than Basic Services during the Post-Construction Phase) in connection with any partial utilization of any part of the Work by Owner prior to Substantial Completion.

26. Evaluating an unreasonable claim or an excessive number of claims submitted by Contractor or others in connection with the Work.

27. Services during the Construction Phase rendered after the date stated.

BLACKWELL ENVIRONMENTAL, LLC

1107 Hwy 1431, #113. ☆ Marble Falls, Texas 78654 ☆ (512) 930-2044

July 29, 2008

Ms. Andrea Gardner, CPM
City Manager
City of Copperas Cove
507 S. Main Street
P.O. Box 1449
Copperas Cove, Texas 76522

RE: Professional Services for Assisting the City with a New Oil & Gas Ordinance

Dear Ms. Gardner:

Thank you for giving me the opportunity to assist the City of Copperas Cove in establishing a new Oil & Gas Well Ordinance. So that you may be more aware of my qualifications, I have attached a copy of my SOQ as it pertains to the Oil & Gas Industry.

In order to be able to estimate the hours and associated fees required for a project of this nature, I first established an outline of activities that I believe would be closely related the "Scope of Work". This outline by no means is a final outline of work, but merely a starting place to examine and see if we are both on the same page as to the "flow of work". Therefore, my estimated level of service is based on the following Work Outline.

1. City Manager shall establish the **Ordinance Review Team** (**ORT**) which could consist of the following Professionals, City Staff and Stakeholders :
    a. City Manager
    b. Attorney
    c. Engineer
    d. Other City Staff (City Engineer, Building Inspector, Fire Chief, etc)
    e. The City Manager may wish to add the following Stakeholders
        i. Members from the community that would be stakeholders in the outcome of the ordinance. This would most likely include ranking member of HOA's, or other concerned entities; and
        ii. Members from the Oil & Gas Industry that are stakeholders in the outcome of a new ordinance.

    The ORT should consist of two separate entities. The first entity would be the **ORT Administrative Committee** and would consist of members "a" thru "d" above, while the second entity would include all members of the ORT (includes the stakeholders listed in "e" above). Together these entities would be known as the **Full ORT Committee**.

EXHIBIT A-1

2. The Attorney and Engineer shall take the lead to:
    a. **Review Existing Copperas Cove Oil & Gas Ordinance** – Review existing Ordinance to determine which clauses of the ordinance can be utilized in the new ordinance and which clauses should be considered for deletion.
    b. **Review existing ordinances from various other Cities to determine**:
        i. Structure;
        ii. Content;
        iii. Applicability;
        iv. Permit Classifications;
        v. Insurance & Bond Requirements
        vi. Application Procedures;
        vii. Suspension or Revocation of Permit Clauses
        viii. Technical Provisions
        ix. Conformance with TRRC Oil & Gas Rules;
        x. Conflict Resolution Clauses;
    c. **Prepare Draft of New Ordinance and submit to the ORT Administrative Committee for Review and Comment**;
3. Review Draft Ordinance with the **ORT Administrative Committee** and receive comments and other input.
4. Prepare Second Draft of New Ordinance which shall incorporate the comments and desires of the **ORT Administrative Committee** and submit new draft to the **Full ORT Committee** for review and comment.
5. Meet with **Full ORT Committee** to discuss draft ordinance
6. Make presentation to the **Copperas Cove City Council** detailing the workings of the committee, content of the ordinance and schedule of Public Hearings.
7. If necessary, amend the draft ordinance per comments received from the full committee and City Council.
8. **Hold First Public Hearing** concerning the "**Draft Oil & Gas Ordinance**".
9. Meet with full ORT to discuss Public Comments.
10. Make modifications related to Public Hearing, if necessary.
11. **Hold Second Public Hearing** concerning the Draft Oil & Gas Ordinance.
12. Meet with the **ORT Administrative Committee** for final resolution on ordinance
13. Draft Final Ordinance – Send to City Manager for final review.
14. Make Final presentation to City Council.

As you know, ordinances can be very easy to pass if there is no public or private opposition, or they can be extremely difficult. I think the key to minimize the impact from public or private opposition is to give them a seat at a few key meetings and the opportunity to have input into the process. This can be done by including them on the review committee, or by holding public hearings, or both. This usually (not always) will quiet down the opposition, as they then feel like they have had an opportunity to be heard and had some input into the decision making process. This also gives the two entities that are generally in opposition (Homeowners and Drillers) to sit down and talk to each other face to face.

EXHIBIT A-1

As I previously mentioned, my fees are based on the outline above (which might be considered a "worst case scenario"), and are discussed as follows:

- My hourly billing rate is $145 per hour. I do not bill for travel time or travel expenses to and/or from the City of Copperas Cove, telephone calls or other "expenses" other than my time. I do, however bill for direct expense for this project such as Fed-Ex charges or outside printing charges (if necessary).

- Meetings with the ORT, Public Hearings or Council Meetings shall be billed at a flat rate of $500 per meeting regardless of the time the meeting takes. These meetings generally take at least two hours in length with an additional two or three hours of preparation time. Meetings with individuals such as the City Manager, Attorney, etc. are billed at an hourly rate for the actual time of the meeting rounded to the nearest hour.

Based on the above schedule my fees for this project would be:

Item		Description	Hours	Fee	Total
1		Ordinance Review Team Established - Project kick off meeting	2	$ 145.00	$ 290.00
2		Ordinance Review			
	a	Review Existing Ordinance	1	$ 145.00	$ 145.00
	b	review Other Cities Ordinances	4	$ 145.00	$ 580.00
	c	Prepare Draft Ordinance	16	$ 145.00	$ 2,320.00
3		Meeting with ORT Administrative Committee	1	$ 500.00	$ 500.00
4		Prepare Second Draft Ordinance	2	$ 145.00	$ 290.00
5		Meeting with Full ORT Committee	1	$ 500.00	$ 500.00
6		First Presentation to City Council	1	$ 500.00	$ 500.00
7		Amend Draft Ordinance	2	$ 145.00	$ 290.00
8		Hold First Public Hearing	1	$ 500.00	$ 500.00
9		Meet with full ORT to Discuss Public Hearing	1	$ 500.00	$ 500.00
10		Make modification to Draft Ordinance	1	$ 145.00	$ 145.00
11		Hold Second Public Hearing	1	$ 500.00	$ 500.00
12		Meet with ORT Administrative Committee for final ordinance	1	$ 500.00	$ 500.00
13		Draft Final Ordinance	2	$ 145.00	$ 290.00
14		Make Final Presentation to City Council	1	$ 500.00	$ 500.00
		Project Total			**$ 8,350.00**

EXHIBIT A-1

I would thus suggest we enter into a contract on a **Time and Material basis <u>Not To Exceed</u> $8,500**. Therefore if not all of the meetings are required, they would not be billed.

I have also attached a standard professional services agreement for your consideration.

If you have any questions whatsoever, please give me a call. Again, thank you for considering my firm.

Sincerely,

BLACKWELL ENVIRONMENTAL, LLC

James Blackwell

James E. Blackwell, PE

EXHIBIT A-1

EXHIBIT B – OWNER'S RESPONSIBILITIES

Owner's Responsibilities

Article 2 of the Agreement is amended and supplemented to include the following agreement of the parties.

B2.01 - In addition to other responsibilities of Owner as set forth in this Agreement, Owner shall at its expense:

A. Provide Engineer with all criteria and full information as to Owner's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility, and expandability, and any budgetary limitations; and furnish copies of all design and construction standards which Owner will require to be included in the Drawings and Specifications; and furnish copies of Owner's standard forms, conditions, and related documents for Engineer to include in the Bidding Documents, when applicable.

B. Furnish to Engineer any other available information pertinent to the Project including reports and data relative to previous designs, or investigation at or adjacent to the Site.

C. Following Engineer's assessment of initially-available Project information and data and upon Engineer's request, furnish or otherwise make available such additional Project related information and data as is reasonably required to enable Engineer to complete its Basic and Additional Services. Such additional information or data would generally include the following:

1. Property descriptions.

2. Zoning, deed, and other land use restrictions.

3. Property, boundary, easement, right-of-way, and other special surveys or data, including establishing relevant reference points.

4. Explorations and tests of subsurface conditions at or contiguous to the Site, drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site, or hydrographic surveys, with appropriate professional interpretation thereof.

5. Environmental assessments, audits, investigations, and impact statements, and other relevant environmental or cultural studies as to the Project, the Site, and adjacent areas.

6. Data or consultations as required for the Project but not otherwise identified in the Agreement or the Exhibits thereto.

D. Give prompt written notice to Engineer whenever Owner observes or otherwise becomes aware of the presence at the Site of any Constituent of Concern, or of any other development that affects the scope or time of performance of Engineer's services, or any defect or nonconformance in Engineer's services, the Work, or in the performance of any Contractor.

E. Authorize Engineer to provide Additional Services as set forth in Part 2 of Exhibit A of the Agreement as required.

F. Arrange for safe access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services under the Agreement.

G. Examine all alternate solutions, studies, reports, sketches, Drawings, Specifications, proposals, and other documents presented by Engineer (including obtaining advice of an attorney, insurance counselor, and other advisors or consultants as Owner deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.

H. Provide reviews, approvals, and permits from all governmental authorities having jurisdiction to approve all phases of the Project designed or specified by Engineer and such reviews, approvals, and consents from others as may be necessary for completion of each phase of the Project.

I. Provide, as required for the Project:

1. Accounting, bond and financial advisory, independent cost estimating, and insurance counseling services.

2. Legal services with regard to issues pertaining to the Project as Owner requires, Contractor raises, or Engineer reasonably requests.

3. Such auditing services as Owner requires to ascertain how or for what purpose Contractor has used the moneys paid.

4. Placement and payment for advertisement for Bids in appropriate publications.

J. Advise Engineer of the identity and scope of services of any independent consultants employed by Owner to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering, and constructibility review.

K. Furnish to Engineer data as to Owner's anticipated costs for services to be provided by others (including, but not limited to, accounting, bond and financial, independent cost estimating, insurance counseling, and legal advice) for Owner so that Engineer may assist Owner in collating the various cost categories which comprise Total Project Costs.

L. If Owner designates a construction manager or an individual or entity other than, or in addition to, Engineer to represent Owner at the Site, define and set forth as an attachment to this Exhibit B the duties, responsibilities, and limitations of authority of such other party and the relation thereof to the duties, responsibilities, and authority of Engineer.

M. If more than one prime contract is to be awarded for the Work designed or specified by Engineer, designate a person or entity to have authority and responsibility for coordinating the activities among the various prime Contractors, and define and set forth

the duties, responsibilities, and limitations of authority of such individual or entity and the relation thereof to the duties, responsibilities, and authority of Engineer as an attachment to this Exhibit B that is to be mutually agreed upon and made a part of this Agreement before such services begin.

N. Attend the pre-bid conference, bid opening, pre-construction conferences, construction progress and other job related meetings, and Substantial Completion and final payment inspections.

O. Provide the services of an independent testing laboratory to perform all inspections, tests, and approvals of Samples, materials, and equipment required by the Contract Documents, or to evaluate the performance of materials, equipment, and facilities of Owner, prior to their incorporation into the Work with appropriate professional interpretation thereof.

P. Provide Engineer with the findings and reports generated by the entities providing services to Owner pursuant to this paragraph.

EXHIBIT C – ENGINEER'S COMPENSATION

Payments to Engineer for Services and Reimbursable Expenses

Article 2 of the Agreement is amended and supplemented to include the following agreement of the parties:

C2.01 - Compensation for Basic Services – Standard Hourly Rates Method of Payment

A. Owner shall pay Engineer for Basic Services set forth in Exhibit A, as follows:

1. An amount equal to the cumulative hours charged to the Project by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class for all services performed on the Project, plus Reimbursable Expenses and Engineer's Consultant's charges, if any.

2. The total compensation for services under paragraph C2.01 shall not exceed $8,500.00.

3. The total estimated compensation for Engineer's services included in the breakdown by phases incorporates all labor, overhead, profit, Reimbursable Expenses and Engineer's Consultant's charges.

4. Engineer may alter the distribution of compensation between individual phases of the work noted herein to be consistent with services actually rendered, but shall not exceed the total estimated compensation amount unless approved in writing by Owner.

5. The amounts billed for Engineer's services under paragraph C2.01 will be based on the cumulative hours charged to the Project during the billing period by each class of Engineer's employees times Standard Hourly Rates for each applicable billing class, plus Reimbursable Expenses and Engineer's Consultant's charges.

6. The Standard Hourly Rates and Reimbursable Expenses Schedule may be adjusted annually to reflect equitable changes in the compensation payable to Engineer.

C2.02 - Compensation for Reimbursable Expenses (DOES NOT APPLY)

1. Owner shall pay Engineer for all Reimbursable Expenses at the Engineer's current rate at the time of the expenditure.

2. Reimbursable Expenses include the following categories: transportation and subsistence incidental thereto; obtaining bids or proposals from Contractor(s); providing and maintaining field office facilities including furnishings and utilities; toll telephone calls and mobile phone charges; reproduction of reports, Drawings, Specifications, Bidding Documents, and similar Project-related items in addition to those required under Exhibit A, and, if authorized by Owner, overtime work requiring higher than regular rates. In addition, if authorized by

Owner, Reimbursable Expenses will also include expenses incurred for computer time and the use of other highly specialized equipment.

3. The amounts payable to Engineer for Reimbursable Expenses will be the Project-related internal expenses actually incurred or allocated by Engineer, plus all invoiced external Reimbursable Expenses allocable to the Project, the latter multiplied by a factor of 10%.

C2.03 - Other Provisions Concerning Payment

A. Estimated Compensation Amounts

1. Engineer's estimate of the amounts that will become payable for specified services are only estimates for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to Engineer under the Agreement.

2. When estimated compensation amounts have been stated herein and it subsequently becomes apparent to Engineer that a compensation amount thus estimated will be exceeded, Engineer shall give Owner written notice thereof. Promptly thereafter Owner and Engineer shall review the matter of services remaining to be performed and compensation for such services. Owner shall either agree to such compensation exceeding said estimated amount or Owner and Engineer shall agree to a reduction in the remaining services to be rendered by Engineer, so that total compensation for such services will not exceed said estimated amount when such services are completed.

B. To the extent necessary to verify Engineer's charges and upon Owner's timely request, Engineer shall make copies of such records available to Owner at no cost.

James E. Blackwell, PE
President
Blackwell Environmental, LLC
607 River Bend Drive
Georgetown, Texas 78628

Synopsis of Experience:

Mr. Blackwell, the Managing Partner of **Blackwell Environmental, LLC**, has over 33 years of engineering experience that has included the planning, design, and management of all aspects of municipal engineering as well as the direct involvement and management of numerous oil and gas related projects in Texas. He is a leading expert on the design and construction of Municipal Solid Waste Landfills, Wastewater Treatment Plants, Water Treatment Facilities, Natural Gas and Propane Gas Pipelines and Centralized Propane Distribution Systems. He also specializes in the design and construction management of Pipelines, Compressor Stations, LPG Terminals, Product Storage and Recovery, Brine Reservoir and Containment Structures and Permitting for International Pipeline Crossings. Mr. Blackwell is a licensed Professional Engineer in 9 States, holds a current API 653 Tank Inspector License, holds a current Texas Railroad Commission LPG Category E Certification and having been appointed by Governor Clements, is a past member of the Texas On-Site Wastewater Treatment Research Council.

Licensed Professional Engineer Registrations

State	Registration #
Texas	**61679**
New Mexico	**7145**
Arizona	**24760**
Kansas	**12179**
Illinois	**062-054164**
Oklahoma	**16254**
Iowa	**12162**
Missouri	**24877**
Colorado	**27222**

Licensed API 653 Inspector – License #22481

Texas Railroad Commission LP Gas Category E Certification

Mr. Blackwell's Experience Includes:

- Municipal Solid Waste Landfill Permitting and Design
- Solid Waste Management Plans/Economic Evaluations
- Landfill Closure Plans
- Wastewater Treatment Design
- Analysis of Groundwater Contamination
- Assessment of Remedial Alternatives
- Coordination of Private Clients with Governmental Agencies
- Data Collection for Hydrologic Assessments
- Installation of Monitoring Wells
- Monitoring Well Sampling and Analysis
- Water Distribution System Analysis and Design
- Wastewater Treatment Design
- HDPE Brine Reservoir Design
- Site Drainage and Development
- Construction Quantities and Computer Aided Design
- Field Surveying and Data Collection
- LPG Product Storage & Recovery
- LPG Pipeline Permitting and Design
- Natural Gas Pipeline Design & Permitting
- Centralized Propane Distribution System Design & Construction

Professional Affiliations

- National Society of Professional Engineers
- American Society of Civil Engineers
- Governmental Refuse Collection & Disposal Association
- National Solid Waste Management Association
- American Water Works Association

Education

Texas A&M University, BSCE – 1975

Professional Services Offered

ENGINEERING

- Water Resources
  - Hydrologic Modeling
  - Floodplain Studies
  - Dam Analysis and Design
- Water System Engineering
  - Analysis of Water Supply
  - Distribution System Modeling
  - Water Treatment Design
  - Ground Water Supply
  - Booster Station Design
  - Water Storage Design
- Wastewater System Engineering
  - Facility Permitting
  - Collection System Design
  - Lift Station Design
  - Force Main Design
  - Treatment Plant Design
  - Pretreatment
  - Sludge Management
  - Infiltration/ Inflow Studies
- Solid Waste Engineering
  - Solid Waste Planning
  - Sanitary Landfills
  - Transfer Stations
  - Composting Facilities
  - Material Recovery Facilities
  - Waste Stream Analysis
  - Groundwater Monitoring Programs
  - Economic Evaluations
  - Methane Recovery Design
  - Facility Permitting
  - Landfill Closure Plans
  - Leachate Treatment
  - Site Assessment
  - Life Cycle Analysis

OIL AND GAS

- Natural Gas Pipeline Design
  - Materials Selection
  - Pipe Design
  - Welding Plans
  - Valves
  - Fittings
  - Vaults
- Regulator Stations
  - System Pressure Analysis
  - Materials Selection
  - Component Design
  - Station Design
- Compressor Stations
  - System Analysis
  - Station Design
- LPG Pipeline Design
  - Materials Selection
  - Pipe Design
  - Welding Plans
  - Valves
  - Fittings
  - Vaults
- LPG Storage & Pumping Facilities
  - Tank Design
  - Plant Design
  - Pressure Control
  - Pumping Facilities
  - Blending Stations
- Overpressure Protection
  - System Analysis & Design
  - Testing
  - Corrective Action
- Cathodic Protection
  - System Design
  - Monitoring & Measurement
  - Reporting
  - Corrective Action
- Inspection Services
  - API 570 Certified
  - API 653 Certified
  - Regulatory Reporting
  - Corrective Action Plans
- Reservoir Analysis
  - Structural Analysis
  - Stratigraphic Analysis
  - Petrophysical Interpretation
  - Porosity Calibration
  - Log Analysis
- Production Review
  - Gas/Oil Ratio
  - Water Intrusion
  - Production Enhancement
- Drilling
  - Conventional Drilling Programs
  - Horizontal Drilling
  - Work-over
- Gas Storage Analysis
  - Compressor Analysis
  - Compressor Installation
  - Storage and Deliverability
  - Market Analysis
  - Cavern Storage
  - Depleted Reservoir
- Brine Pond Facilities
  - Brine System Analysis
  - Pond Design
  - Liners

ENVIRONMENTAL

- Wetland Delineation
- Feedlot Runoff Permitting and Treatment Facility Design
- Constructed Wetland Design
- Environmental Assessments
- Pollution Abatement Plans
- Soil & Groundwater Investigations
  - Temporary Sampling Points
  - Drilling Services and Monitoring Well Installation
- Petroleum Product and Crude Oil Spill Cleanup
- Remediation System Design, Installation, Operation and Maintenance
  - Remedial Investigations
  - Soil Vapor-Extraction Tests
  - Temporary Remediation Systems
  - Permanent Remediation Systems
  - O&M of any installed Remediation System
- Environmental Site Assessment and Audits
- Landfarm Design, Construction and Operation
  - Treatability Studies
- Bioremediation of Soil, Sludge and Groundwater
  - Ex-Situ and In-Situ Bioremediation
  - Biocomposting
- Underground Storage Tank Management and Removal
- Hydrostatic Test Water Permitting and Treatment
- Regulatory Compliance and Litigation Support
- Environmental Planning and Forecasting
- Risk Assessments

Oil and Gas Qualifications

Blackwell Environmental, L.L.C.'s engineering division specializes in the design of natural and LP gas pipeline facilities, as well as other facilities related to the natural gas and LP industry such as pumping stations, compressor stations and storage and transmission facilities.

Blackwell is currently designing several natural gas and LPG pipelines that originate in Texas and terminate in Mexico. Also in the design process is a 2,000,000 gallon per day LPG terminal and pumping facility to transport LPG gas from Eagle Pass, Texas to Piedras Negras, Mexico. This facility will reduce the LPG transport traffic considerably across the US/Mexican border.

Oil and Gas Project Analysis

Blackwell assists clients in the evaluation of oil and gas properties prior to purchase. Our services include:

- Reservoir Analysis
- Production Review and Potential
- Well Log Analysis
- Porosity Interpretation
- Structural Analysis
- Petrophysical Analysis
- Geophysical Testing
- Drilling and Work – Over Programs

Centralized Propane Distribution Systems

Blackwell is a leader in the relatively new development of Centralized Propane Distribution Systems. These systems consist of a central tank(s), main distribution lines, service lines to the lots, yard lines to the houses, pressure reducing regulators at the houses, and a meter to record the usage of gas. **BNC** has designed, constructed, operated and maintained these systems.

Blackwell works with City, County, and State government agencies in obtaining all required site development permits. The systems are designed following all regulations of the Railroad Commission of Texas (RRC), National Fire Protection Agency (NFPA), and local governments.

Blackwell has been involved in the analysis, design, modeling, construction, operation, and maintenance of over 30 (thirty) centralized propane distribution systems throughout central Texas. Our clients have included Southern Union Propane, ONEOK Propane Distribution Company, Myriad Gas Company, Mallory Propane, HBH Systems, Suburban Propane, and Sharp Propane Company, and Sonterra Energy Corporation.

Natural Gas Storage Project
Brasil Field, Burgos Basin

Tamaulipas, Mexico

CONTACT

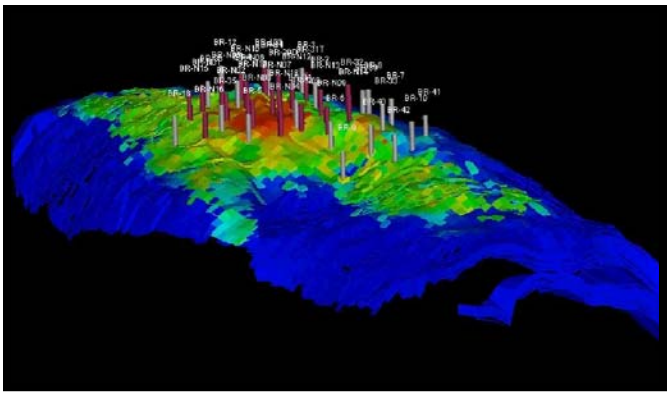
Mr. Michael Ward
President
Tidelands Oil & Gas
(210) 764-8642

IMAGES

Typical Compressor Station and 3-D Natural Gas Reservoir Simulation

Mr. Blackwell has assisted Tidelands Oil and Gas in the development of a natural gas storage field in the depleted Brasil field located in Tamaulipas, Mexico. To select the reservoir our geologists reviewed well logs, structure maps, isopach maps, seismic data, surface feature maps and production data from several fields in the Burgos Basin. Based on the in depth review the Brasil Field.

Once selected we worked with a reservoir simulation contractor to develop a three dimensional model of the reservoir that once produced 276 BCF of natural gas. In addition detailed well log analysis, petrophysical, stratigraphic, structural and porosity calibration was performed.



Results of the analyses indicates that the B-1 reservoir is capable of storing and delivering to market 50 BCF of natural gas through the installation of 19 new production/injection wells and the use of three existing wells.

Reef International
Natural Gas Pipeline

Eagle Pass, TX to Piedras Negras, Mexico

CONTACT

Mr. Michael Ward
President
Reef International
(361) 241-2244

IMAGE

Crossing Site for REEF International 12" Natural Gas Line to Piedras Negras, Mexico

We have completed the design and permitting for a new 12" natural gas line from Eagle Pass, Texas to Piedras Negras, Mexico. In particular, Mr. Blackwell performed the following services:

1. Route Analysis & Planning – Utilizing aerial photography, perform a route select study to define the most economical route.
2. Route Surveying – Perform land surveying to identify the route and tie the route to existing property corners and other identifiable survey markers.
3. Preparation of Easements/Right of Way Descriptions – Prepare legal descriptions and drawings of easements and/or rights of way.
4. Negotiations of Right of Way Purchase.
5. Preparation of Environmental Impact Statement – Preparation of Environmental Impact Statement in order to obtain a Presidential Permit for the international crossing.
6. Obtain Presidential Permit – Assist the Owner and attorneys in the Presidential Permitting process.
7. Pipeline Design – Design of 12" Pipeline.
8. Regulator Station Design – Design of Regulatory Station.
9. Design of Metering Stations – Includes metering station for Conagas (Mexican Gas Company) in Piedras Negras, Mexico.
10. Rio Grande River Bore Design – Preparation of Plans for approximately 1,100 lineal feet of bore under the Rio Grande River.
11. Valve Station Design – Design of valve station and all appurtenances of construction.
12. Project Specifications – Preparation of project specification booklet for bidding and construction purposes.

Reef International
LPG Pipeline

Mission, TX to Reynosa, Mexico

CONTACT

Mr. Michael Ward
President
Reef International
(361) 241-2244

IMAGE

Typical LPG Terminal in Mexico

Mr. Blackwell has completed the design and permitting for a new 8" LPG line from Eagle Pass, Texas to Piedras Negras, Mexico, and Loading Terminals in Eagle Pass and Piedras Negras. In particular, Mr. Blackwell performed the following services:

1. Route Analysis & Planning – Utilizing aerial photography, perform a route select study to define the most economical route.
2. Route Surveying – Perform land surveying to identify the route and tie the route to existing property corners and other identifiable survey markers.
3. Preparation of Easements/Right of Way Descriptions – Prepare legal descriptions and drawings of easements and/or rights of way.
4. Negotiations of Right of Way Purchase Preparation of Environmental Impact Statement – Preparation of Environmental Impact Statement in order to obtain a Presidential Permit for the international crossing.
5. Obtain Presidential Permit – Assist the Owner and attorneys in the Presidential Permitting process.
6. Pipeline Design – Design of 8" Pipeline.
7. Design of Terminal Loading Facilities in both Eagle Pass and Piedras Negras, Mexico.
8. Rio Grande River Bore Design – Preparation of Plans for approximately 1,100 lineal feet of bore under the Rio Grande River.
9. Valve Station Design – Design of valve station and all appurtenances of construction
10. Project Specifications – Preparation of project specification booklet for bidding and construction purposes.

Reef International
Natural Gas Pipeline

El Paso, TX to Juarez, Mexico

CONTACT

Mr. Michael Ward
President
Reef International
(361) 241-2244

IMAGE

Crossing Site for REEF International 24" Natural Gas Line to Juarez, Mexico

Mr. Blackwell has completed the preliminary design for a new 24" natural gas line from El Paso, Texas to Juarez, Mexico. In particular, we performed the following services:

1. Route Analysis & Planning – Utilizing aerial photography, perform a route select study to define the most economical route.
2. Route Surveying – Perform land surveying to identify the route and tie the route to existing property corners and other identifiable survey markers.
3. Preparation of Easements/Right of Way Descriptions – Prepare legal descriptions and drawings of easements and/or rights of way.
4. Negotiations of Right of Way.
5. Preparation of Environmental Impact Statement – Preparation of Environmental Impact Statement in order to obtain a Presidential Permit for the international crossing.
6. Obtain Presidential Permit – Assist the Owner and attorneys in the Presidential Permitting process.
7. Pipeline Design – Design of 24" Pipeline
8. Regulator Station Design – Design of Regulatory Station
9. Design of Metering Stations – Includes metering station for Gas de Juarez (Mexican Gas Company) in Juarez, Mexico.
10. Rio Grande River Bore Design – Preparation of Plans for approximately 1,500 lineal feet of bore under the Rio Grande River.
11. Valve Station Design – Design of valve station and all appurtenances of construction
12. Project Specifications – Preparation of project specification booklet for bidding and construction purposes.

Comprehensive Planning & Study for Brine Water Transportation and Storage

Bushton, Kansas

CONTACT

KN Energy / Kinder Morgan

Mr. Charlie Yager
Plant Manager
(316) 792-6397

IMAGES

One of 12 Brine Ponds at the KN Energy Plant (Bushton, KS)

Mr. Blackwell has assisted KN Energy – Bushton, Kansas in renovating all of their existing brine ponds. These ponds were constructed in the 1960's and contain hypalon liners that have deteriorated and failed to provide adequate protection from groundwater contamination. In particular, we performed the following services:

1. Analyze the entire brine water system, to include examination of existing carrier pipes, pumping facilities, storage facilities, and operations and maintenance of facilities;
2. Evaluate the immediate and future needs of the facility, which will examine the current Brine/Product ratio, plant capacity and plans for future expansion of product that can require expansion of brine storage as well;
3. Develop options to increase the Brine/Product ratio, which may include bringing existing ponds together, increasing the depth and/or height of existing ponds, and possible construction of new ponds;
4. Develop scenarios aimed at moving water in a more efficient and economical manner, which may include adding pumps to transport water from pond to pond, or utilizing existing pumps and adding new piping;
5. Develop a specific plan to minimize the brine contamination that emanates from the ponds in the north fields;
6. Develop preliminary designs, cost estimates and construction schedules for all analyzed improvements; and
7. Prepare a comprehensive plan that includes specific recommendations; costs and time schedules.

Design & Construction of Brine Ponds 7 & 8

Bushton, Kansas

CONTACT

KN Energy / Kinder Morgan
Mr. Charlie Yager
Plant Manager
(316) 792-6397

IMAGES

Heavy Earthwork Machinery & Placement of HDPE Secondary Liner

Mr. Blackwell has completed the design and construction of Brine Ponds 7 & 8 at the Bushton, Kansas KN Energy Gas Plant. Our design made it possible for KN Energy to recover over 250,000 barrels of additional storage capacity by combining the two ponds into one larger pond. The project was completed in July 1998, and consisted of the design and construction of approximately 45,000 cubic yards of earthwork, 650,000 square feet of 60 mil HDPE Primary Liner, 650,000 square feet of 40 mil HDPE Secondary Liner, Brine Water Leak Detection System and associated pumping and monitoring facilities. The construction cost was approximately $1,365,000.

Design & Construction of Brine Ponds 4 & 10

Bushton, Kansas

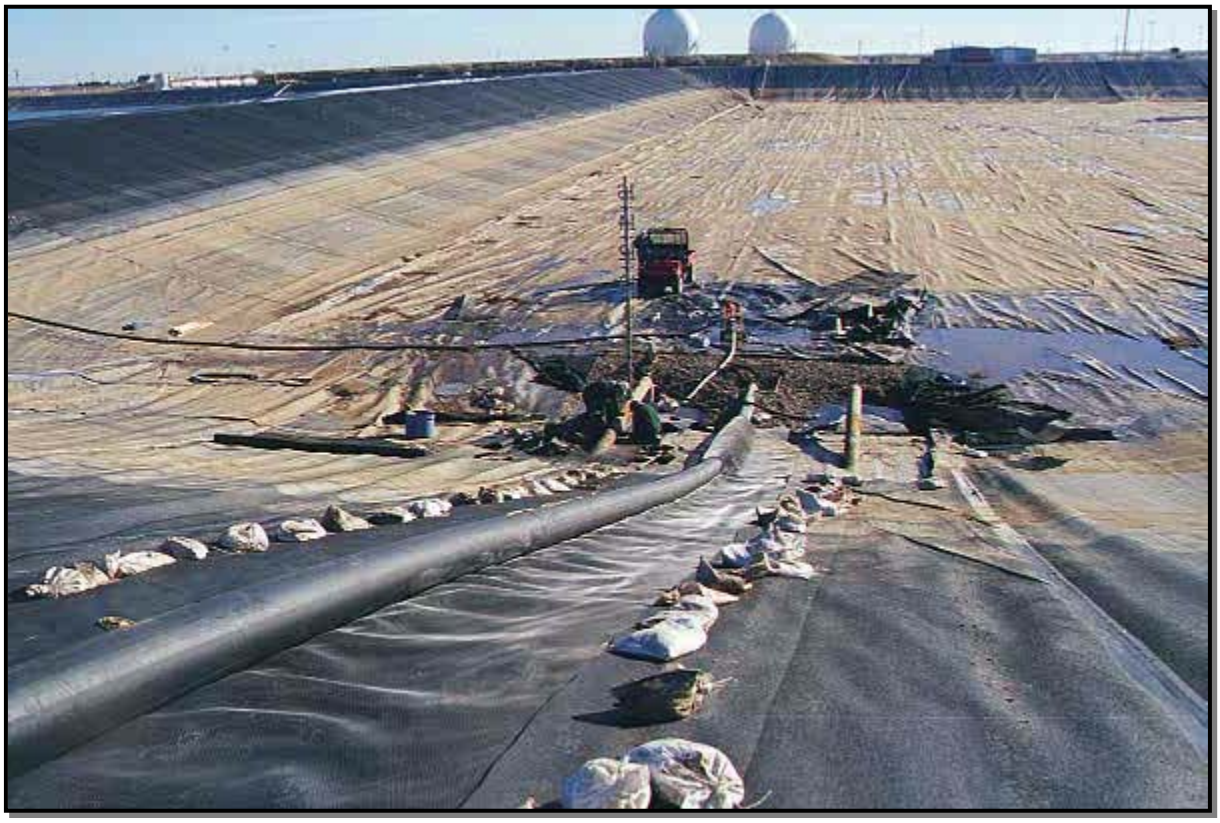
CONTACT

KN Energy / Kinder Morgan
Mr. Charlie Yager
Plant Manager
(316) 792-6397

IMAGES

Brine Pond

Mr. Blackwell has completed the design and reconstruction of Brine Ponds 4 & 10 at the Bushton, Kansas KN Energy Gas Plant. Our design made it possible for KN Energy to recover over 750,000 barrels of additional storage by extending and expanding both Pond 4 and Pond 10. The project began construction in April 1999 and consisted of approximately 65,000 cubic yards of earthwork, 750,000 square feet of 60 mil HDPE Primary Liner, 750,000 square feet of 40 mil HDPE Secondary Liner, Brine Water Leak Detection System and associated pumping and monitoring facilities. The construction cost was approximately $2,200,000.



Centralized Propane Gas Distribution Systems

Central Texas

CONTACT

Mr. Mike Ward
President
Sonterra Energy
45 NE Loop 410
Suite 495
San Antonio, TX 78216
(210) 524-9725

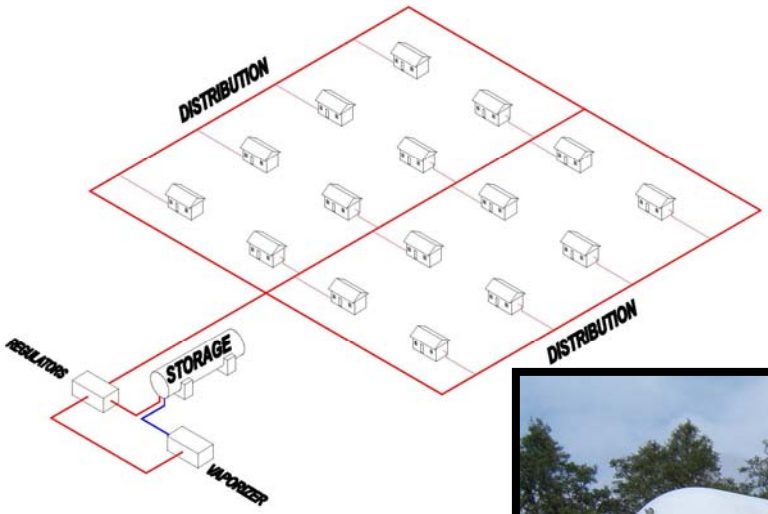
IMAGES

Centralized Propane Distribution System and Typical Bulk Storage Facility

Mr. Blackwell is an expert in the relatively new development of Centralized Propane Distribution Systems. These systems consist of a central tank(s), main distribution lines, service lines to the lots, yard lines to the houses, pressure reducing regulators at the houses, and a meter to record the usage of gas. Mr. Blackwell designs, constructs, operates and maintains these systems.

Our firm works with City, County, and State government agencies in obtaining all required site development permits. The systems are designed following all regulations of the Railroad Commission of Texas (RRC), National Fire Protection Agency (NFPA), and local governments.

Mr. Blackwell has provided the analysis, design, modeling, construction, operation, and maintenance of over 30 (thirty) centralized propane distribution systems throughout Central Texas. Our clients have included Southern Union Propane, OneOK Propane Distribution Company, Myriad Gas Company, and Sonterra Energy.



Mission Pipeline
Natural Gas Pipeline

Eagle Pass, TX to Tamaulipas, Mexico

CONTACT

Mr. Michael Ward
President
Sonora Pipeline
(210) 524-9725

IMAGE

Project Commencement at the Valero Station

Mr. Blackwell has completed the design and permitting for a new 20" natural gas line from Mission, Texas to a new storage facility located in Tamaulipas, Mexico. In particular, Mr. Blackwell performed the following services:

1. Route Analysis & Planning – Utilizing aerial photography, perform a route select study to define the most economical route.
2. Route Surveying – Perform land surveying to identify the route and tie the route to existing property corners and other identifiable survey markers.
3. Preparation of Easements/Right of Way Descriptions – Prepare legal descriptions and drawings of easements and/or rights of way.
4. Preparation of Environmental Impact Statement – Preparation of Environmental Impact Statement in order to obtain a Presidential Permit for the international crossing.
5. Obtain Presidential Permit – Assist the Owner and attorneys in the Presidential Permitting process.
6. Pipeline Design – Design of 20" Pipeline and regulator station.
7. Design of Metering Stations – Includes metering station for US Customs.
8. Rio Grande River Bore Design – Preparation of Plans for approximately 2,300 lineal feet of bore under the Rio Grande River.
9. Project Specifications – Preparation of project specification booklet for bidding and construction purposes.

Progresso Pipeline
Natural Gas Pipeline

Progresso, TX to Tamaulipas, Mexico

CONTACT

Mr. Michael Ward
President
Sonora Pipeline
(210) 524-9725

IMAGE

Project Commencement at the Progresso Valve Station

Mr. Blackwell has completed the design and permitting for a new 16" natural gas line from Progresso, Texas to a new storage facility located in Tamaulipas, Mexico. In particular, Mr. Blackwell performed the following services:

1. Route Analysis & Planning – Utilizing aerial photography, perform a route select study to define the most economical route.
2. Route Surveying – Perform land surveying to identify the route and tie the route to existing property corners and other identifiable survey markers.
3. Preparation of Easements/Right of Way Descriptions – Prepare legal descriptions and drawings of easements and/or rights of way.
4. Preparation of Environmental Impact Statement – Preparation of Environmental Impact Statement in order to obtain a Presidential Permit for the international crossing.
5. Obtain Presidential Permit – Assist the Owner and attorneys in the Presidential Permitting process.
6. Pipeline Design – Design of 16" Pipeline and regulator station.
7. Design of Metering Stations – Includes metering station for US Customs.
8. Rio Grande River Bore Design – Preparation of Plans for approximately 2,300 lineal feet of bore under the Rio Grande River.
9. Project Specifications – Preparation of project specification booklet for bidding and construction purposes.

Corona Brewery
Natural Gas Pipeline

Piedras Negras, Mexico

CONTACT

Mr. Michael Ward
President
Sonora Pipeline
(210) 524-9725

IMAGE

Project Commencement at the Piedras Negras Customs Metering Station

Mr. Blackwell has completed the design for a new 12" natural gas line from Piedras Negras, Mexico to the new Corona Brewery located approximately 56 Kilometers southeast of Piedras Negras. In particular, Mr. Blackwell performed the following services:

1. Route Analysis & Planning – Utilizing aerial photography, perform a route select study to define the most economical route.
2. Route Surveying – Perform land surveying to identify the route and tie the route to existing property corners and other identifiable survey markers.
3. Preparation of Preliminary Environmental Impact Statement
4. Pipeline Design – Design of 12" Pipeline and regulator station.
5. Design of Metering Station.
6. Project Cost Estimate.
7. Project Specifications – Preparation of project specification booklet for bidding and construction purposes

Oil & Gas Wells Ordinance Outline

14-7. **Purpose** - establish reasonable and uniform limitations, safeguards and regulations for present and future operations related to the exploring, drilling, developing, producing, transporting and storing of gas and other substances produced in association with gas within the City to protect the health, safety and general welfare of the public; minimize the potential impact to property and mineral rights owners, protect the quality of the environment and encourage the orderly production of available mineral resources

14-8. **Definitions** – Standard definition of terms used in the Ordinance. Most of the technical terms come from the Texas Railroad Commission.

14-8.1. Abandonment -

14-8.2. Ambient Noise Level -

14-8.3. Blowout Preventer -

14-8.4. Building -

14-8.5. Cathodic Protection -

14-8.6. City -

14-8.7. City Code -

14-8.8. City Attorney -

14-8.9. Closed Loop Mud System -

14-8.10. Commission -

14-8.11. Completion Of Drilling, Re-Drilling And Re-Working -

14-8.12. Daytime

14-8.13. Decibel

14-8.14. Derrick

14-8.15. Drilling

14-8.16. Drilling Equipment

14-8.17. Drill Site

14-8.18. Exploration

14-8.19. FEMA

14-8.20. FIRM

14-8.21. Fire Department

14-8.22. Frac or Fracing

14-8.23. Gas

14-8.24. Gas Well

14-8.25. Inspector

14-8.26. Operation Site

14-8.27. High Impact Permit

14-8.28. Operator

14-8.29. Person

14-8.30. Property Owner

14-8.31. Protected Use

14-8.32. Public Building

14-8.33. Public Park

14-8.34. Re-drill

14-8.35. Religious Institution

14-8.36. Residence

14-8.37. Re-working

14-8.38. Right-of-Way

14-8.39. Rural Gas Well Permit

14-8.40. School

14-8.41. Street

14-8.42. Tank

14-8.43. Technical Advisor

14-8.44. Urban Gas Well Permit

14-8.45. Well

14-9. **Gas Inspector** – Appointed by City Manager, usually the City Engineer or other engineer with experience in oil & gas production.

14-10. **Operator's Agent** – Every Operator must designate an agent who is a resident of the State whom all orders & notices will be served upon.

14-11. **Gas Well Permit Required** – Anyone wanting to engage in and operate in gas production activities shall apply for and obtain a Gas Well Permit. Operator must apply for and obtain a Gas Well Permit for the drilling, re-drilling, deepening, re-entering, activating or converting of each well.

14-12. **Gas Well Permit Application** - Every application for a Gas Well Permit issued pursuant to this Ordinance shall be in writing signed by the Operator, or some person

duly authorized to sign on his behalf, and filed with the Gas Inspector.

14-12.1. **Application**

14-12.1.1. The date of the application and type of Gas Well Permit requested.

14-12.1.2. An accurate legal description of the lease property to be used for the gas operation, the parcel and the production unit and name of the geologic formation as used by the Commission. Property recorded by plat should reference subdivision, block and lot numbers.

14-12.1.3. Map showing proposed transportation route and road for equipment, chemicals or waste products used or produced by the gas operation.

14-12.1.4. Proposed well name.

14-12.1.5. Surface owner names(s) and address(es) of the pad site property.

14-12.1.6. Operator/Applicant name and address and if the Operator is a corporation, the state of incorporation, and if the Operator is a partnership, the names and addresses of the general partners.

14-12.1.7. Name and address of individual designated to receive notice.

14-12.1.8. Name of representative with supervisory authority over all gas operation site activities and a 24-hour phone number.

14-12.1.9. Location and description of all improvements and structures within six hundred (600) feet of the well.

14-12.1.10. Owner and address of each parcel of property within six hundred (600) feet of the proposed drill site.

14-12.1.11. A site plan of the proposed operation site showing the location of all improvements and equipment, including the location of the proposed well(s) and other facilities, including, but not limited to, tanks, pipelines, compressors, separators, lights, storage sheds, fencing and any access roads. The site plan shall also indicate any floodway, floodplain or City recognized drainage ways and the elevation and slope of the pad site which indicates compliance with the then current Fill Ordinance.

14-12.1.12. The name, address and 24-hour phone number of the person to be notified in case of an emergency.

14-12.1.13. The exact and correct acreage and number of wells, if applicable, included in the Gas Well Permit application.

14-12.1.14. Copies of all reports required by the Commission as required

by the Gas Inspector.

14-12.1.15. An original executed City-wide Road Maintenance Agreement signed and approved by the City must be filed with the City Secretary that provides that the Operator shall repair, at his own expense, any damage to roads, streets, or highways caused by the use of heavy vehicles for any activity associated with the preparation, drilling, production, and operation of gas wells.

14-12.1.16. A description of public utilities required during drilling and operation.

14-12.1.17. A description of the water source to be used during drilling.

14-12.1.18. A copy of the approved Commission permit to drill together with attachments and survey plats which are applicable to the drill and operation sites.

14-12.1.19. A copy of the Stormwater Pollution Prevention Plan as required by the Environmental Protection Agency. A copy of the notice of intent shall be submitted to the City of Fort Worth, Department of Environmental Management, Stormwater Division, three (3) days prior to the commencement of any onsite activity.

14-12.1.20. A copy of the determination by the Texas Commission On Environmental Quality (TCEQ) of the depth of useable quality ground water.

14-12.1.21. Evidence of insurance and security requirements under this Ordinance.

14-12.1.22. A statement, under oath, signed by the Operator, or designated representative, that the information submitted with the application is, to the best knowledge and belief of the Operator or designated representative, true and correct.

14-12.1.23. All required application and Gas Well Permit fees.

14-12.2. **Filing Fees**

14-12.2.1.

14-13. Gas Well Permit Classifications

14-13.1. **High Impact Gas Well Permit** – Any well located within 600 feet of a residence, religious institution, public building, hospital building, school or public park. Set strict limitations on a well in this area; must be approved by the City Council or must have written consent from all affected homeowners approval.

14-13.1.1. **Application Requirements**

14-13.1.2. **Permitting Procedure – Request of Waiver by City Council**

14-13.1.3. **Permitting Procedure - By Waiver of Protected Users**

14-13.1.4. **Development Requirements** -

14-13.1.4.1. **Well Setbacks** -

14-13.1.4.2. **Fencing** -

14-13.1.4.3. **Landscaping** -

14-13.1.4.4. **Vehicle Routes** -

14-13.1.4.5. **Work Hours** -

14-13.1.4.6. **Tank Specifications** -

14-13.1.4.7. **Closed Loop Mud Systems** -

14-13.2. **Urban Gas Well Permit** – is required if the proposed well is to be located between six hundred (600) feet and one thousand feet (1000) of a residence, religious institution, public building, hospital building, school or public park.

14-13.2.1. **Application Requirements**

14-13.2.2. **Development Requirements** -

14-13.2.2.1. **Notice** -

14-13.2.2.2. **Fencing** -

14-13.2.2.3. **Landscaping** -

14-13.2.2.4. **Vehicle Routes** -

14-13.2.2.5. **Work Hours** -

14-13.2.2.6. **Tank Specifications** -

14-13.3. **Rural Gas Well Permit** - is required if the proposed well is to be located one thousand feet (1000) or more from a residence, religious institution, public building, hospital building, school or public park.

14-13.3.1. **Application Requirements**

14-13.3.2. **Development Requirements** -

14-13.3.2.1. **Notice** -

14-13.3.2.2. **Fencing** -

14-13.3.2.3. **Vehicle Routes** -

14-13.3.2.4. **Tank Specifications** -

14-13.4. **Issuance of Gas Well Permits** – Responsibility to review and approve lies with Gas Inspector. Must approve or deny within 30 days from date of filing.

14-13.5. **Amended Gas Well Permits** - An Operator may submit an application to the Gas Inspector to amend an existing Gas Well Permit to commence drilling from a new drill site that is not shown on (or incorporated by reference as part of) the existing Gas Well Permit, to relocate a drill site or operation site that is shown on (or incorporated by reference as part of) the existing Gas Well Permit, or to otherwise amend the existing Gas Well Permit

14-14. **Suspension or Revocation of Gas Well Permit** – Gas Inspector may suspend or revoke a permit if he/she finds violations of the Ordinance. Must give 10 days written notice to the Operator to cure the deficiency unless the deficiency is a violation of the noise provisions or safety provisions.

14-15. **Periodic Reports** – Requirements for Operators to supply Gas Inspector with Reports when changes in name or company occur; incidents occur or complaints received, etc.

14-16. **Insurance, Bond and Indemnity** – Insurance and Bond requirements go here

14-16.1. **Insurance** –

14-16.1.1. **General Requirements** -

14-16.1.2. **Commercial General Liability Policy**

14-16.1.3. **Excess or Umbrella Liability**

14-16.1.4. **Environmental Pollution Coverage**

14-16.1.5. **Workers Compensation**

14-16.1.6. **Automobile Liability**

14-16.2. **Bonds, Irrevocable Letter of Credit** –Issued to the City in the event the Operator cannot fulfill their obligations and the City must hire someone to do so. This could be shutting down the well, plugging, capping, etc. The Bonds also allow

the City to draw upon them to recover fines and penalties assessed under this Ordinance.

14-16.2.1. **Bond –** Bond Requirements

14-16.2.2. **Irrevocable Letter of Credit** – Letter of Credit Requirements

14-16.3. **Indemnification** – City to be indemnified and held harmless clauses

14-17. On-Site Technical Regulations –

14-17.1. **Abandoned Wells** –

14-17.2. **Blowout Prevention** –

14-17.3. **Compliance** –

14-17.4. **Discharge** –

14-17.5. **Drilling Notice** –

14-17.6. **Drill Stem Testing** –

14-17.7. **Dust, Vibration & Odors** –

14-17.8. **Electric Lines** –

14-17.9. **Electric Motors** –

14-17.10. **Emergency Response Plan** -

14-17.11. **Equipment Painted -**

14-17.12. **Explosives** -

14-17.13. **Fire Notice** -

14-17.14. **Fire Prevention / Source of Ignition -**

14-17.15. **Fracing Operations** -

14-17.16. **Fresh Water Wells -**

14-17.17. **Gas Lift Compressor** -

14-17.18. **Gas Emission & Burning Restrictions** -

14-17.19. **Gas Processing Onsite** -

14-17.20. **Grass, Weeds & Trash** -

14-17.21. **Hazardous Plan** -

14-17.22. **Installation of Pipelines On, Under or Across Public Property** -

14-17.23. **Lights** -

14-17.24. **Muffling Exhaust** –

14-17.25. **Noise Control** -

14-17.26. **Pits** -

14-17.27. **Private Roads & Drill Sites** -

14-17.28. **Salt Water Wells** -

14-17.29. **Signs** -

14-17.30. **Storage of Equipment** -

14-17.31. **Storage Tanks** -

14-17.32. **Tank Battery Facilities** -

14-17.33. **Surface Casing** -

14-17.34. **Valves** -

14-17.35. **Waste Disposal** -

14-17.36. **Watchman** -

14-17.37. **Wellhead Status after Fracing** - **-**

14-17.38. **Well Setbacks -**

14-17.39. **Work Hours During Development** -

14-18. Fences & Landscaping –

14-18.1. **Fences**

14-18.2. **Gate Specifications** -

14-18.3. **Landscaping** -

14-19. **Cleanup and Maintenance** -

14-20. **Plugged & Abandoned Wells** -

14-21. **Technical Advisor** -

14-22. **Appeals** -

14-23. **Penalty** -

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-12

Contact – Andrea M. Gardner City Manager, 547-4221
agardner@ci-copperas-cove.tx.us

SUBJECT: **Consideration and action on authorizing the City Manager to enter into an agreement for professional services with Blackwell Environmental, LLC in an amount not to exceed $8,500 for assisting the City with a new/revised Oil & Gas Ordinance and to obtain municipal legal assistance through Denton, Navarro, Rocha & Bernal in an amount not to exceed $8,000 and oil & gas legal assistance through Hays & Owens in an amount not to exceed $7,000.**

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1. BACKGROUND/HISTORY

On June 17, 2008, a Workshop of the Copperas Cove City Council was conducted to discuss and review Chapter 14, Oil & Gas Wells, of the Copperas Cove Code of Ordinances. During the discussion and review, the Council requested a revision of the current Oil & Gas Well Ordinance be conducted under the guidance and direction of the City Manager.

2. FINDINGS/CURRENT ACTIVITY

After review, it was determined an engineer with oil and gas drilling expertise along with appropriate legal counsel in fields of municipal law and oil & gas law would be required for the ordinance revision process. Thus, the City Manager met with James Blackwell of Blackwell Environmental, LLC on July 17, 2008 and requested a proposal for professional services associated with assisting City staff with revising the Oil & Gas Well Ordinance. The firm Hays & Owens was recommended for oil & gas well legal counsel. Thus, a consultation with Gregg Owens at Hays & Owens was conducted on July 24, 2008. During the consultation, Gregg Owens disclosed his firm does not have expertise in municipal legal law and the City would therefore be required to seek outside legal counsel for the completion of ordinance drafting and conducting Open Meetings for workshops and public hearings. An estimate was requested from the firm of Hays & Owens.

The ordinance revision is planned to include meetings with City Staff for developing an application process and checklist, a workshop with the City Council to review the proposed ordinance revisions and public hearings encouraging participation from all interested parties.

3. FINANCIAL IMPACT

The funding for the professional services to be performed by Blackwell Environmental, LLC in an amount not to exceed $8,500 to revise the Oil & Gas Well Ordinance is a non-budgeted item and by council approval of this agreement, which does not include expenses associated with legal consultation from the firms of Denton, Navarro, Rocha & Bernal and Hays & Owens, the City Council is authorizing the Director of Financial Services to disburse funds for all professional expenses to include legal services with the understanding that excess unexpended funds will be utilized in anticipation of a budget amendment being required prior to year end.

Denton, Navarro, Rocha & Bernal estimate total fees to range from $5,000 - $8,000 for municipal legal assistance and Hays & Owens estimate total fees to range from $4,000 - $7,000.

The total expense to complete the ordinance revision will not exceed $23,500 without further approval from the City Council.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends the City Council authorize the City Manager to enter into an agreement for professional services with Blackwell Environmental, LLC in an amount not to exceed $8,500 for assisting the City with a new/revised Oil & Gas Ordinance and to obtain municipal legal assistance through Denton, Navarro, Rocha & Bernal in an amount not to exceed $8,000 and oil & gas legal assistance through Hays & Owens in an amount not to exceed $7,000.

received
files
JUN 20 2008

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Atkinson 3CB within the City of Copperas Cove, TX

Date: June 12, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Atkinson # 3CB (no API # assigned yet), shall be in the W.A. Wright Survey (Lampasas County). One 40-acre unit in the southwest corner of the lease, located 607.8 feet from the south lease line and 810.7 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 550 feet of 8 5/8" surface casing,
1998 feet of 5 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 6-16-08

Signature Date

Jason Halek President

Printed name

30

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete, keep the bottom sheet (goldenrod) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

PLEASE DO NOT STAPLE

RECEIVED NOV 06 2007

WIFM 512 891 9113

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date Nov 5, 2007 TCEQ File No.: SC- 30

Will Powers 512 964 7555
Name of person preparing this request & phone No. (with area code)

RRC P-5 OPERATOR # 345415

Halek Energy L.L.C.
Company (operator's name as on RRC form W-1)

5605 N McArthur Blvd Ste 860
Mailing Address

Irving TX 75038
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

COUNTY Lampasas Survey Name ~~AR STEVENS~~ WA WRIGHT

Block No. _____ Township _____ Section or Survey No. _____ (or) Lot No. _____

Abstract No. A- 953 LEASE Name Atkinson Well No. 1 + All

Distances, in feet, and directions measured at right angles from each of two intersecting ☐ Section or ☒ Survey lines (NOT LEASE LINES) 279 feet from E line and 738.5 feet from N line.

Distance (in miles) and direction from a nearby town in this County (name the town) Within the City Limits of Copperas Cove

THE ABOVE INFORMATION MUST BE COMPLETE AND CORRECT

API # _____ RRC Lease No. N/A RRC Dist. No. 7B

GPS Coord.(long/lat or X-Y state plane) ~~Long 97° 53' 44.61"~~ ~~Lat 31° 07' [redacted] 35.451"~~ NAD 27

Elevation _____ Total Depth 1998 Geologic Fm. at T.D. Unknown

Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) _____

Is this an **AMENDED** request? ☐ Yes ☒ No Previous File No. for this well: SC- _____

☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: _____

TYPE OR PRINT IN INK

FOLD

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPASAS,SUR-WRIGHT W.,LSE-ATKINSON,A-953,#6,39/550;LEASE IN A-953

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 550 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-953.

FOLD

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M Barnes

Diane M. Barnes, P.G.

Geologist, Surface Casing, TCEQ

November 6, 2007
Date
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 10-01-2007)

14-4-C-4

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000' $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 14 1188
2. Operator Name (as shown on P-5 Organization Report): Central Basin Oil Inv. Inc
3. Operator Address (include street, city, state, zip): 2485 E. Southlake Blvd Suite 100. Southlake, Tx 76092
4. Lease Name: Atkinson
5. Well No.: 3CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located 2 miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: Wright, WA
18. Abstract No: A-953
19. Distance to nearest lease line: 607.8
20. Number of contiguous acres in lease pooled unit or unitized tract: 120.7

21. Lease Perpendiculars: 607.8 ft. from the S line and 810.7 ft from the W line.
22. Survey Perpendiculars: 314.8 ft from the N line and 1043.5 ft from the W line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION – List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas well	1998	6579	3

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

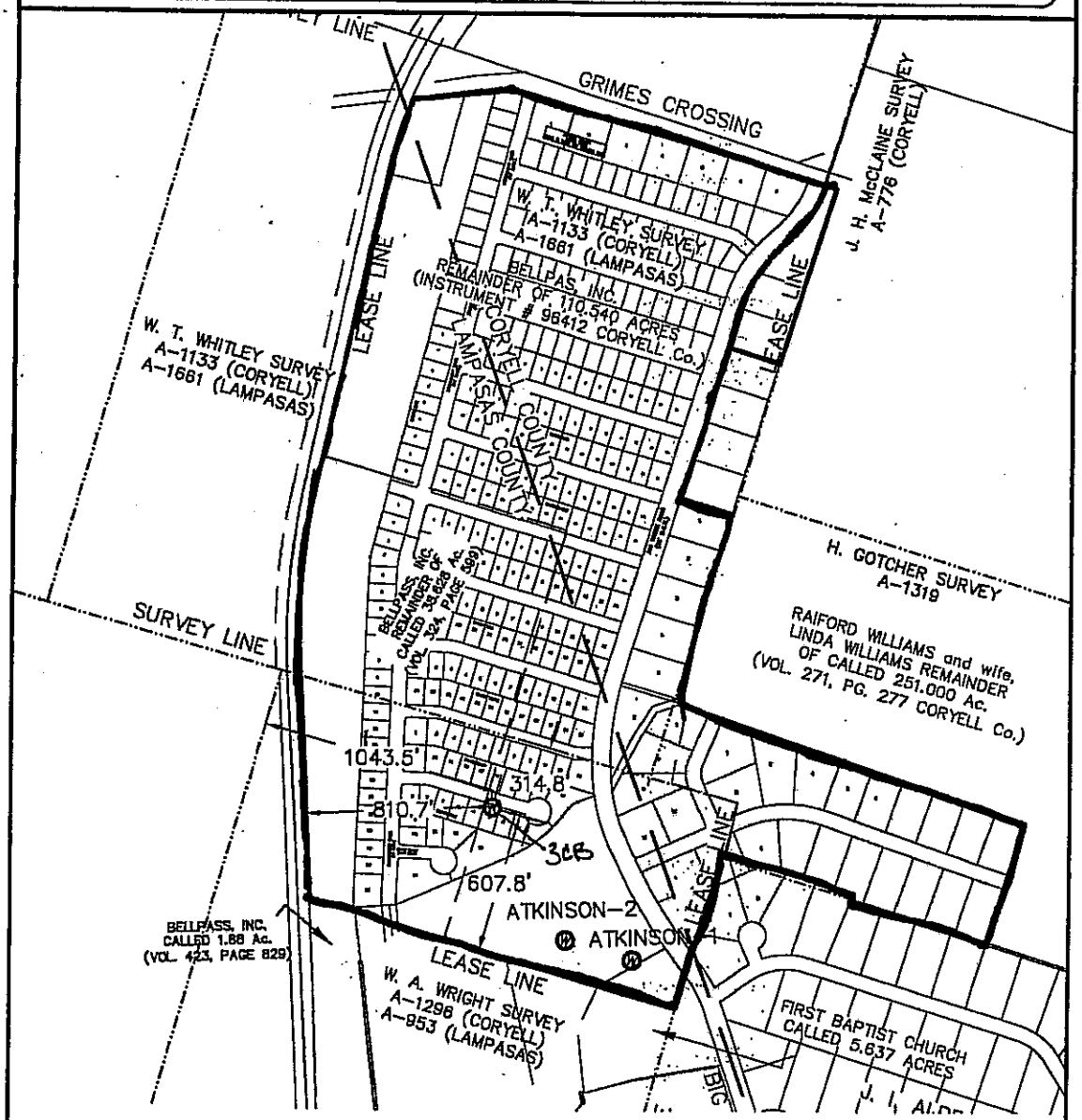
Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-c-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07'47.025"
Longitude: 97°56'48.351"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,382,621.38
Easting: 3,043,217.56

Ground Elevation at well site: 1070.6'

Central Basin Oil Inv, Inc.
3 CB

Lease Perpendicular: 810.7 ft. from the West line of called 38.628 acre tract, and 607.8 ft from the south line of called 38.628 acres tract.

Survey Perpendicular: 314.8 ft. from the North line of the W. A. Wright Survey, Abstract No. 953 and 1043.5 ft from the West line of the W. A. Wright Survey, Abstract No. 953.

GRAPHIC SCALE

600 0 300 600 1200 2400

(IN FEET)
1 inch = 600 ft.

B:\Surveys\SALADO OIL GOTCHER UNITS\dwg\GOTCHER.DWG, Layout8, 6/6/2008 2:46:17 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford L. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

14-4-C-5

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

TERMS

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back.

5304

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD, SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

06/16/2008

PAY TO THE ORDER OF City of Copperas Cove $ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522

MEMO #3CB Atkinson City Permit

Rachael Rowe

⑈005304⑈ ⑆111000614⑆ 7251869851⑈

Security Features Included. Details on back.

GB19964 (07-05)

received
Glees
JUN 20 2008

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Atkinson 4CB within the City of Copperas Cove, TX

Date: June 12, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Atkinson # 4CB (no API # assigned yet), shall be in the W.A. Wright Survey (Lampasas County). One 40-acre unit in the southwest corner of the lease, located 394.9 feet from the south lease line and 155.0 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 550 feet of 8 5/8" surface casing,
1998 feet of 5 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 6-16-08

Signature Date

Jason Hale President

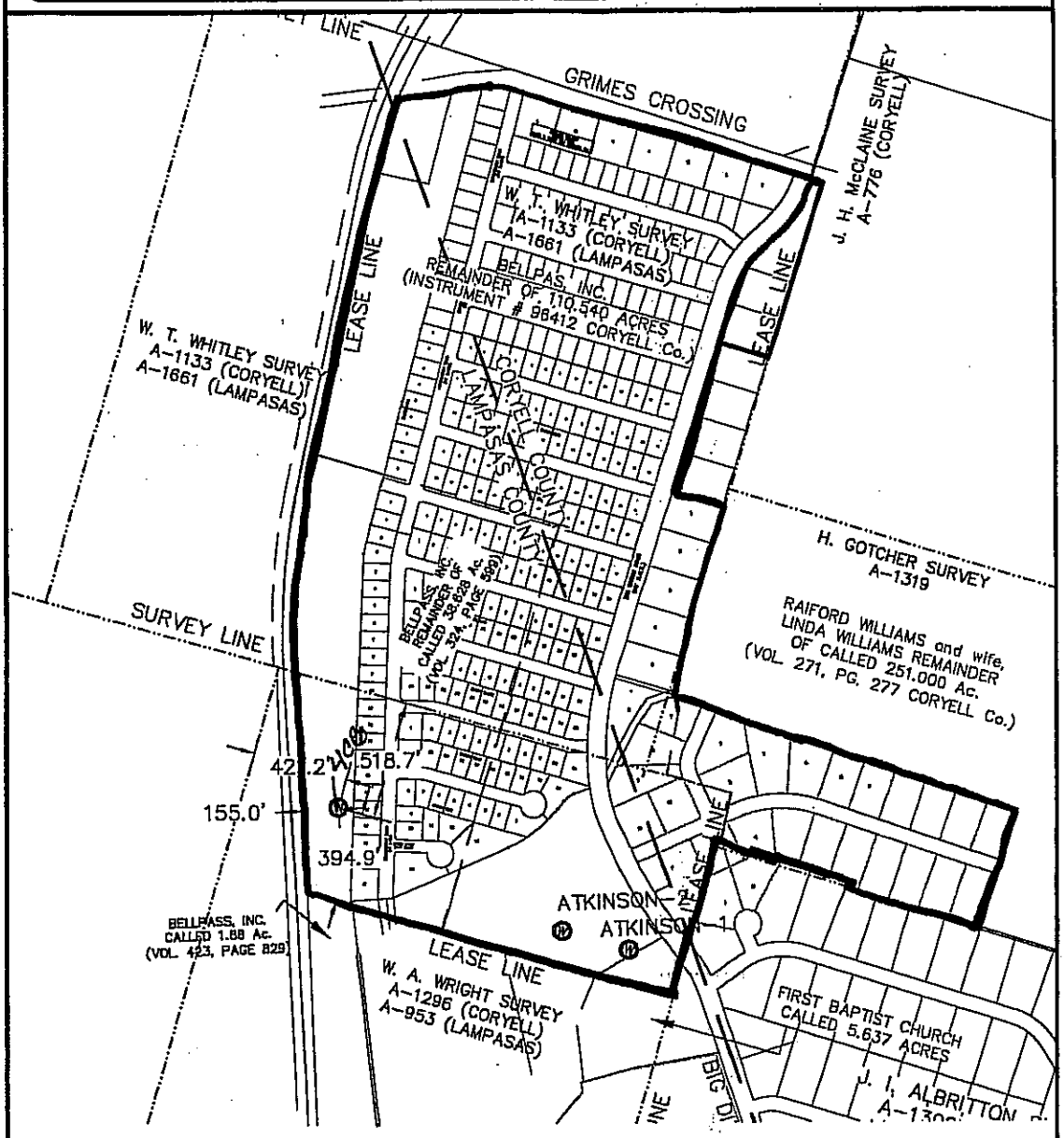
Printed name

14-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07'47.119"
Longitude: 97°56'57.009"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,382,614.85
Easting: 3,042,465.10

Ground Elevation at well site: 1042.0'

Central Basin Oil Inv, Inc.
4 CB

Lease Perpendicular: 155.0 ft. from the West line of called 38.628 acre tract, and 394.9 ft from the South line of called 38.628 acres tract.

Survey Perpendicular: 421.2 ft. from the West line of the W. A. Wright Survey, Abstract No. 953 and 518.7 ft from the North line of the W. A. Wright Survey, Abstract No. 953.

GRAPHIC SCALE

600 0 300 600 1200 2400

(IN FEET)
1 inch = 600 ft.

S:\Surveys\SALADO OIL GOTCHER UNITS\dwg\GOTCHER.DWG, Layout5, 6/6/2008 2:46:09 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

14-4-C-4

30

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS
The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete, keep the bottom sheet (goldenrod) for your files, and mail the top 2 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

RECEIVED
NOV 06 2007
WIFM
512
891
9113

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date Nov 5, 2007 TCEQ File No.: SC- 30

FOR TCEQ USE ONLY

Will Powers 512 964 7555
Name of person preparing this request & phone No. (with area code)

RRC P-5 OPERATOR # 345415

Halek Energy L.L.C.
Company (operator's name as on RRC form W-1)

5605 N McArthur Blvd Ste 860
Mailing Address

Irving TX 75038
City and State ZIP Code

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas Survey Name ~~AB Stevens~~ WA WRIGHT

Block No. _____ Township _____ Section or Survey No. _____ (or) Lot No. _____ Well No. 1 + All

Abstract No. A- 953 LEASE Name Atkinson

Distances, in feet, and directions measured at right angles from each of two intersecting ☐ Section or ☒ Survey lines (NOT LEASE LINES) 279 feet from E line and 7385 feet from N line.

Distance (in miles) and direction from a nearby town in this County (name the town) Within the City Limits of Copperas Cove

THE ABOVE INFORMATION MUST BE COMPLETE AND CORRECT

API # _____ RRC Lease No. N/A RRC Dist. No. 7B

GPS Coord.(long/lat or X-Y state plane) ~~long 97° 56' 44.619"~~ ~~lat 31° 07' [redacted] 35.451"~~ NAD 27

Elevation _____ Total Depth 1998 Geologic Fm. at T.D. Unknown

Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) _____

Is this an **AMENDED** request? ☐ Yes ☒ No Previous File No. for this well: SC- _____

☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: _____

FOLD

DO NOT WRITE HERE
FOR TCEQ USE ONLY

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPASAS,SUR-WRIGHT W.,LSE-ATKINSON,A-953,#6,39/550;LEASE IN A-953

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 550 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-953.

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M Barnes
Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

November 6, 2007
Date
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 10-01-2007)

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141188
2. Operator Name (as shown on P-5 Organization Report): Central Basin Oil Inv, Inc.
3. Operator Address (include street, city, state, zip): 2485 E. Southlake Blvd Ste 100 Southlake TX 76092
4. Lease Name: Atkinson
5. Well No.: 4B

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located 2 miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: Wright, WA
18. Abstract No: A-953
19. Distance to nearest lease line: 155
20. Number of contiguous acres in lease, pooled unit or unitized tract: 120.7

21. Lease Perpendiculars: 155 ft. from the W line and 394.9 ft from the S. line.

22. Survey Perpendiculars: 421.2 ft from the W line and 518.7 ft from the N. line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas	1998	655.5.	4

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS. Attach FORM W-1D/FORM W-1H as appropriate.

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford L. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156148950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000928⑆ 3500755

5305

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

06/16/2008

PAY TO THE ORDER OF City of Copperas Cove $ ****1,000.00

DOLLARS

1000*Dollars*And*00*Cents

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522

MEMO #4CB Atkinson City Permit

Rachael Rowe MP

⑈005305⑈ ⑆111000614⑆ 7251869851⑈

Security Features Included. Details on back.

081064 L07-05

received
JUN 20 2008

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Atkinson 5CB within the City of Copperas Cove, TX

Date: June 12, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Atkinson # 5CB (no API # assigned yet), shall be in the W.T. Whitley Survey (Lampasas County). One 40-acre unit in the southwest corner of the lease, located 1778.7 feet from the south lease line and 815.7 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 550 feet of 8 5/8" surface casing,
1998 feet of 5 1/2" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 6-16-08

Signature Date

Jason Hakk President

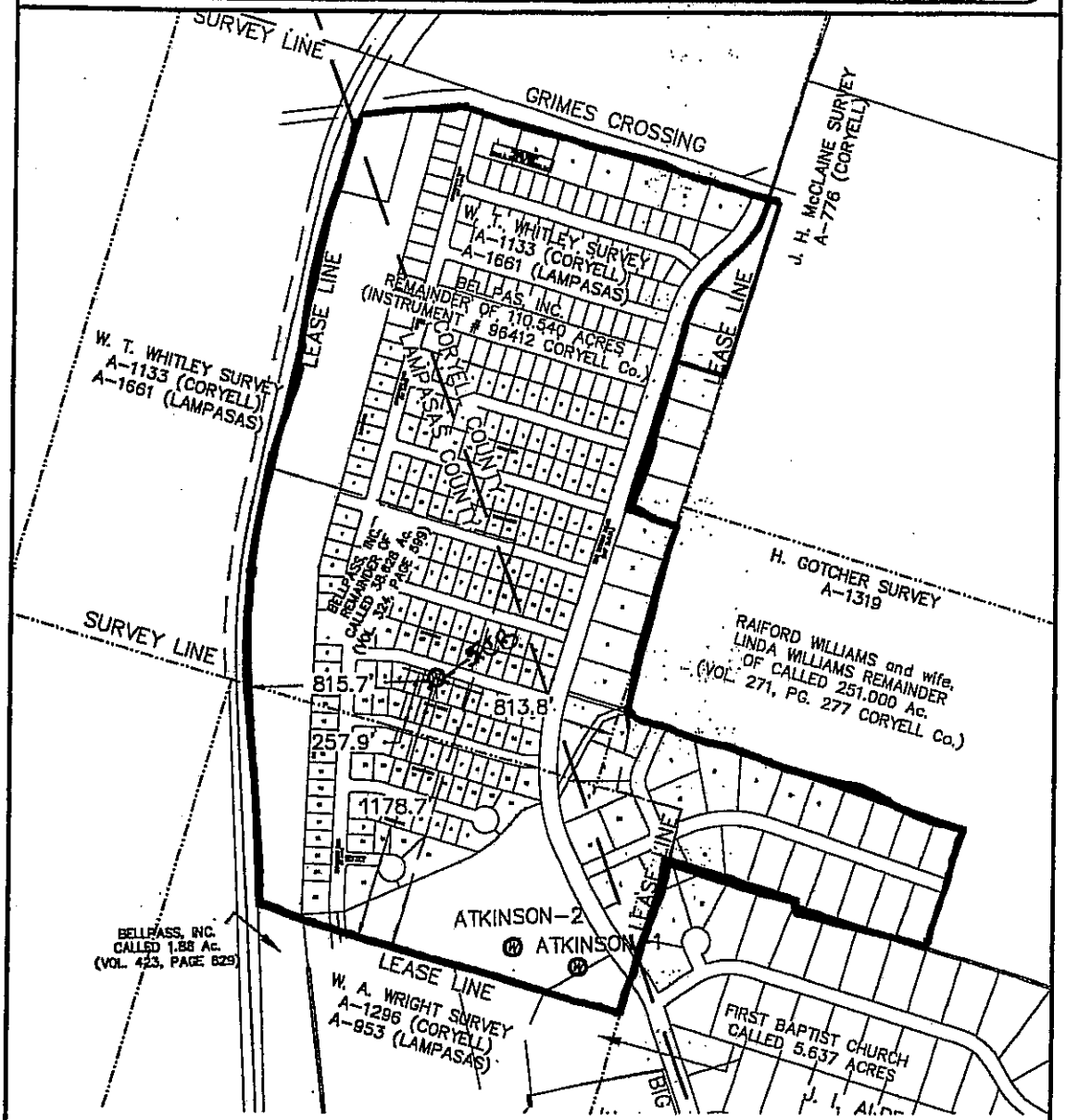
Printed name

14-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07'52.983"
Longitude: 97°56' 48.201"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,383,223.51
Easting: 3,043,217.71

Ground Elevation at well site: 1081.1'

Central Basin Oil Inv, Inc.

5 CB

Lease Perpendicular: 815.7 ft. from the West line of called 38.628 acre tract, and 1778.7 ft from the South line of called 38.628 acres tract.

Survey Perpendicular: 813.8 ft. from the East line of the W. T. Whitley Survey, Abstract No. 1661 and 257.9 ft from the South line of the W. T. Whitley Survey, Abstract No. 1661.

GRAPHIC SCALE

600 0 300 600 1200 2400

(IN FEET)
1 inch = 600 ft.

S:\Surveys\SALADO OIL GOTCHER UNITS\dwg\GOTCHER.DWG, Layout7, 6/6/2008 2:46:14 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

30

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE DO NOT STAPLE

RECEIVED NOV 06 2007 WIFM 512 891 9113

PLEASE READ ALL INSTRUCTIONS
The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete, keep the bottom sheet (goldenrod) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date Nov 5, 2007 TCEQ File No.: SC- 30

FOR TCEQ USE ONLY

Will Powers 512.964 7555
Name of person preparing this request & phone No. (with area code)

RRC P-5 OPERATOR # 345415

Halek Energy L.L.C.
Company (operator's name as on RRC form W-1)

5605 N Mc Arthur Blvd Ste 860
Mailing Address

Irving TX 75038
City and State ZIP Code

TYPE OR PRINT IN INK

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

COUNTY Lampasas Survey Name ~~AR Stevens~~ WA WRIGHT

Block No. _____ Township _____ Section or Survey No. _____ (or) Lot No. _____

Abstract No. A- 953 LEASE Name Atkinson Well No. 1 + All

Distances, in feet, and directions measured at right angles from each of two intersecting ☐ Section or ☒ Survey lines

(NOT LEASE LINES) 279 feet from E line and 758.5 feet from N line.

Distance (in miles) and direction from a nearby town in this County (name the town) Within the City Limits of Copperas Cove

THE ABOVE INFORMATION MUST BE COMPLETE AND CORRECT

API # _____ RRC Lease No. N/A RRC Dist. No. 7B

GPS Coord.(long/lat or X-Y state plane) ~~Long 97° 56' 44.619"~~ ~~Lat 31° 09' [redacted] 36.451"~~ NAD 27

Elevation _____ Total Depth 1998 Geologic Fm. at T.D. Unknown

Purpose of the Raquest : ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) _____

Is this an **AMENDED** request? ☐ Yes ☒ No Previous File No. for this well: SC- _____

☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: _____

DO NOT WRITE HERE FOR TCEQ USE ONLY

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPASAS,SUR-WRIGHT W.,LSE-ATKINSON,A-953,#6,39/550;LEASE IN A-953

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 550 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-953.

FOLD

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M Barnes

Diane M. Barnes, P.G.

Geologist, Surface Casing, TCEQ

November 6, 2007
Date

typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 10-01-2007)

Enter if Assigned:
API No.: 42-
Drilling Permit No.:
Rule 37/38 Case No.:

TEXAS
IN

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141188
2. Operator Name (as shown on P-5 Organization Report): Central Basin Oil Inv. Inc
3. Operator Address (include street, city, state, zip): 2485 E. Southlake Blvd ste 100 Southlake, TX 76092
4. Lease Name: Atkinson
5. Well No.: 5CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located 0 miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: Wright, WT
18. Abstract No.: A-1661
19. Distance to nearest lease line: 815.7
20. Number of contiguous acres in lease, pooled unit or unitized tract: 120.7

21. Lease Perpendiculars: 815.7 ft. from the W line and 1778.7 ft from the S line.
22. Survey Perpendiculars: 813.8 ft from the E line and 257.9 ft from the S line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No:
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION — List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas	1998	602.2	5

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate.

Remarks:

CERTIFICATE:
I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) Signature Date (mm/dd/yy)

Telephone (AC and number) E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.)

RRC Use only:

14-4-C-4

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford L. Bo[illegible]
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97 / 1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back.

⑈450918⑈ ⑆107000055⑆

5306

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

06/16/2008

PAY TO THE ORDER OF City of Copperas Cove $ $***1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO #5CB Atkinson City Permit

Rachael Rowe

Security Features Included. Details on back.

⑈005306⑈ ⑆111000614⑆ 7251869851⑈

received
Glees
JUN 20 2008

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Atkinson 6CB within the City of Copperas Cove, TX

Date: June 12, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Atkinson # 6CB (no API # assigned yet), shall be in the W.T. Whitley Survey (Lampasas County). One 40-acre unit in the southwest corner of the lease, located 1029.6 feet from the south lease line and 182.1 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 550 feet of 8 5/8" surface casing,
1998 feet of 5 1/2" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 6-16-08

Signature Date

Jason Hatch President

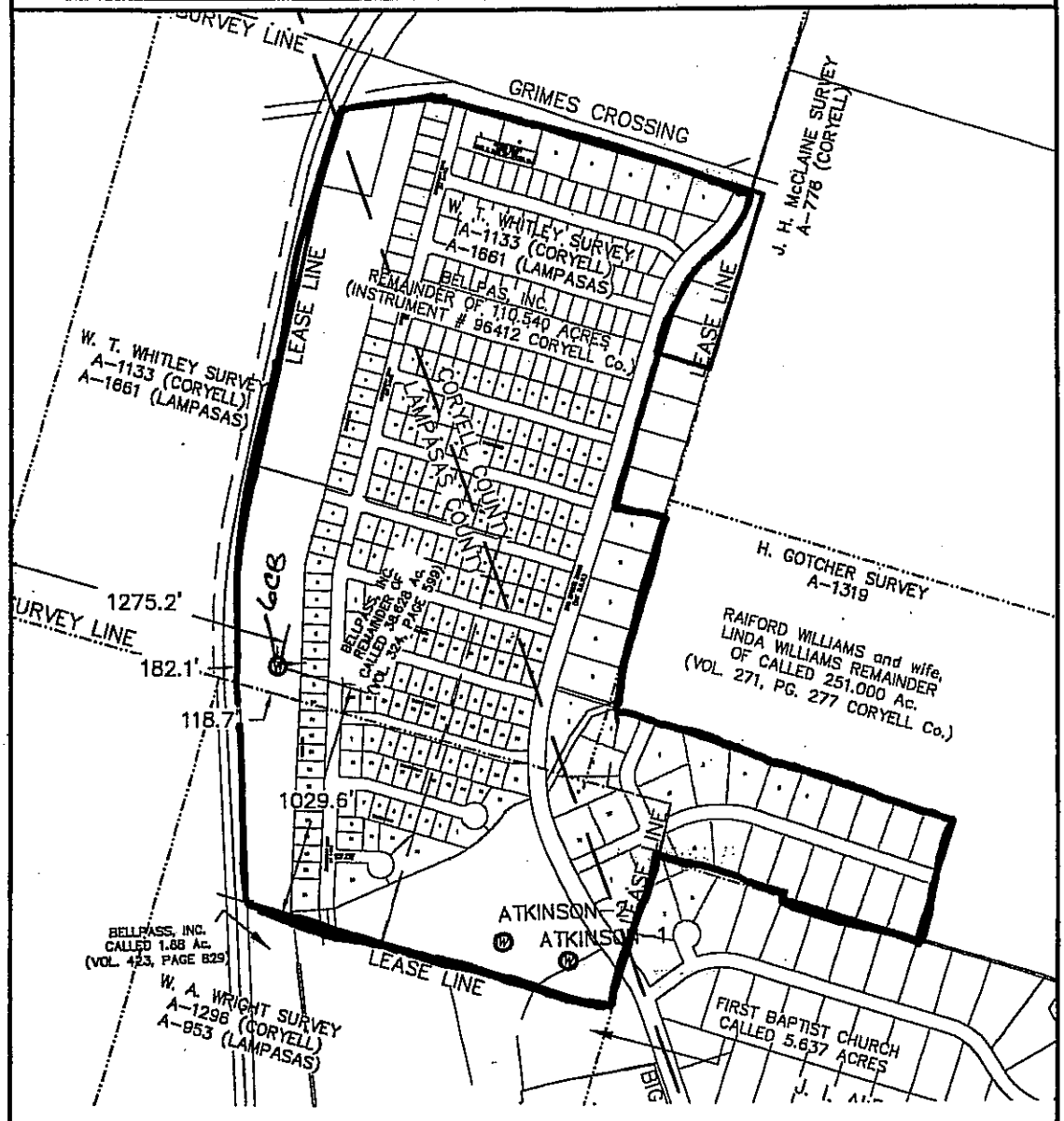
Printed name

14-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07'53.691"
Longitude: 97°56'56.891"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,383,278.78
Easting: 3,042,460.67

Ground Elevation at well site: 1057.15'

Central Basin Oil Inv, Inc.

6CB

Lease Perpendicular: 182.1 ft. from the West line of called 38.628 acre tract, and 1029.6 ft from the South line of called 38.628 acres tract.

Survey Perpendicular: 1275.2 ft. from the West line of the W. T. Whitley Survey, Abstract No. 1661 and 118.7 ft from the South line of the W. T. Whitley Survey, Abstract No. 1661.

GRAPHIC SCALE

600 0 300 600 1200 2400

(IN FEET)
1 inch = 600 ft.

S:\Surveys\SALADO OIL GOTCHER UNITS\dwg\GOTCHER.DWG, Layout4, 6/6/2008 2:46:07 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____

Drilling Permit No.: _____

Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0-2000' $200 | 2001'-4000' $225
4001'-9000' $250 | >9000' $300
Expedited Service Fee: ADD $150
Rule 37/38 Exception Fee: ADD $200

1. RRC Operator No.: 141188
2. Operator Name (as shown on P-5 Organization Report): Central Basin Oil Inv, Inc.
3. Operator Address (include street, city, state, zip): 2485 E. Southlake Blvd Ste 100 Southlake, Tx 76092
4. Lease Name: Atkinson
5. Well No.: 6CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located 2 miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: Wright, WT
18. Abstract No: A-1661
19. Distance to nearest lease line: 182.1
20. Number of contiguous acres in lease, pooled unit or unitized tract: 120.7

21. Lease Perpendiculars: 1821 ft. from the W line and 1029.6 ft from the S. line.

22. Survey Perpendiculars: 1275.2 ft from the W line and 118.7 ft from the S. line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION – List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more spaces.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas	1998	638.3.	6

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only:

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

7-4-11

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS
The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete, keep the bottom sheet (goldenrod) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

RECEIVED NOV 06 2007 WIFM 512 891 9113

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date Nov 5, 2007 TCEQ File No.: SC- 30

Will Powers 512 964 7555
Name of person preparing this request & phone No. (with area code)

RRC P-5 OPERATOR # 345415

Halek Energy L.L.C.
Company (operator's name as on RRC form W-1)

5605 N McArthur Blvd Ste 860
Mailing Address

Irving TX 75038
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

COUNTY Lampasas Survey Name ~~AR Stevens~~ WA WRIGHT
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A- 953 LEASE Name Atkinson Well No. 1 + All
Distances, in feet, and directions measured at right angles from each of two intersecting ☐ Section or ☒ Survey lines (NOT LEASE LINES) 279 feet from E line and 738.5 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town) Within the City Limits of Copperas Cove

THE ABOVE INFORMATION MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. N/A RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) ~~Long 97° 53' 44.619"~~ ~~Lat 31° 07' [redacted] 35.451"~~ NAD 27
Elevation ____ Total Depth 1998 Geologic Fm. at T.D. Unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an **AMENDED** request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPASAS,SUR-WRIGHT W.,LSE-ATKINSON,A-953,#6,39/550;LEASE IN A-953

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 550 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-953.

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M Barnes
Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

November 6, 2007
Date
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 10-01-2007)

FOLD TYPE OR PRINT IN INK FOLD DO NOT WRITE HERE FOR TCEQ USE ONLY

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:	$	11,420.00	Premium - Excluding Terrorism Coverage
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back.

⑈450918⑈ ⑆102000978⑈

5307

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

06/16/2008

PAY TO THE ORDER OF City of Copperas Cove $ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO #6CB Atkinson City Permit

Rachael Rouse

⑈005307⑈ ⑆111000614⑆ 7251869851⑈

081084 07-05

received
JUN 20 2008

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Atkinson 7CB within the City of Copperas Cove, TX

Date: June 12, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Atkinson # 7CB (no API # assigned yet), shall be in the W.T. Whitley Survey (Lampasas County). One 40-acre unit in the center of the lease, located 1760.7 feet from the south lease line and 665.2 feet from the east lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 550 feet of 8 5/8" surface casing,
1998 feet of 5 1/2" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 6-16-08

Signature Date

Jason Halatt President

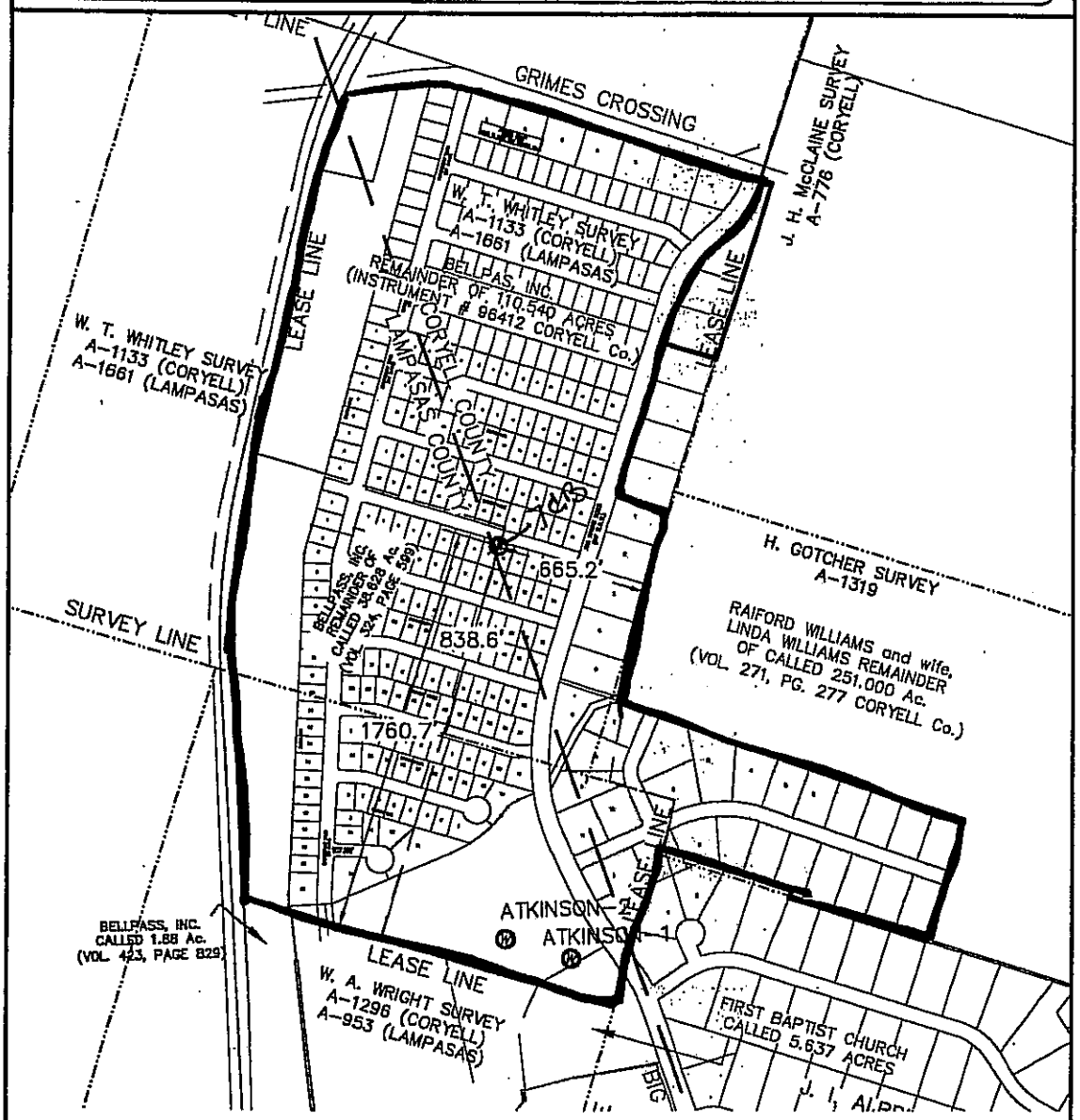
Printed name

14-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07'57.891"
Longitude: 97°56'44.274"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,383,726.57
Easting: 3,043,548.29

Ground Elevation at well site: 1097.5'

Central Basin Oil Inv, Inc.

7 CB

Lease Perpendicular: 665.2 ft. from the East line of called 110.540 acre tract, and 1760.7 ft from the South line of called 38.628 acres tract.

Survey Perpendicular: 838.6 ft. from the South line of the W. T. Whitley Survey, Abstract No. 1661 and 665.2 ft from the East line of the W. T. Whitley Survey, Abstract No. 1661.

GRAPHIC SCALE

600 0 300 600 1200 2400

(IN FEET)
1 inch = 600 ft.

S:\Surveys\SALADO OIL GOTCHER UNITS\dwg\GOTCHER.DWG, Layout6, 6/6/2008 2:46:11 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

14-4-c-4

Enter if Assigned:
API No.: 42-
Drilling Permit No.:
Rule 37/38 Case No.:

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0-2000 $200 2001-4000 $225
4001-9000 $250 >9000 $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141188
2. Operator Name (as shown on P-5 Organization Report): Central Basin Oil Inv, Inc.
3. Operator Address (include street, city, state, zip): 2485 E. Southlake Blvd Ste 100 Southlake, TX 76092
4. Lease Name: Atkinson
5. Well No.: 7CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Coryell
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located 0 miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: Wright, WT
18. Abstract No: A-1661
19. Distance to nearest lease line: 665.2
20. Number of contiguous acres in lease, pooled unit or unitized tract: 120.7

21. Lease Perpendiculars: 665.2 ft. from the E line and 1760.7 ft from the S line.
22. Survey Perpendiculars: 838.6 ft from the S line and 665.2 ft from the E line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No:
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas	1998	602	7

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

CERTIFICATE:
I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) Signature Date (mm/dd/yy)

Telephone (AC and number) E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.)

RRC Use only

14-4-C-4

30

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS
The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete, keep the bottom sheet (goldenrod) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

RECEIVED
NOV 06 2007
WIFM
512
891
9113

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date Nov 5, 2007 TCEQ File No.: SC- 30

Will Powers 512 964 7555
Name of person preparing this request & phone No. (with area code)

RRC P-5 OPERATOR # 345415

Halek Energy L.L.C.
Company (operator's name as on RRC Form W-1)

5605 N McArthur Blvd Ste 860
Mailing Address

Irving TX 75038
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

COUNTY Lampasas Survey Name ~~AR Stevens~~ WA WRIGHT
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A- 953 LEASE Name Atkinson Well No. 1 + All
Distances, in feet, and directions measured at right angles from each of two intersecting ☐ Section or ☒ Survey lines
(NOT LEASE LINES) 279 feet from E line and 7385 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City Limits of Copperas Cove

TYPE OR PRINT IN INK

THE ABOVE INFORMATION MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. N/A RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) ~~Long 97° 56' 41.614"~~ ~~Lat 31° 07' [redacted] 35.451"~~ NAD 27
Elevation ____ Total Depth 1998 Geologic Fm. at T.D. Unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an **AMENDED** request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPASAS,SUR-WRIGHT W.,LSE-ATKINSON,A-953,#6,39/550;LEASE IN A-953

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 550 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-953.

FOLD

DO NOT WRITE HERE
FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M Barnes
Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

November 6, 2007
Date
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford T. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 489157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado

JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000556⑆

5308

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

06/16/2008

PAY TO THE ORDER OF City of Copperas Cove $ $****1,000.00

1000*Dollars*And*00*Cents DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO #7CB City permit Atkinson

Rachael Roane

⑈005308⑈ ⑆111000614⑆ 7251869851⑈

Security Features Included. Details on back.

Central Basin Oil Investments, Inc.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
JUN 20 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Atkinson 8CB within the City of Copperas Cove, TX

Date: June 12, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Atkinson # 8CB (no API # assigned yet), shall be in the W.T. Whitley Survey (Lampasas County). One 40-acre unit in the center of western edge of the lease, located 1612.2 feet from the south lease line and 196.3 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 550 feet of 8 5/8" surface casing,
1998 feet of 5 1/2" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 6-16-08

Signature Date

Jason Halle President

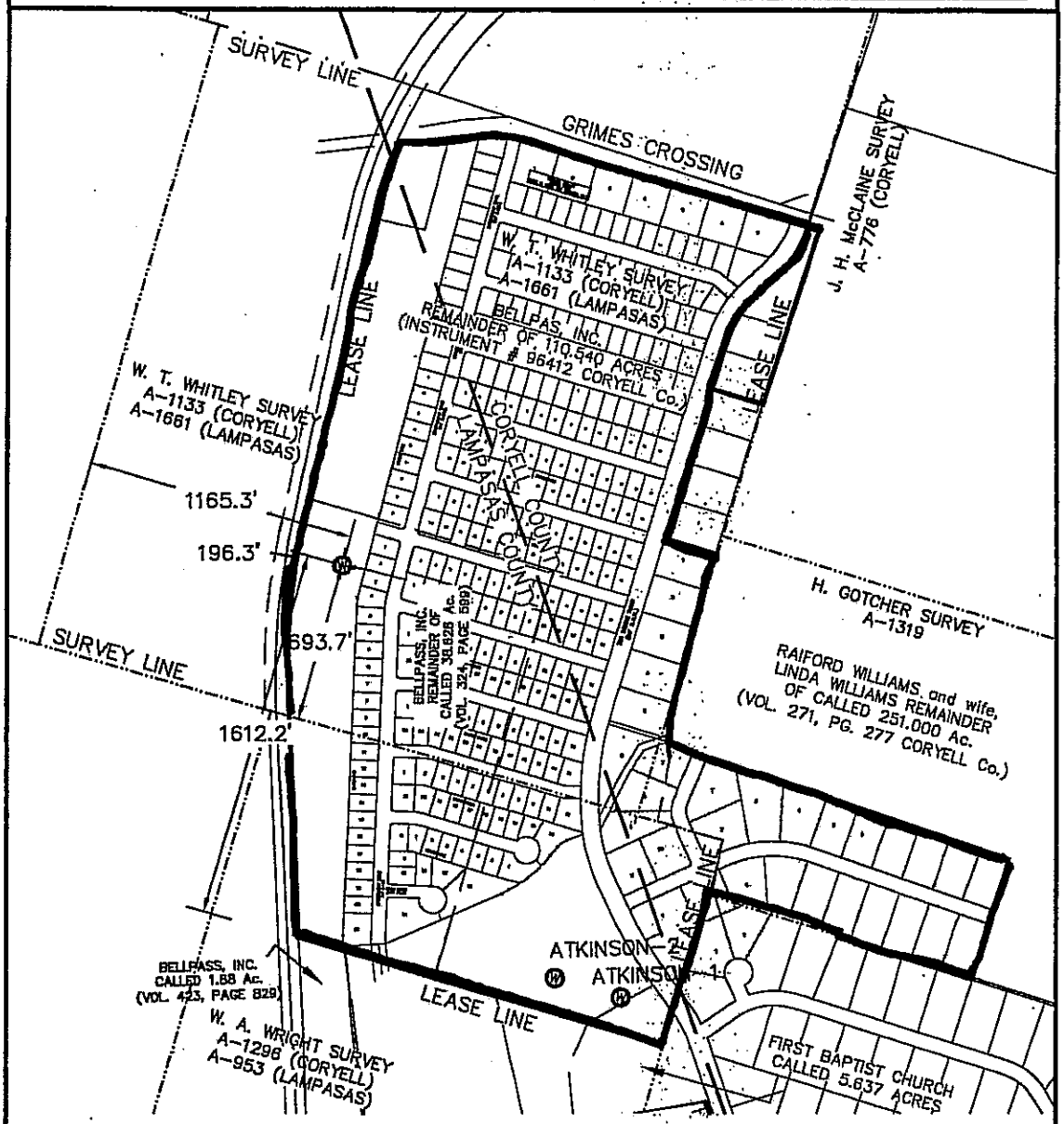
Printed name

19-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07'59.449"
Longitude: 97°56'56.156"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,383,861.87
Easting: 3,042,512.47

Ground Elevation at well site: 1063.5'

Central Basin Oil Inv, Inc.

8 CB

Lease Perpendicular: 196.3 ft. from the West line of called 38.628 acre tract, and 1612.2 ft from the South line of called 38.628 acres tract.

Survey Perpendicular: 1165.3 ft. from the West line of the W. T. Whitley Survey, Abstract No. 1661 and 693.7 ft from the South line of the W. T. Whitley Survey, Abstract No. 1661.

GRAPHIC SCALE

600 0 300 600 1200 2400

(IN FEET)
1 inch = 600 ft.

B:\Surveys\SALADO OIL GOTCHER UNITS\dwg\GOTCHER.DWG, Layout3, 6/6/2008 2:46:20 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

14-4-C-4

30

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS
The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete, keep the bottom sheet (goldenrod) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

RECEIVED
NOV 06 2007
WIFM
512
891
9113

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date Nov 5, 2007 TCEQ File No.: SC- 30

Will Powers 512 964 7555
Name of person preparing this request & phone No. (with area code)

RRC P-5 OPERATOR # 345415

Halek Energy L.L.C.
Company (operator's name as on RRC Form W-1)

5605 N McArthur Blvd Ste 860
Mailing Address

Irving TX 75038
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

COUNTY Lampasas Survey Name ~~AB Stevens~~ WA WRIGHT

Block No. _____ Township _____ Section or Survey No. _____ (or) Lot No. _____

Abstract No. A- 953 LEASE Name Atkinson Well No. 1 + All

Distances, in feet, and directions measured at right angles from each of two intersecting ☐ Section or ☒ Survey lines (NOT LEASE LINES) 279 feet from E line and 7385 feet from N line.

Distance (in miles) and direction from a nearby town in this County (name the town) Within the City Limits of Copperas Cove

THE ABOVE INFORMATION MUST BE COMPLETE AND CORRECT

API # _____ RRC Lease No. N/A RRC Dist. No. 7B

GPS Coord.(long/lat or X-Y state plane) ~~long 97° 56' 44.614"~~ ~~lat 31° 07' [redacted] 35.451"~~ NAD 27

Elevation _____ Total Depth 1998 Geologic Fm. at T.D. Unknown

Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) _____

Is this an **AMENDED** request? ☐ Yes ☒ No Previous File No. for this well: SC- _____

☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: _____

TYPE OR PRINT IN INK

FOLD

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPASAS,SUR-WRIGHT W.,LSE-ATKINSON,A-953,#6,39/550;LEASE IN A-953

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 550 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-953.

FOLD

DO NOT WRITE HERE
FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M Barnes

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

November 6, 2007
Date
(typed by TCEQ)

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 10-01-2007)

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0-2000 $200 | 2001-4000 $225
4001-9000 $250 | >9000 $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141188
2. Operator Name (as shown on P-5 Organization Report): Central Basin Oil Inv, Inc.
3. Operator Address (include street, city, state, zip): 2485 E. Southlake Blvd Ste 100 Southlake, TX 76092
4. Lease Name: Atkinson
5. Well No.: 8CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth:
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located 8 miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: Wright WT
18. Abstract No.: A-1661
19. Distance to nearest lease line: 196.3
20. Number of contiguous acres in lease, pooled unit or unitized tract: 120.7

21. Lease Perpendiculars: 196.3 ft. from the W line and 1612.2 ft from the S line.
22. Survey Perpendiculars: 1165.3 ft from the W line and 693.7 ft from the S line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or gas	1998	585.5	8

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS. Attach FORM W-1D/FORM W-1H as appropriate.

Remarks:

RRC Use only

CERTIFICATE:
I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 **to:** 10/25/2008

Binder Period: 10/25/2007 **to:** 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: **JPMORGAN CHASE BANK, N.A.**

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: **JPMORGAN CHASE BANK, N.A.**

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado

JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back.

⑈450918⑈ ⑆102000830⑆

5309

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

06/16/2008

PAY TO THE ORDER OF City of Copperas Cove $ $****1,000.00

1000*Dollars*And*00*Cents DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO #8CB Atkinson City Permit

Rachael Rowe

⑈005309⑈ ⑆111000614⑆ 7251869851⑈

031064 / 07-05

Security Features Included. Details on back.

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 12, 2008
and received on June 20, 2008
for **Atkinson #3CB** within the City of Copperas Cove, TX

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Atkinson #3CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

_____
Robert L. Reeves, Mayor Pro Tem

ATTEST:

_____
Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 12, 2008
and received on June 20, 2008
for **Atkinson #4CB** within the City of Copperas Cove, TX

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Atkinson #4CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

_____
Robert L. Reeves, Mayor Pro Tem

ATTEST:

_____
Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 12, 2008
and received on June 20, 2008
for **Atkinson #5CB** within the City of Copperas Cove, TX

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Atkinson #5CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

_____
Robert L. Reeves, Mayor Pro Tem

ATTEST:

_____
Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 12, 2008
and received on June 20, 2008
for **Atkinson #6CB** within the City of Copperas Cove, TX

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Atkinson #6CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

_____
Robert L. Reeves, Mayor Pro Tem

ATTEST:

_____
Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 12, 2008
and received on June 20, 2008
for **Atkinson #7CB** within the City of Copperas Cove, TX

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Atkinson #7CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

_____
Robert L. Reeves, Mayor Pro Tem

ATTEST:

_____
Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 12, 2008
and received on June 20, 2008
for **Atkinson #8CB** within the City of Copperas Cove, TX

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Atkinson #8CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

_____
Robert L. Reeves, Mayor Pro Tem

ATTEST:

_____
Jane Lees, City Secretary

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-13

Contact – James R. Thompson, City Attorney 547-7536
jthompson@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on authorizing the Mayor Pro-Tem to issue a drilling permits on the applications of Central Basin Oil Investments, Inc. and Halek Energy LLC for Atkinson #3CB through #8CB to drill for oil and gas within the corporate limits of the City of Copperas Cove.**

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1. BACKGROUND/HISTORY

Chapter 14 of the Code of Ordinances of the City of Copperas Cove, Oil and Gas Wells, provides that any person seeking a permit to drill for oil and gas within the City shall make application following certain criteria set out in the ordinance. There shall be a public hearing held within 30 days after the date of such permit but not prior to the seventh day following the making of the notices provided for in Sec. 14-5 unless Applicant meets the requirements of Sec. 14-8, subsections a (1), (2), (5), (7), and (8). Central Basin Oil Investments, Inc. and Halek Energy LLC have mineral leases and drilling rights on all lands within the drilling units sought.

2. FINDINGS/CURRENT ACTIVITY

Central Basin Oil Investments, Inc. and Halek Energy LLC have fulfilled all of the requirements of Sec. 14-4, Permit application. There is no need for a permittee to give notice of such application to all lessees, real estate owners or other persons that own land in the drilling unit required by this section because Central Basin Oil Investments, Inc. and Halek Energy LLC have mineral leases and drilling rights on all property in the drilling unit. All owners of dwellings and structures used for human occupancy situated within 300 feet of the proposed well location which have not been abandoned have consented to the drilling of the proposed well.

The requirements of Sec. 14-8 Issuance of Permit, subsections a (1), (2), (5), (7), and (8) have been met. On July 15, 2008 the City Council conducted a Public Hearing on Atkinson #3CB through #8CB as required by Sec. 14-7. The City Council is authorized to waive notice requirements set forth in Sec. 14-5. Upon waiver of those notice requirements, the Mayor is authorized and directed by the City Council to issue a drilling permit forthwith.

Council consensus during the June 17, 2008 Workshop conducted on Oil & Gas Drilling within the Corporate City Limits was to have the City Manager work with appropriate City staff to revise the current Oil & Gas Drilling Wells (Chapter 14) of the Copperas Cove Code of Ordinances. Local Government Code 245.002(a) reads as follows:

"Each regulatory agency shall consider the approval, disapproval, or conditional approval of an application for a permit solely on the basis of any orders, regulations, ordinances, rules, expiration dates, or other properly adopted requirements in effect at the time: (1) the original application for the permit is filed for review for any purpose, including review for administrative completeness…"

3. FINANCIAL IMPACT

There are no out-of-pocket expenses for the City. The risk to the City from damages caused by such drilling operations have been minimized by Applicant providing a $30,000.00 cashier's check for multiple drilling sites, general liability policy that provides insurance for bodily injury or death of one person of not less than $1,000,000.00, for any one accident not less than $2,000,000.00 and property damage not less than $500,000.00, and environmental pollution liability insurance applicable to bodily injury, property damage including loss of use of damaged property or of property that has been physically injured or destroyed; clean-up costs; and defense, including cost and expense incurred in the investigation, defense or settlement of claims; all in connection with any loss arising from the inured site; said coverage to be maintained in an amount of at least $1,000,000.00 per loss with annual aggregate of at least $2,000,000.00, for each drilling site.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends authorizing the Mayor Pro-Tem to issue drilling permits to Central Basin Oil Investments, Inc. and Halek Energy LLC for Atkinson #3CB through #8CB.

received
Glees
JUN 20 2008

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Application for Permit to Re-Entry Drill, Complete, and Operate an Oil and Gas Well with the City of Copperas Cove, TX

Date: June 17, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, API # 42-099-30107 (Williams #1 Re-entry), shall be in the Williams lease in the J.H. McClaine Survey A-776 (Coryell County). One 40-acre unit in the southwest corner of the lease, located 480 feet from the southwest lease line and 500 feet from the northwest lease line.

Well Type & Depth: Oil and Gas, total depth = 3,992 feet

Casing Program: 600 feet of 8 5/8" surface casing,
3992 feet of 5 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1,000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 6-17-08

Signature Date

Jason Halek

Printed name

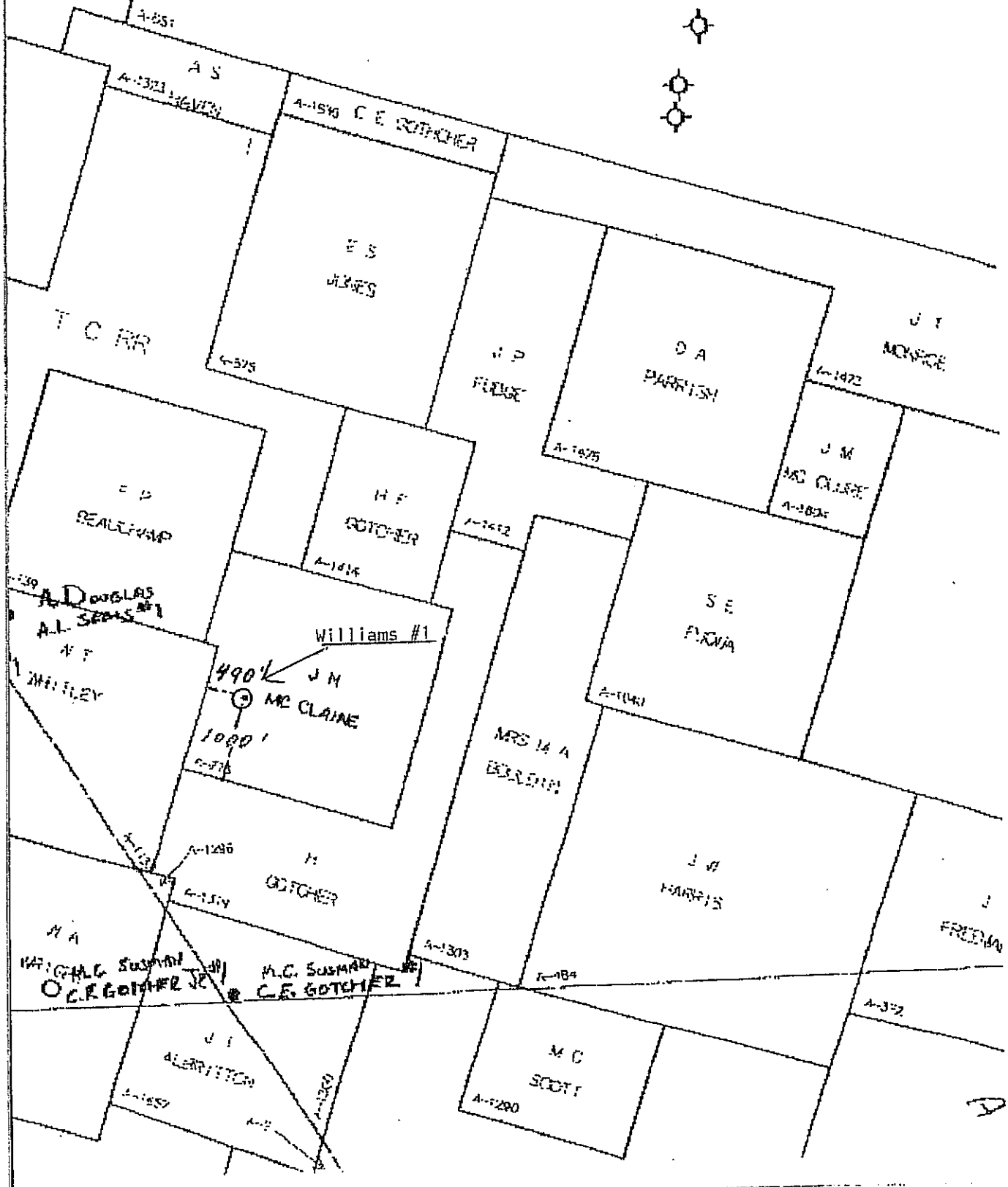
5/03/05 CALIF COUNTY: COPYEN 14-4-C-1

Sign of the well

1" = 2,000

Lometa Petroleum Corp.

Williams #1



14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

14-4-C-4

PLEASE DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete, keep the bottom sheet (goldenrod) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 11/5/2007 TCEQ File No.: SC- 58

FOR TCEQ USE ONLY

Will Chimes (50) 964 7558
Name of person preparing this request & phone No. (with area code)

RRC P-5 OPERATOR # 3645415
Hulet Energy L.L.C.
Company (operator's name as on RRC form W-1)

5605 N MacArthur Blvd 860
Mailing Address

Irving TX 75038
City and State ZIP Code

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

TYPE OR PRINT IN INK

FOLD

COUNTY Coryell Survey Name H. Gotcher

Block No. _____ Township _____ Section or Survey No. _____ (or) Lot No. _____

Abstract No. A- 1319 LEASE Name Williams Well No. 1+All

Distances, in feet, and directions measured at right angles from each of two intersecting ☐ Section or ☒ Survey lines (NOT LEASE LINES) 488.3 feet from S line and 167.1 feet from W line.

Distance (in miles) and direction from a nearby town in this County (name the town) (within City Limits of Copperas Cove

THE ABOVE INFORMATION MUST BE COMPLETE AND CORRECT

API # _____ RRC Lease No. N/A RRC Dist. No. 7B

GPS Coord. (long/lat or X-Y state plane) ~~Lat 31°08' 39.6 N~~ ~~Lat 31°07' 49.8 N~~ NAD 27

Elevation _____ Total Depth 1998 Geologic Fm. at T.D. Unknown

Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) _____

Is this an **AMENDED** request? ☐ Yes ☒ No Previous File No. for this well: SC- _____

☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: _____

DO NOT WRITE HERE FOR TCEQ USE ONLY

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-CORYELL,SUR-GOTCHER H.,LSE-WILLIAMS,A-1319,#6,39/600;LEASE IN A-1319

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 600 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1319.

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M Barnes

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

November 6, 2007
Date

typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 10-01-2007)

Enter if Assigned:
API No.: 42- 099-30107

Drilling Permit No.: _____

Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141188

2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.

3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092

4. Lease Name: Williams

5. Well No.: 1

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☐ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☒ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 3992

9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No

10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B

12. County: Coryell.

13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located 1.5. miles in a W direction from Copperas Cove. which is the nearest town in the county.

15. Section:

16. Block:

17. Survey: McClaine, JH.

18. Abstract No: 776

19. Distance to nearest lease line: 480

20. Number of contiguous acres in lease, pooled unit or unitized tract: 40

21. Lease Perpendiculars: 480 ft. from the SW line and 500 ft from the NW. line.

22. Survey Perpendiculars: 480 ft from the SW line and 270 ft from the NW. line.

23. Is this a pooled unit? ☐ Yes ☐ No

24. Unitization Docket No: _____

25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas.	3992		1

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:	$	11,420.00	Premium - Excluding Terrorism Coverage
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. B[illegible]
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

$ *********30,000.00 ***

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

499156143950 499157 REV2 07/07 8710036152

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

CHASE

355228394 23-97/1020

Date 11/26/2007

Texas

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

$ *********30,000.00 ***

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen F. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000978⑈ 3500755555555

5314

CENTRAL BASIN OIL INVESTMENTS, INC
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

06/17/2008

PAY TO THE ORDER OF City of Copperas Cove $ ****1,000.00

1000*Dollars*And*00*Cents DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522

MEMO Williams #1 /Re-entry

Rachael Rouse

⑈005314⑈ ⑆111000614⑆ 7251869851⑈

001064 / 07-05

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 17, 2008
and received on June 20, 2008
for **Williams #1 Re-Entry**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Williams #1 Re-Entry** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

_____
Robert L. Reeves, Mayor Pro Tem

ATTEST:

_____
Jane Lees, City Secretary

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-14

Contact – James R. Thompson, City Attorney 547-7536
jthompson@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on authorizing the Mayor Pro-Tem to issue a drilling permit on the application of Central Basin Oil Investments, Inc. and Halek Energy LLC for re-entry drill on Williams #1 within the corporate limits of the City of Copperas Cove.**

---

1. BACKGROUND/HISTORY

Chapter 14 of the Code of Ordinances of the City of Copperas Cove, Oil and Gas Wells, provides that any person seeking a permit to drill for oil and gas within the City shall make application following certain criteria set out in the ordinance. There shall be a public hearing held within 30 days after the date of such permit but not prior to the seventh day following the making of the notices provided for in Sec. 14-5 unless Applicant meets the requirements of Sec. 14-8, subsections a (1), (2), (5), (7), and (8). Central Basin Oil Investments, Inc. and Halek Energy LLC have mineral leases and drilling rights on all lands within the drilling units sought.

2. FINDINGS/CURRENT ACTIVITY

Central Basin Oil Investments, Inc. and Halek Energy LLC have fulfilled all of the requirements of Sec. 14-4, Permit application. There is no need for a permittee to give notice of such application to all lessees, real estate owners or other persons that own land in the drilling unit required by this section because Central Basin Oil Investments, Inc. and Halek Energy LLC have mineral leases and drilling rights on all property in the drilling unit. All owners of dwellings and structures used for human occupancy situated within 300 feet of the proposed well location which have not been abandoned have consented to the drilling of the proposed well.

The requirements of Sec. 14-8 Issuance of Permit, subsections a (1), (2), (5), (7), and (8) have been met. On July 15, 2008 the City Council conducted a Public Hearing on Williams #1 Re-entry as required by Sec. 14-7. The City Council is authorized to waive notice requirements set forth in Sec. 14-5. Upon waiver of those notice requirements, the Mayor is authorized and directed by the City Council to issue a drilling permit forthwith.

Council consensus during the June 17, 2008 Workshop conducted on Oil & Gas Drilling within the Corporate City Limits was to have the City Manager work with appropriate City staff to revise the current Oil & Gas Drilling Wells (Chapter 14) of the Copperas Cove Code of Ordinances. Local Government Code 245.002(a) reads as follows:

"Each regulatory agency shall consider the approval, disapproval, or conditional approval of an application for a permit solely on the basis of any orders, regulations, ordinances, rules, expiration dates, or other properly adopted requirements in effect at the time: (1) the original application for the permit is filed for review for any purpose, including review for administrative completeness…"

3. FINANCIAL IMPACT

There are no out-of-pocket expenses for the City. The risk to the City from damages caused by such drilling operations have been minimized by Applicant providing a $30,000.00 cashier's check for multiple drilling sites, general liability policy that provides insurance for bodily injury or death of one person of not less than $1,000,000.00, for any one accident not less than $2,000,000.00 and property damage not less than $500,000.00, and environmental pollution liability insurance applicable to bodily injury, property damage including loss of use of damaged property or of property that has been physically injured or destroyed; clean-up costs; and defense, including cost and expense incurred in the investigation, defense or settlement of claims; all in connection with any loss arising from the inured site; said coverage to be maintained in an amount of at least $1,000,000.00 per loss with annual aggregate of at least $2,000,000.00, for each drilling site.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends authorizing the Mayor Pro-Tem to issue a drilling permit to Central Basin Oil Investments, Inc. and Halek Energy LLC for re-entry drill on Williams #1 within the corporate limits of the City of Copperas Cove.

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 1CB within the City of Copperas Cove, TX

Date: June 27, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 1CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the northwestern corner of the lease, located 414.7 feet from the north lease line and 334.3 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½ " long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

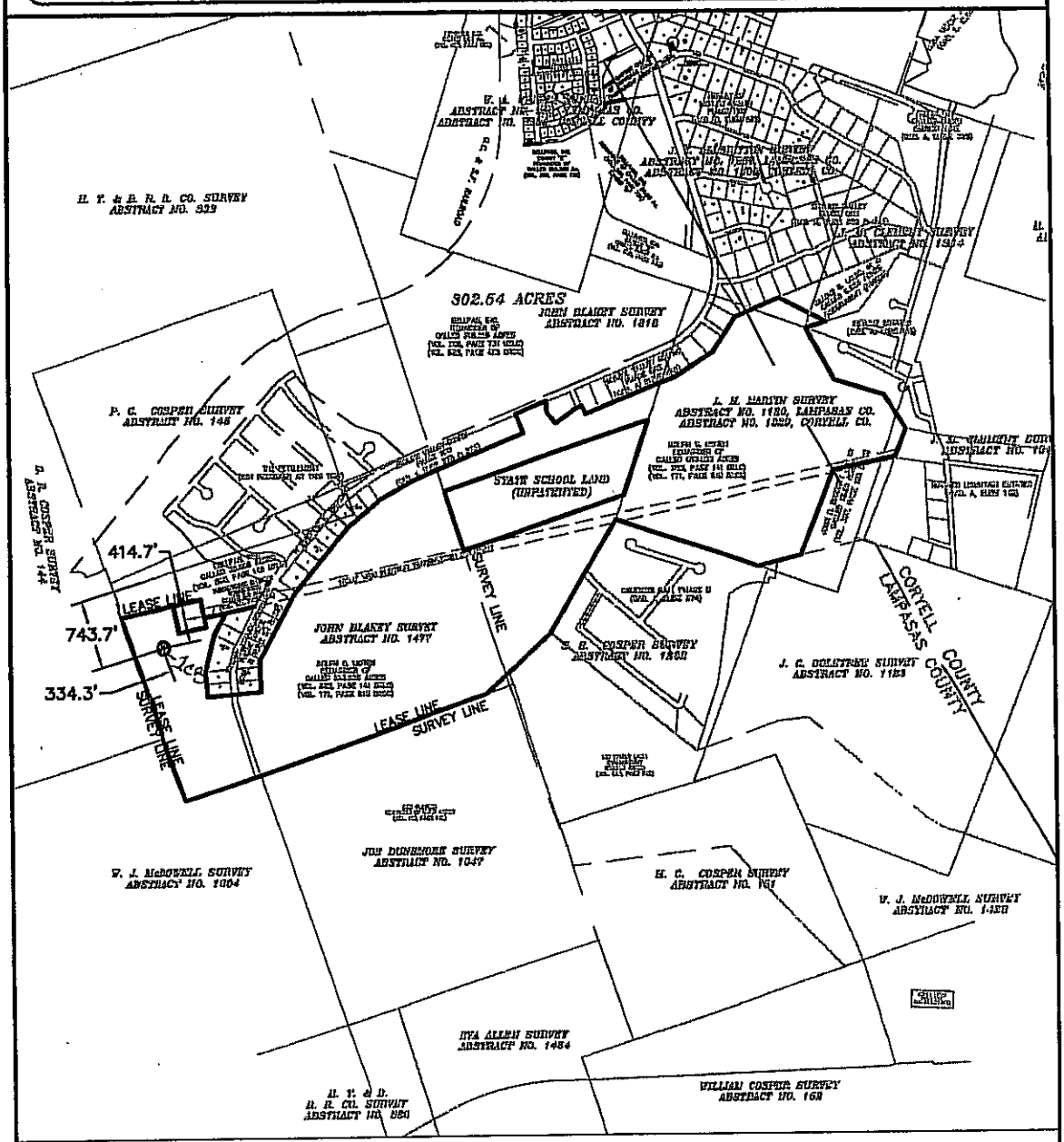
Jason Halek President

Printed name

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°06' 37.879"
Longitude: 97°57' 42.708"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,375,536.19
Easting: 3,038,643.43

Central Basin Oil Inv. Inc.

1 CB. 448.665 acre.

Lease Perpendicular: 414.7 ft. from a North line of called 513.232 acre tract, and 334.3 ft from the west line of called 513.232 acres tract.

Survey Perpendicular: 334.3 ft. from the West line of the John Blakey, Abstract No. 1477 and 743.7 ft from the North line of the John Blakey, Abstract No. 1477.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: Moten
5. Well No.: 1CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located Ø miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: John Blakey
18. Abstract No.: 1477
19. Distance to nearest lease line: 334.3
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 414.7 ft. from the N line and 334.3 ft from the W line.
22. Survey Perpendiculars: 334.3 ft from the W line and 743.7 ft from the N line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or gas	1998	Ø	1

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:
I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

17-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:	$	11,420.00	Premium - Excluding Terrorism Coverage
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford L. Bass
(Authorized Representative)

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Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes
First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back.

⑈450918⑈ ⑆102000978⑈

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, all times, it may be difficult for us to handle telephone requests. Complete, type the information requested, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 10-23-08 TCEQ File No.: SC- 39

FOR TCEQ USE ONLY

Rachael Bourc (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) lot No. ____
Abstract No. A-1477 LEASE Name Moten lease Well No. 1 CB + All
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

DO NOT WRITE HERE FOR TCEQ USE ONLY

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2005)

Total P.002

5387

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

Security Features Included. Details on back.

⑈005387⑈ ⑆111000614⑆ 725186985⑈

Moten #1 CB

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
JUL — 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 2CB within the City of Copperas Cove, TX

Date: June 27, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 2CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the southwestern corner of the lease, located 580.7 feet from the south lease line and 324.8 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½ " long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halek President

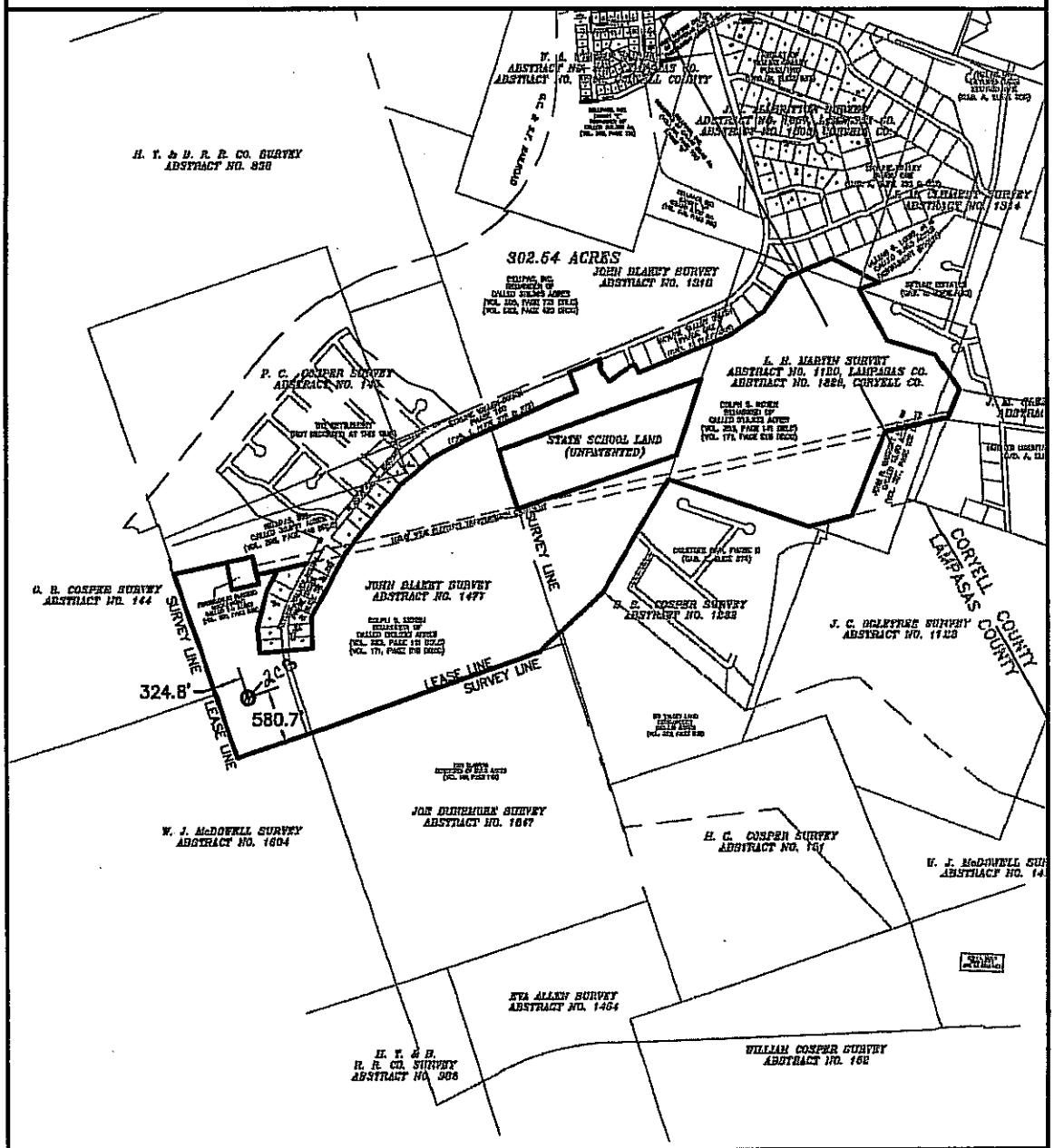
Printed name

14-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°06' 27.722"
Longitude: 97°57' 39.020"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,374,517.04
Easting: 3,038,985.89

Central Basin Oil Inv. Inc.

2CB 448.665 acre.

Lease Perpendicular: 580.7 ft. from the South line of called 513.232 acre tract, and 324.8 ft from the west line of called 513.232 acres tract.

Survey Perpendicular: 324.8 ft. from the West line of the John Blakey, Abstract No. 1477 and 580.7 ft from the South line of the John Blakey, Abstract No. 1477.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____

Drilling Permit No.: _____

Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182

2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.

3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092

4. Lease Name: Moten.

5. Well No.: 2CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998

9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No

10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B

12. County: Lampasas

13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:

16. Block:

17. Survey: John Blakey

18. Abstract No.: 1477

19. Distance to nearest lease line: 324.8

20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.66 ac.

21. Lease Perpendiculars: 580.7 ft. from the S line and 324.8 ft from the W line.

22. Survey Perpendiculars: 324.8 ft from the W line and 580.7 ft from the S. line.

23. Is this a pooled unit? ☐ Yes ☐ No

24. Unitization Docket No: _____

25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION – List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas	1998	1075.3	2

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford A. Bass
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

TERMS

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000929⑈ 3500355

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Complete form the bottom copy (goldenrod) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39.

Rachael Rourc (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A-1477 LEASE Name Moten lease Well No. 1 CB + NL
Distance from the nearest lease or unit line boundary ☐ Eastline or ☒ Westline
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove
THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT
API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83

Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5388

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005388⑈ ⑆111000614⑆ 725686985⑈

Details on back.

Security Features Included.

081064 / 07-05

Moten #2 CB

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 3CB within the City of Copperas Cove, TX

Date: June 27, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 3CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the southwestern corner of the lease, located 377.2 feet from the south lease line and 1,856.0 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½ " long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halck, President

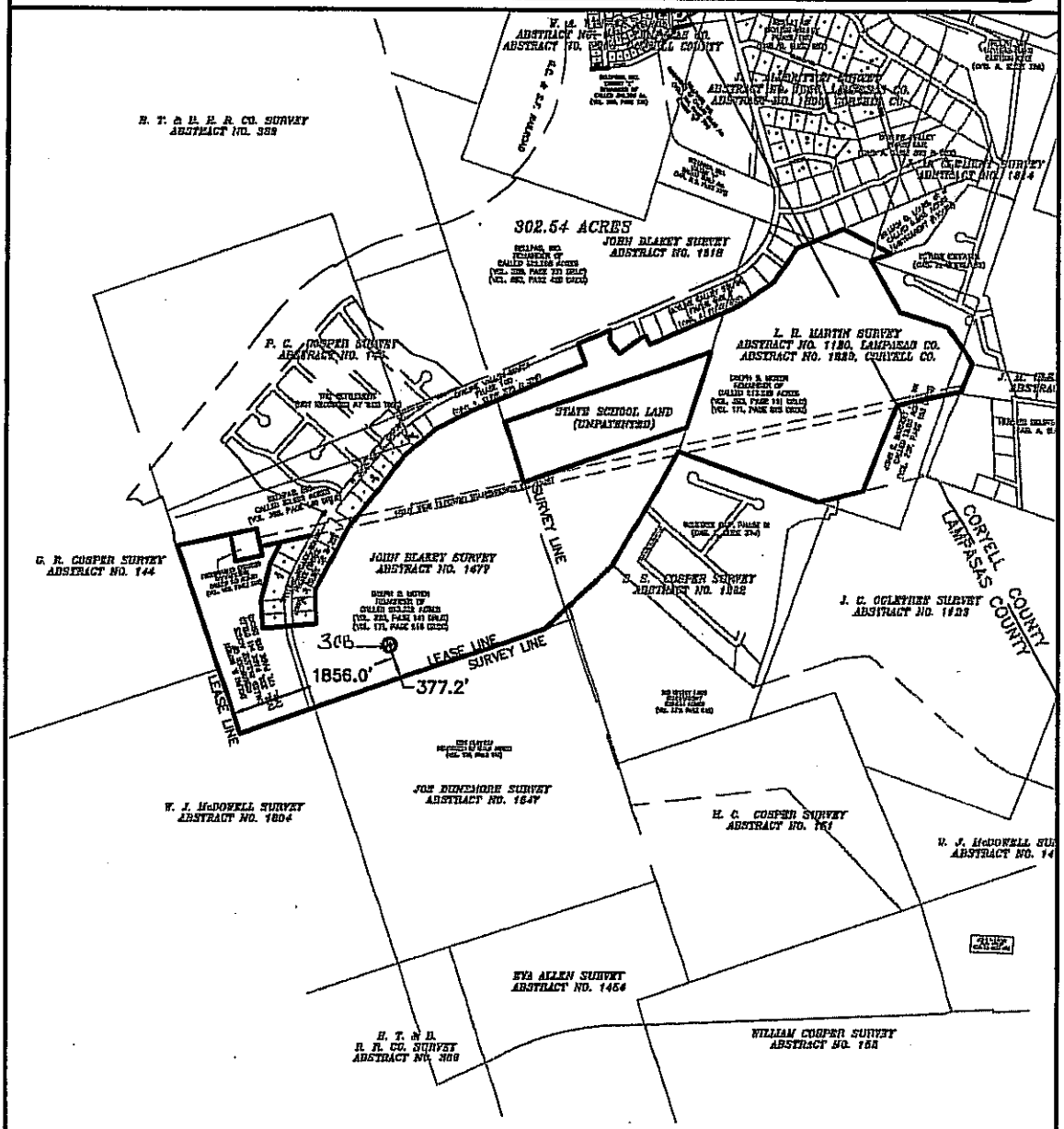
Printed name

14-4-c-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°06' 30.382"
Longitude: 97°57' 21.512"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,374,818.27
Easting: 3,040,501.71

Central Basin Oil Inv. Inc.

3CB

448.665 acre.

Lease Perpendicular: 377.2 ft. from the South line of called 513.232 acre tract, and 1856.0 ft from the west line of called 513.232 acres tract.

Survey Perpendicular: 1856.0 ft. from the West line of the John Blakey, Abstract No. 1477 and 377.2 ft from the South line of the John Blakey, Abstract No. 1477.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)

1 inch = 1500 ft.

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____

Drilling Permit No.: _____

Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182

2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.

3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092

4. Lease Name: Moten

5. Well No.: 3CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998

9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No

10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B

12. County: Lampasas

13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:

16. Block:

17. Survey: John Blakey

18. Abstract No.: 1477

19. Distance to nearest lease line: 377.2

20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 377.2 ft. from the S line and 1856.0 ft from the W line.

22. Survey Perpendiculars: 1856.0 ft from the W line and 377.2 ft from the S line.

23. Is this a pooled unit? ☐ Yes ☐ No

24. Unitization Docket No: _____

25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	0001400 1	Wildcat	Oil or Gas	1998	1545.6	3

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. Bar
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

TERMS

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499158143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen L. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000929⑆ 3500355555⑈

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete form this fashion (neatness) for your files and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39

FOR TCEQ USE ONLY

Rachael Roure (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste: 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A- 1477 FARM Name Moten lease Well No. 1 C-2 + NL
Distance from the nearest lease line or unit line in the direction of the producing ☐ Admin or ☒ Temp line
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5389

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

Security Features Included. Details on back.

⑈005389⑈ ⑆111000614⑆ 7251869851⑈

Moten #3 CB

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 4CB within the City of Copperas Cove, TX

Date: June 27, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 4CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the northwestern corner of the lease, located 456.2 feet from the north lease line and 1,448.2 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½ " long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halek, President

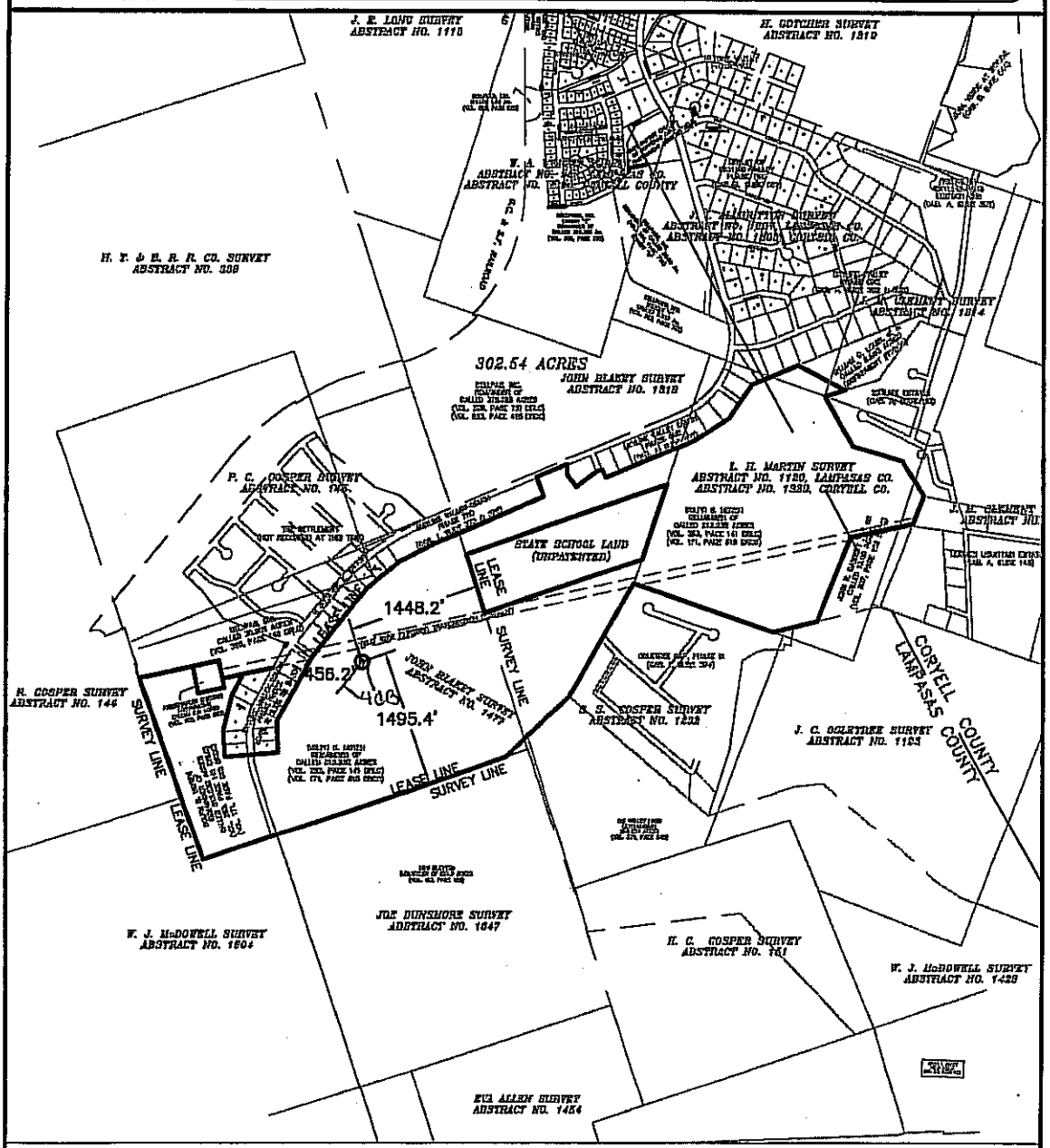
Printed name

14-4.c-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°06' 42.391"
Longitude: 97°57' 19.956"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,376,034.16
Easting: 3,040,611.01

Central Basin Oil Inv. Inc.

4CB 448.665 acre.

Lease Perpendicular: 456.2 ft. from a Northh line of called 513.232 acre tract, and 1448.2 ft from an interior west line of called 513.232 acres tract.

Survey Perpendicular: 1448.2 ft. from the East line of the John Blakey, Abstract No. 1477 and 1495.4 ft from the South line of the John Blakey, Abstract No. 1477.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: Moten
5. Well No.: 2CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a Within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: John Blakey
18. Abstract No: 1477
19. Distance to nearest lease line: 456.2
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665.

21. Lease Perpendiculars: 456.2 ft. from the N line and 1448.2 ft from the W. line.

22. Survey Perpendiculars: 1448.2 ft from the E line and 1495.4 ft from the S. line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or Gas	1998	1220.9.	4

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:	$	11,420.00	Premium - Excluding Terrorism Coverage
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000978⑈ 3500155

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your [illegible]. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Complete, print in ink, and keep a copy for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39.

FOR TCEQ USE ONLY

Rachael Rouse (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

ALWAYS INCLUDE A MAP SHOWING WITH WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A-1477 LEASE Name Moten lease Well No. 1, 2, & All
Distance to land, and all [illegible] at right angles from nearest or sole producing ☐ drilling or ☒ producing line
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove
THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT
API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.
ALWAYS attach the electric log of any well that is to be reentered.
Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

June 27, 2008
Date
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5390

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

DOLLARS

1000*Dollars*And*00*Cents

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005390⑈ ⑆111000614⑆ 7251869851⑈

Motion # 4 CB

051064 / 07-05

Details on back.

Security Features Included.

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Received
Flees
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 5CB within the City of Copperas Cove, TX

Date: June 27, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 5CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the southwestern corner of the lease, located 548.9 feet from the north lease line and 3,351.1 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½ " long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halck, President

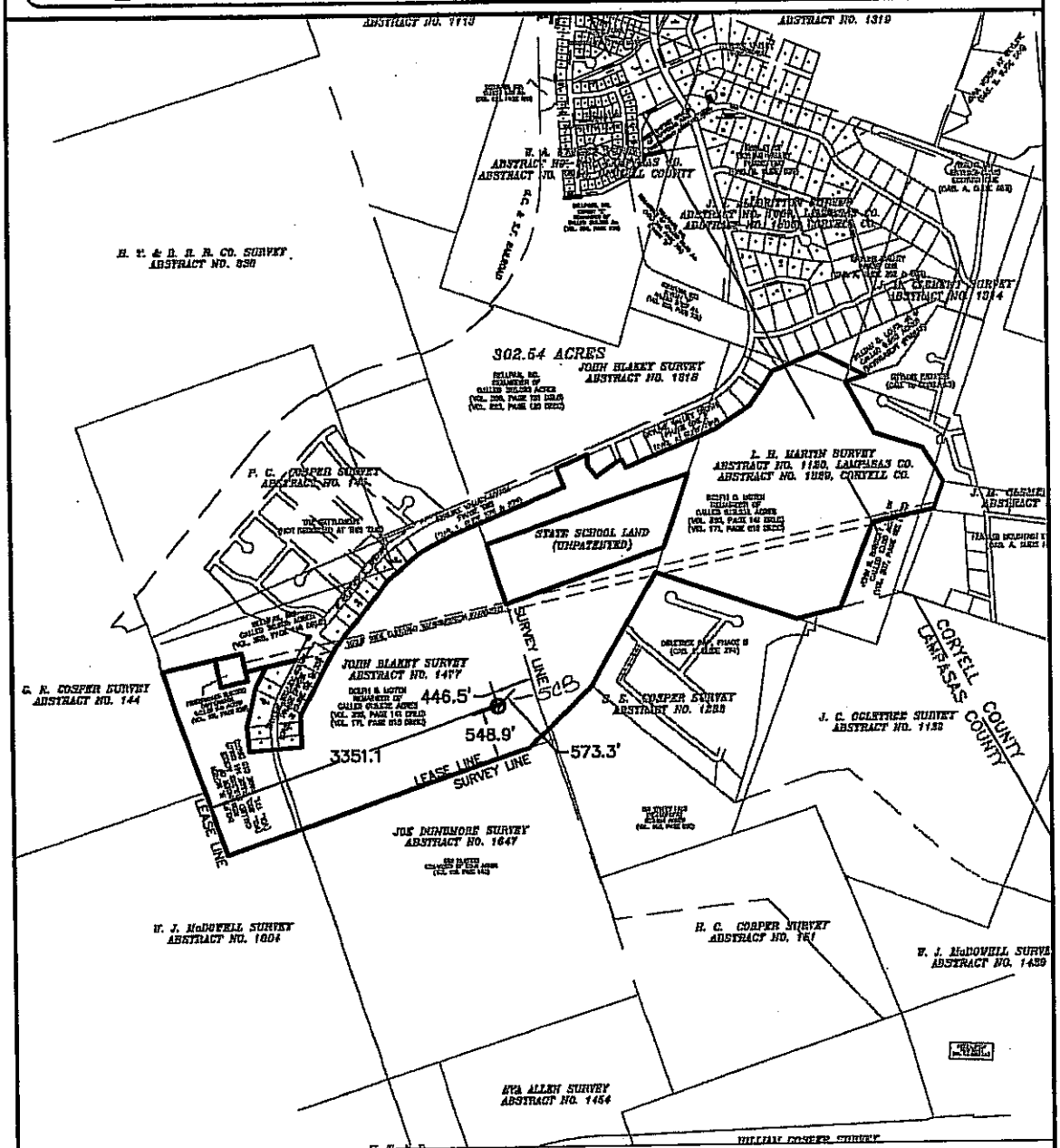
Printed name

14.4.c-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°06' 36.444"
Longitude: 97°57' 05.714"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,375,459.99
Easting: 3,041,861.56

Central Basin Oil Inv. Inc.

SCB 448.665 acres

Lease Perpendicular: 548.9 ft. from the South line of called 513.232 acre tract, and 3351.1 ft from the west line of called 513.232 acres tract.

Survey Perpendicular: 446.5 ft. from the East line of the John Blakey, Abstract No. 1477 and 548.9 ft from the South line of the John Blakey, Abstract No. 1477.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____

Drilling Permit No.: _____

Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182

2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.

3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092

4. Lease Name: Moten

5. Well No.: 5CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998

9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No

10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B

12. County: Lampasas

13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a Within direction from Copperas Cove, which is the nearest town in the county.

15. Section:

16. Block:

17. Survey: John Blakey

18. Abstract No: 1477

19. Distance to nearest lease line: 548.9

20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 548.9 ft. from the S line and 3351.1 ft from the W line.

22. Survey Perpendiculars: 446.5 ft from the E line and 548.9 ft from the S line.

23. Is this a pooled unit? ☐ Yes ☐ No

24. Unitization Docket No: _____

25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas	1998	1376.2	5

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

17-4-C-4

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. Bass
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000929⑈ 3500355

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Complete form in the uniform print (maintained) for your files and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39

Rachael Roure (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. Township Section or Survey No: (or) Lot No.
Abstract No. A-1477 LEASE Name Moten lease Well No. 1 C.B. + NL
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove
THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT
API # RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify)
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC-
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks:

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

June 27, 2008
Date
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5391

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005391⑈ ⑆111000614⑆ 7256869851⑈

Security Features Included. Details on back.

081084 / 07-05

Moten #5 CB

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Received
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 6CB within the City of Copperas Cove, TX

Date: June 27, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 6CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the northwestern corner of the lease, located 585.2 feet from the north lease line and 305.7 feet from the west lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halek, President

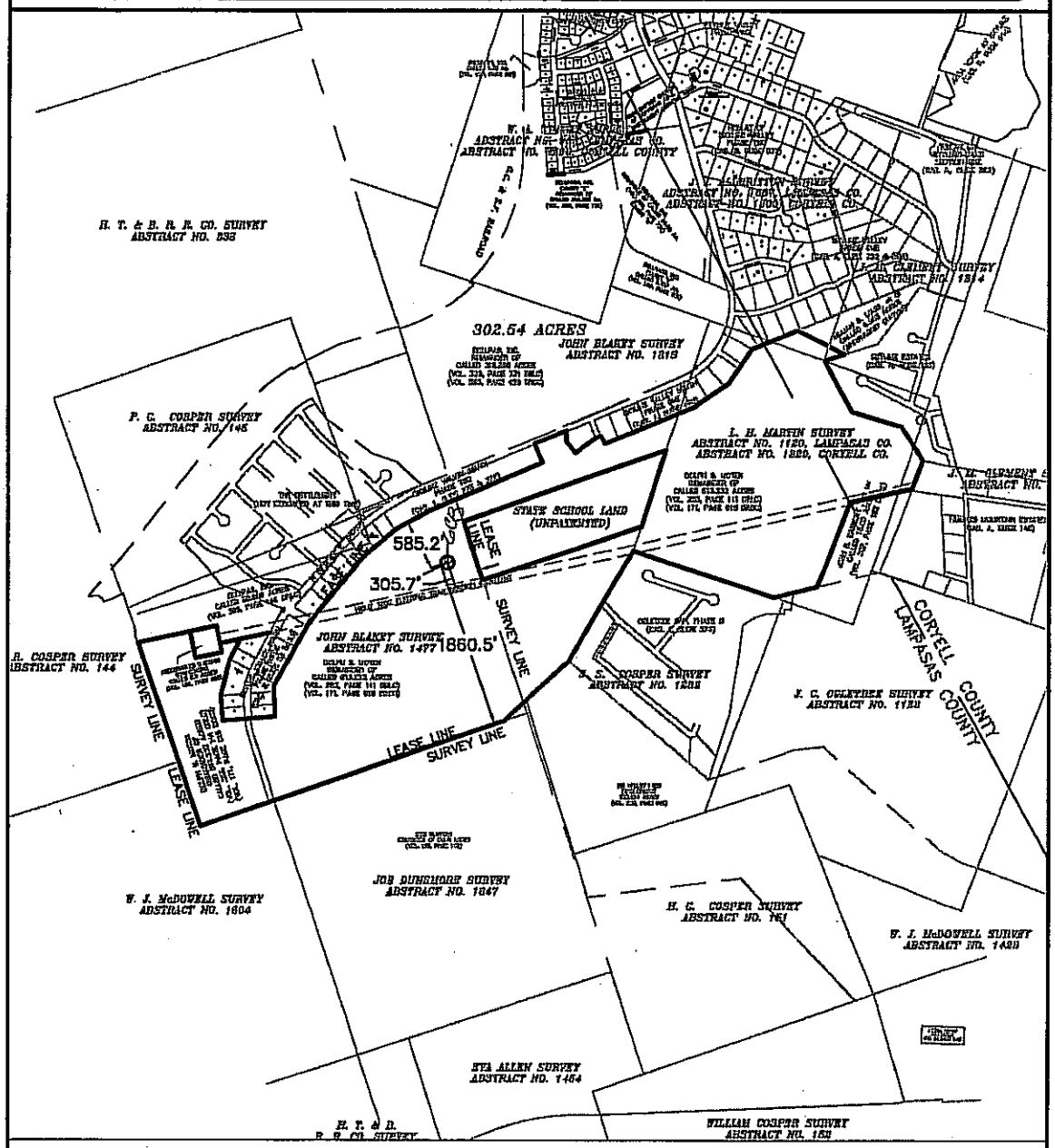
Printed name

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541

14-4-C-1



Coordinates:
Latitude: 31°06' 49.253"
Longitude: 97°57' 08.667"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,376,748.24
Easting: 3,041,577.23

Central Basin Oil Inv. Inc.
6CB 448.665 acre.

Lease Perpendicular: 305.7 ft. from an interior West line of called 513.232 acre tract, and 585.2 ft from the North line of called 513.232 acres tract.

Survey Perpendicular: 305.7 ft. from the East line of the John Blakey, Abstract No. 1477 and 1860.5 ft from the South line of the John Blakey, Abstract No. 1477.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

S:\Surveys\Atkinson_Remainder_08\dwg\Atkinson_Molen_Williams.dwg, Molen 7, 6/20/2008 10:31:49 AM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: moten
5. Well No: 6CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): [X] New Drill [ ] Recompletion [ ] Reclass [ ] Field Transfer [ ] Re-enter [ ] Amended [ ] Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): [X] Vertical [ ] Horizontal (Also File Form W-1H) [ ] Directional (Also File Form W-1D) [ ] Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? [ ] Yes [X] No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? [ ] Yes [X] No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: [X] Land [ ] Bay/estuary [ ] Inland waterway [ ] Offshore

14. This well is to be located _____ miles in a _____ direction from _____, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: John Blakey
18. Abstract No: 1477
19. Distance to nearest lease line: 305.7
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 305.7 ft. from the W line and 585.2 ft from the N line.
22. Survey Perpendiculars: 305.7 ft from the E line and 1860.5 ft from the S line.

23. Is this a pooled unit? [ ] Yes [ ] No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? [ ] Yes (attach Form W-1A) [ ] No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or Gas	1998	1201.6	6.

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:
I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford L. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

499158143950 499157 REV2 07/07 8710036152

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000978⑈

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your [illegible] begins. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Complete form the bottom copy (maintained) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 10-23-08 TCEQ File No.: SC- 39

FOR TCEQ USE ONLY

Rachael Roure (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A- 1477 FARM Name Moten lease Well No. 1-B + NL
Distance from the nearest lease line or unit line (NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town) Within the City limits of Copperas Cove

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83

Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2005)

Total P.002

5392

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005392⑈ ⑆111000614⑆ 7251869851⑈

Details on back.

Security Features Included.

081064 / 07-05

Moten #6 CB

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Received
Glees
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 7CB within the City of Copperas Cove, TX

Date: June 27, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 7CB (no API # assigned yet), shall be in the S.S. Cosper Survey (Lampasas County). One 40-acre unit in the center of the southern edge of the lease, located 334.0 feet from the south lease line and 432.6 feet from the nearest north lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halek, President

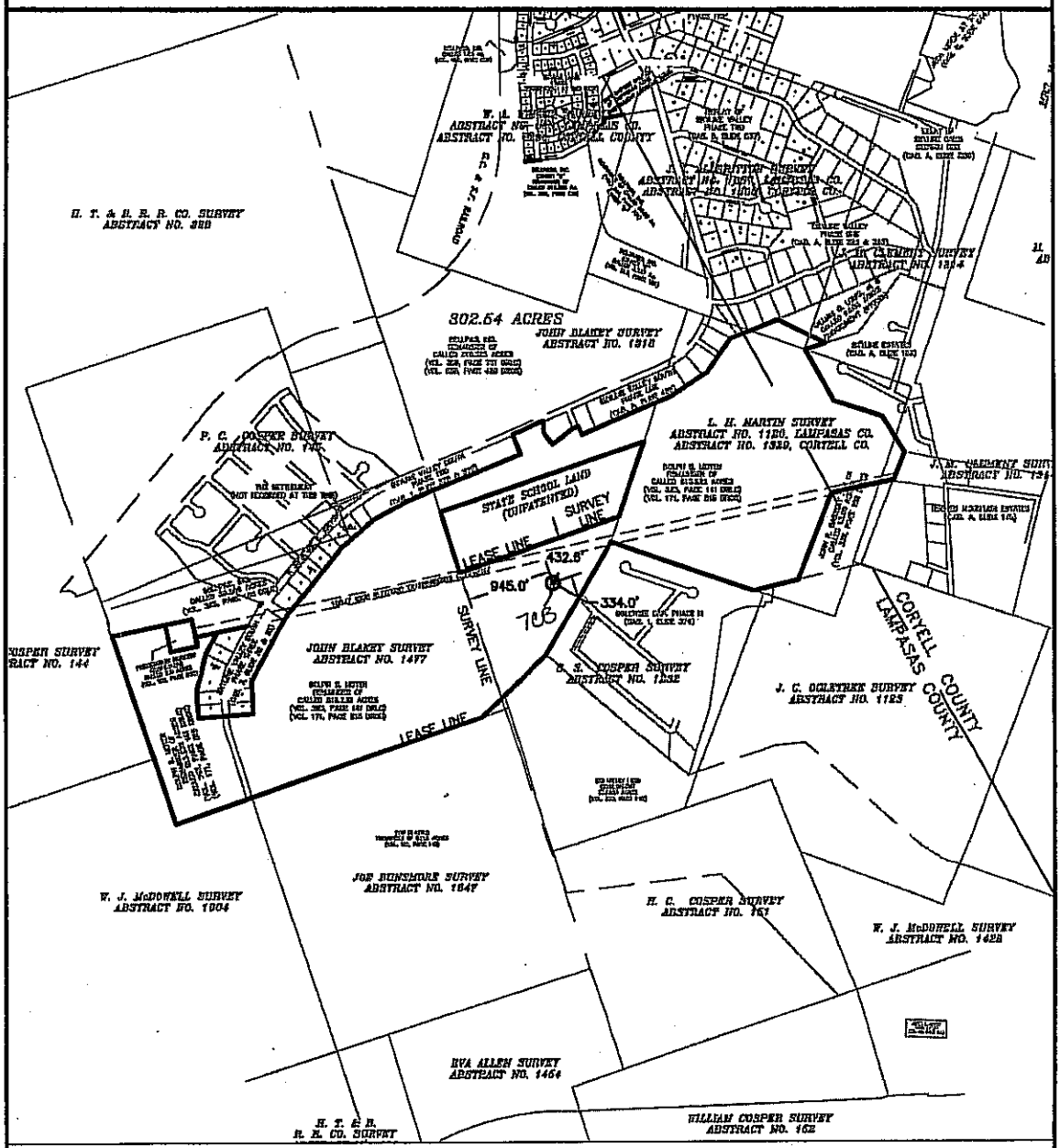
Printed name

14-4-C-

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°06' 45.906"
Longitude: 97°56' 52.388"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,376,440.41
Easting: 3,042,999.25

Central Basin Oil Inv. Inc.

7CB 448.665 acre.

Lease Perpendicular: 432.6 ft. from an interior South line of called 513.232 acre tract, and 334.0 ft from the South line of called 513.232 acres tract.

Survey Perpendicular: 945.0 ft. from the West line of the S. S. Cosper Survey, Abstract No. 1232 and 432.6 ft from the North line of the S. S. Cosper Survey, Abstract No. 1232.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)

1 inch = 1500 ft.

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-
Drilling Permit No.:
Rule 37/38 Case No.:

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: Moten
5. Well No.: 7CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located ____ miles in a within direction from Copperas Coves, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: S.S Cosper
18. Abstract No: 1232
19. Distance to nearest lease line: 432.6
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 432.6 ft. from the S line and 334.0 ft from the S. line.
22. Survey Perpendiculars: 945.0 ft from the W line and 432.6 ft from the N line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No:
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or Gas	1998	14551	7

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) Signature Date (mm/dd/yy)

Telephone (AC and number) E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.)

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen L. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000928⑆ 3500355 ⑈

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Complete form in the bottom right (indented) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39.

Rachael Rowe (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A-1477 LEASE Name Moten lease Well No. 1 CB + NL
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove
THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT
API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

DO NOT WRITE HERE FOR TCEQ USE ONLY

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5393

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

$ $****1,000.00

DOLLARS

Security Features Included. Details on back.

PAY TO THE ORDER OF City of Copperas Cove

1000*Dollars*And*00*Cents

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

061064 / 07-05

⑈005393⑈ ⑆111000614⑆ 725186985⑈

Moten # 7 CB

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Received
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 8CB within the City of Copperas Cove, TX

Date: July 1, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 8CB (no API # assigned yet), shall be in the S.S. Cosper Survey (Lampasas County). One 40-acre unit in the southwest corner of the lease, located 699.4 feet from the south lease line and 356.6 feet from the northwest lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halek, President

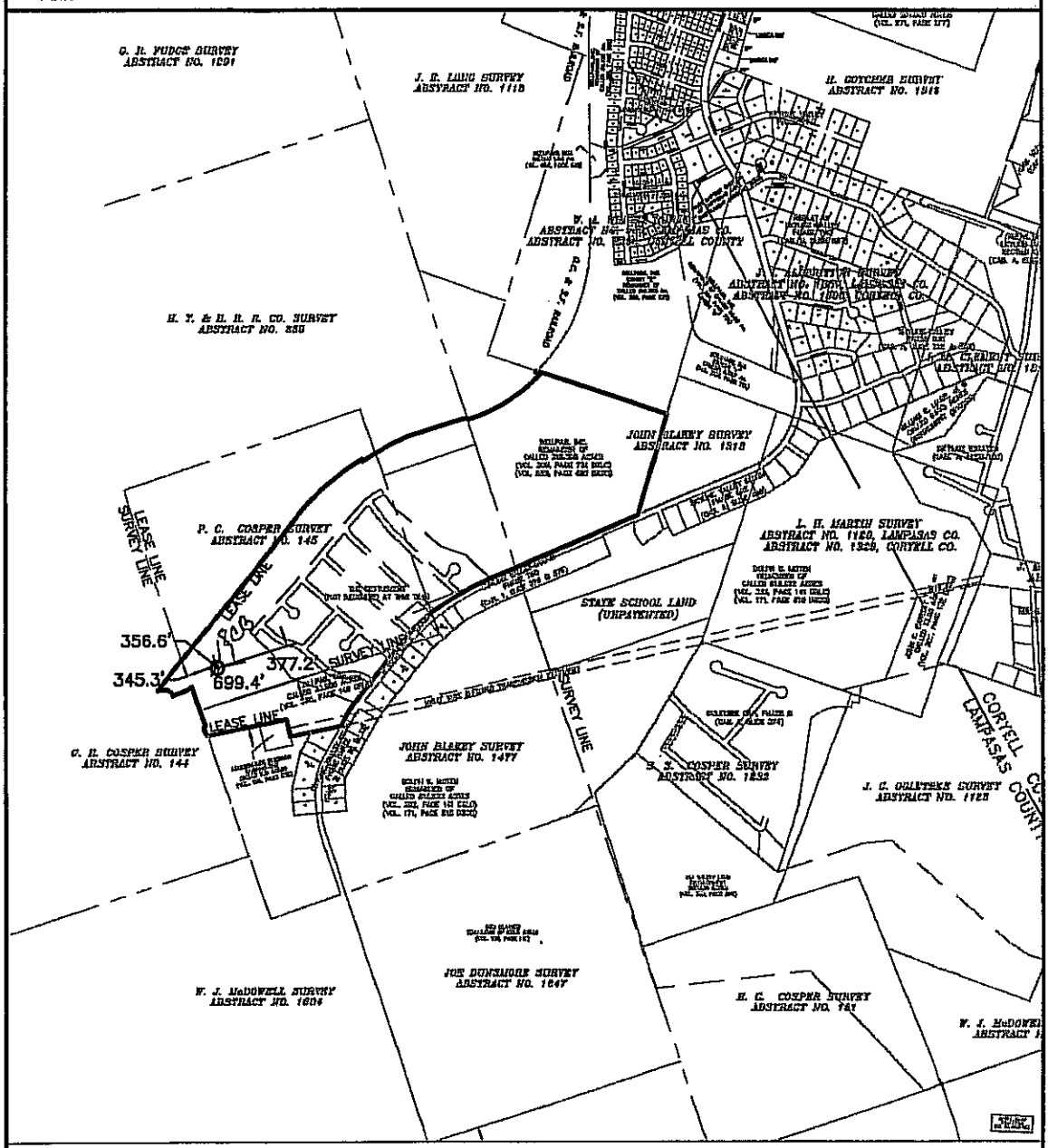
Printed name

14-4-c-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°06' 48.473"
Longitude: 97°57' 46.546"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,376,599.12
Easting: 3,038,287.13

Central Basin Oil Inv. Inc.

8 CB 448.665 acres.

Lease Perpendicular: 699.4 ft. from the south line of called 30.906 acre tract, and 356.6 ft from the North line of called 318.365 acres tract.

Survey Perpendicular: 345.3 ft. from the West line of the P. C. Cosper Survey, Abstract No. 145 and 377.2 ft from the South line of the P. C. Cosper Survey, Abstract No. 145.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

B:\Surveys\Atkinson_Remainder_08\dwg\Atkinson_Moten_Williams.dwg, Atkinson a1, 6/20/2008 3:27:14 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: Moten
5. Well No. 8CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: P.C Cosper
18. Abstract No: 145
19. Distance to nearest lease line: 356.6
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 699.4 ft. from the S line and 356.6 ft from the N line.
22. Survey Perpendiculars: 345.3 ft from the W line and 377.2 ft from the S line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wild Cat	Oil or Gas	1998	1121.2	8

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:
I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED:	Central Basin Oil Investment, Inc.
Mailing Address:	5605 North MacArthur Blvd. Suite 860 Irving, TX 75038
Insurer(s):	St. Paul Surplus Lines Insurance Company
Assigned Policy No.:	**MU05576127**
Policy Period:	10/25/2007 to: 10/25/2008
Binder Period:	10/25/2007 to: 12/24/2007 12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.
Coverage:	**Umbrella Excess Liability**
Policy Form:	OG500 01/04
Limits of Liability:	$ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:	$	11,420.00	Premium - **Excluding Terrorism Coverage**
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. Bass
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 6710036152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97 / 1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado

JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000979⑆ 3500355 ⑈

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Completing form this fashion cannot guarantee for your time, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39

Rachael Roure (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A-1477 LEASE Name Moten lease Well No. 1 CB + ALL
Distance from nearest lease line (NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town) Within the City limits of Copperas Cove

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5394

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

DOLLARS

1000*Dollars*And*00*Cents

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005394⑈ ⑆111000614⑆ 7251869851⑈

Motor # 8 CB

091064 / 07-05

Details on back.

Security Features Included.

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 9CB within the City of Copperas Cove, TX

Date: July 1, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 9CB (no API # assigned yet), shall be in the S.S. Cosper Survey (Lampasas County). One 40-acre unit in the western edge of the lease, located 210.9 feet from the northwest lease line and 1541.7 feet from the southeast lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halck, President

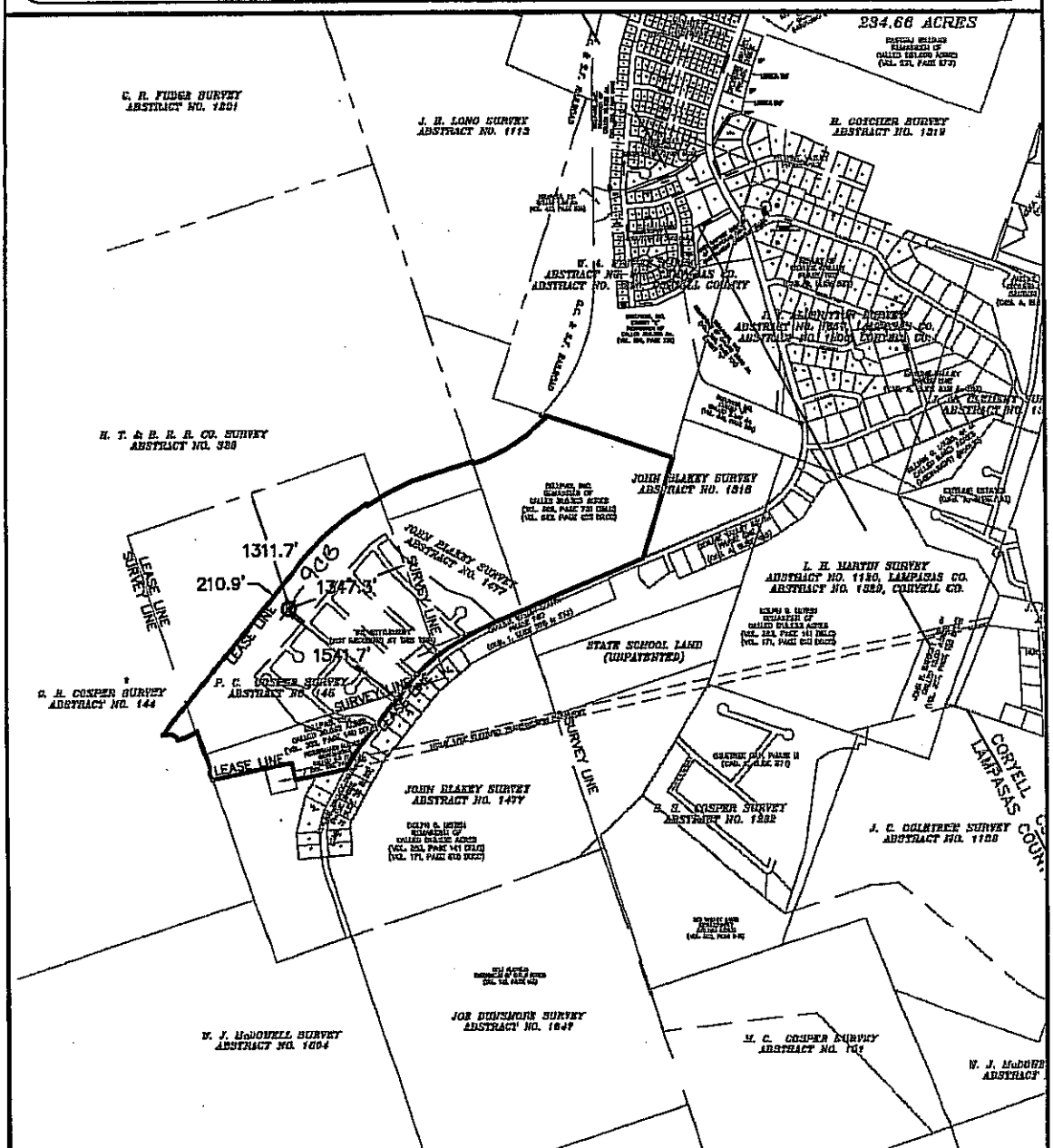
Printed name

14-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°06' 59.460"
Longitude: 97°57' 37.826"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,377,725.06
Easting: 3,039,021.23

Central Basin Oil Inv, Inc.

9CB 448.665 acres.

Lease Perpendicular: 210.9 ft. from the North line of called 318.365 acre tract, and 1541.7 ft from the South line of called 30.906 acres tract.

Survey Perpendicular: 1347.3 ft. from the East line of the P. C. Cosper Survey, Abstract No. 145 and 1311.7 ft from the North line of the P. C. Cosper Survey, Abstract No. 145.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: Moten
5. Well No 9CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a Within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: P.C. Cosper
18. Abstract No: 145
19. Distance to nearest lease line:
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 210.9 ft. from the N line and 1541.7 ft from the S line.
22. Survey Perpendiculars: 1347.3 ft from the E line and 1311.7 ft from the N. line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	Oil or Gas	1998	1344.3	9

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:
I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

17-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:	$	11,420.00	Premium - Excluding Terrorism Coverage
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford L. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

499158143950 499157 REV2 07/07 8710036152

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000929⑈ 3500755555⑈

PLEASE DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your [illegible]. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete form by typing or printed for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39

FOR TCEQ USE ONLY

Rachael Rourc (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. — Township — Section or Survey No. — (or) Lot No. —
Abstract No. A-1477 LEASE Name Moten lease Well No. 1 C.B. + NL
☐ Lanline or ☒ Property line
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT

API # — RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation — Total Depth 1998' Geologic Fm. at T.D. Unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify)
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC-
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks:

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5395

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005395⑈ ⑆111000614⑆ 7251869850⑈

Motew #9 CB

091064/07-05

Security Features Included. Details on back.

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
Glees
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 10CB within the City of Copperas Cove, TX

Date: July 1, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 10CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the northwestern edge of the lease, located 410.7 feet from the northwest lease line and 1365.5 feet from the southeast lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Halek, President

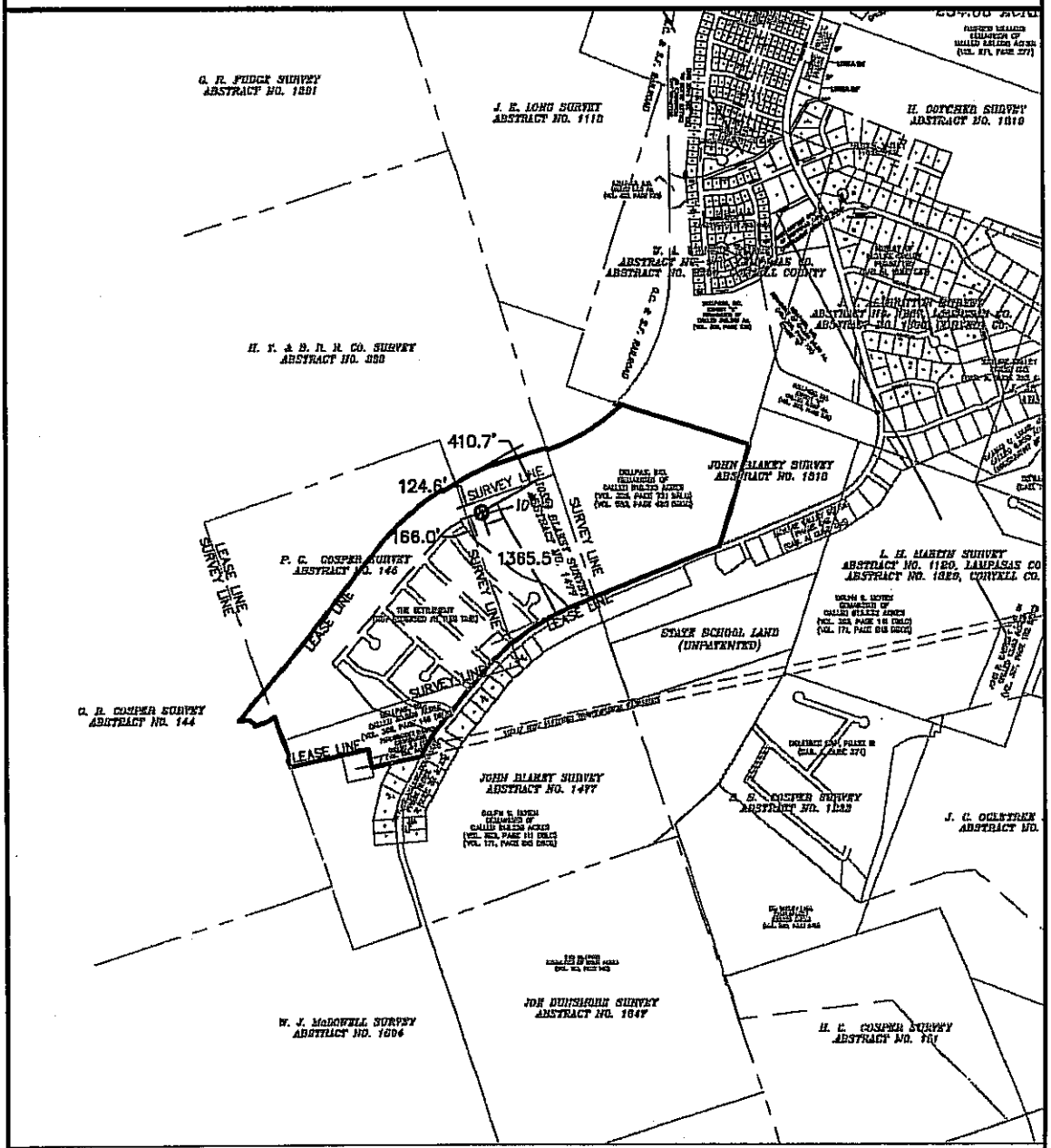
Printed name

19-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07' 07.939"
Longitude: 97°57' 22.775"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,378,609.38
Easting: 3,040,310.86

Central Basin Oil Inv. Inc.

10CB 448.665 acres.

Lease Perpendicular: 410.7 ft. from the North line of called 318.365 acre tract, and 1365.5 ft from the South line of called 318.365 acres tract.

Survey Perpendicular: 166.0 ft. from the East line of the P. C. Cosper Survey, Abstract No. 145 and 124.6 ft from the North line of the John Blakey Survey, Abstract No. 1477.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

S:\Surveys\Atkinson Remainder 08\dwg\Atkinson Moten Williams.dwg Atkinson a3 6/20/2008 3:18:08 PM dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-
Drilling Permit No.:
Rule 37/38 Case No.:

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: Moten
5. Well No.: 10CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: P.C. Cooper
18. Abstract No: 145
19. Distance to nearest lease line:
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 410.7 ft. from the N line and 1365.5 ft from the S line.
22. Survey Perpendiculars: 166.0 ft from the E line and 124.6 ft from the N line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No:
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or Gas	1998	1563.9	10

BOTTOMHOLE LOCATION INFORMATION Is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) Signature Date (mm/dd/yy)

Telephone (AC and number) E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.)

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

19-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED:	Central Basin Oil Investment, Inc.
Mailing Address:	5605 North MacArthur Blvd. Suite 860 Irving, TX 75038
Insurer(s):	St. Paul Surplus Lines Insurance Company
Assigned Policy No.:	MU05576127
Policy Period:	10/25/2007 to: 10/25/2008
Binder Period:	10/25/2007 to: 12/24/2007 12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.
Coverage:	**Umbrella Excess Liability**
Policy Form:	OG500 01/04
Limits of Liability:	$ 2,000,000.00
Underlying Coverage And Limits:	**AS QUOTED**

Premium/Taxes/Fees:	$	11,420.00	Premium - **Excluding Terrorism Coverage**
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford L. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

499156143950 499157 REV2 07/07 8710036152

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000929⑆ 355228394

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Complete form the bottom copy (yellow) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 10-23-08 TCEQ File No.: SC- 39

Rachael Rourc (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A-1477 Lease Name Moten lease Well No. 1 C.P. + All
Distance to the nearest lease line measured at right angles from each side of the proposed well (NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town) Within the City limits of Copperas Cove

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. Unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation ____ Total Depth 1998' Geologic Fm. at T.D. Unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

DO NOT WRITE HERE FOR TCEQ USE ONLY

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5397

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

DOLLARS

1000*Dollars*And*00*Cents

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005397⑈ ⑆111000614⑆ 7254869851⑈

Motion #10 CB

031064 / 07-05

Security Features Included. Details on back.

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Received
Flees
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 11CB within the City of Copperas Cove, TX

Date: July 1, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 11CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the southeastern edge of the lease, located 1947.2 feet from the northwest lease line and 277.4 feet from the southeast lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

Jason Holt, President

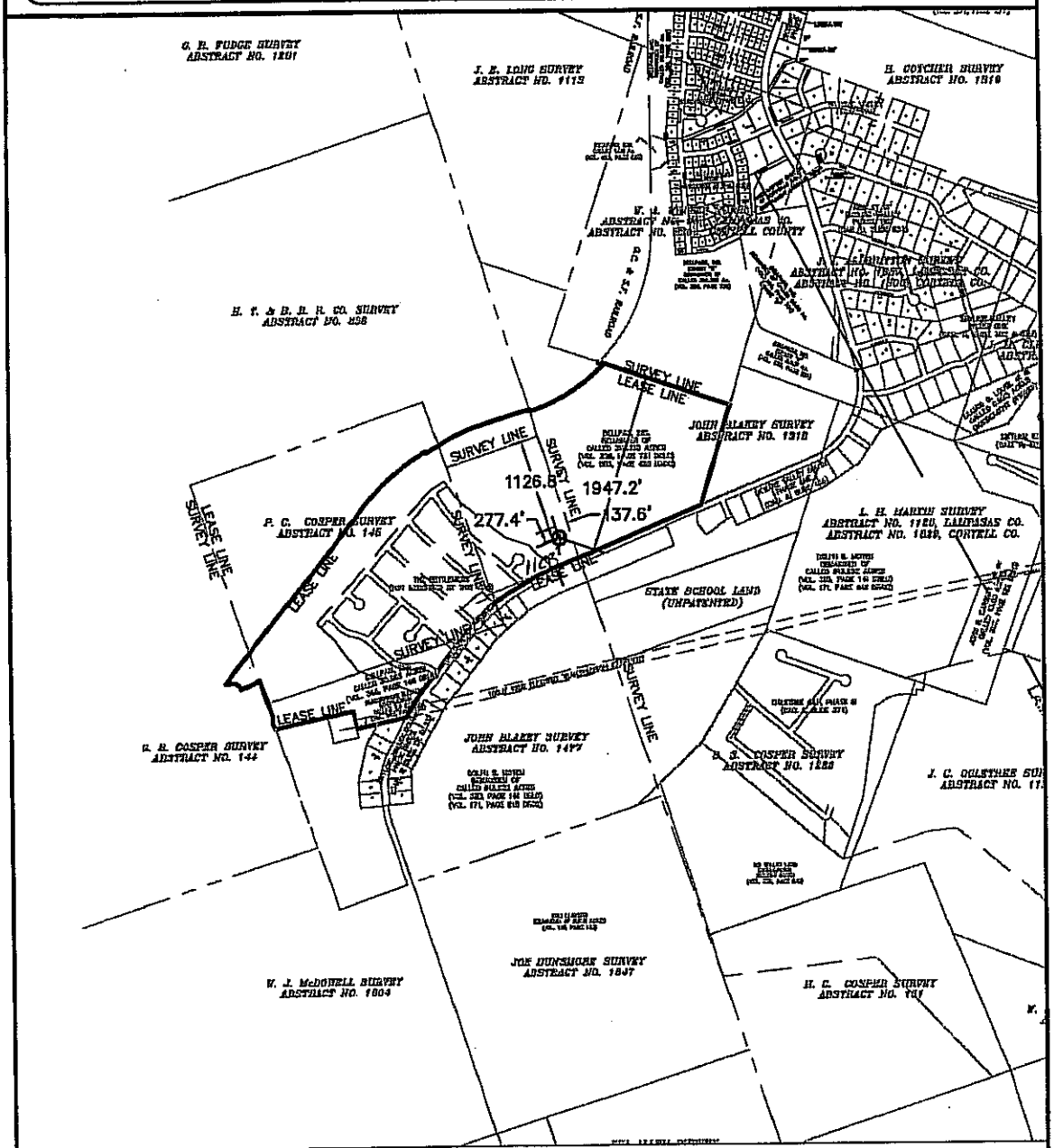
Printed name

14-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07' 00.717"
Longitude: 97°57' 10.835"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,377,902.16
Easting: 3,041,364.03

Central Basin Oil Inv. Inc.

11CB 448.665

Lease Perpendicular: 277.4 ft. from the South line of called 318.365 acre tract, and 1947.2 ft from the Northeast line of called 318.365 acres tract.

Survey Perpendicular: 137.6 ft. from the East line of the John Blakey Survey, Abstract No. 1477 and 1126.8 ft from the North line of the John Blakey Survey, Abstract No. 1477.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

k:\Surveys\Atkinson Remainder 08\dwg\Atkinson_Moten_Williams.dwg, Atkinson a4, 6/20/2008 3:04:21 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: Moten
5. Well No.: 11CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: John Blakey
18. Abstract No: 1477
19. Distance to nearest lease line:
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 277.4 ft. from the S line and 1947.2 ft from the N.E line.
22. Survey Perpendiculars: 137.6 ft from the E line and 1126.8 ft from the N line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or Gas	1998	1268.7	11

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:
I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED: Central Basin Oil Investment, Inc.
Mailing Address: 5605 North MacArthur Blvd. Suite 860
Irving, TX 75038

Insurer(s): St. Paul Surplus Lines Insurance Company

Assigned Policy No.: MU05576127

Policy Period: 10/25/2007 to: 10/25/2008

Binder Period: 10/25/2007 to: 12/24/2007
12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.

Coverage: Umbrella Excess Liability

Policy Form: OG500 01/04

Limits of Liability: $ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:

$	11,420.00	Premium - Excluding Terrorism Coverage
	7.15	Stamping Fee - TX
	578.12	Surplus Lines Tax - TX
	500.00	Policy Fee - TX
$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford G. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to provide telephone information. Complete form (and retain one copy for your files) and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39

Rachael Bourc (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A-1477 LEASE Name Moten lease Well No. 1 CB + NL
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove
THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT
API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

June 27, 2008
Date
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

5396

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $*****1,000.00

DOLLARS

1000*Dollars*And*00*Cents

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005396⑈ ⑆111000614⑆ 725186985⑈

Motion # 11 CB

061064 / 07-05

Security Features Included. Details on back.

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 12CB within the City of Copperas Cove, TX

Date: July 1, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 12CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the north end of the lease, located 518.7 feet from the northwest lease line and 847.2 feet from the northeast lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x _____ 7-1-08

Signature Date

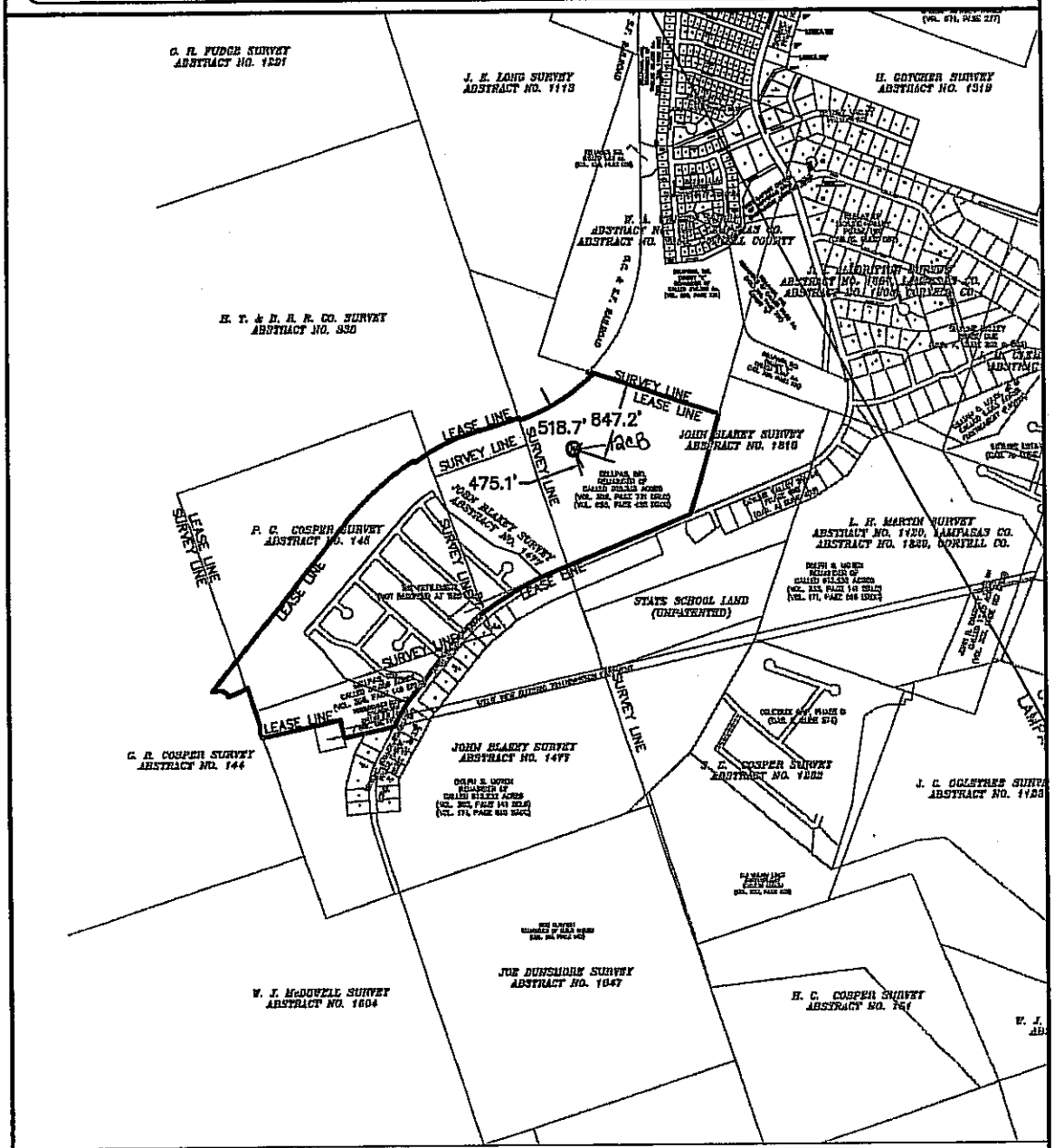
Jason Halck, President

Printed name

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07' 11.174"
Longitude: 97°57' 07.261"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,378,965.06
Easting: 3,041,652.06

Central Basin Oil Inv, Inc.

12CB

448.665. acres.

Lease Perpendicular: 518.7 ft. from the North line of called 318.365 acre tract, and 847.2 ft from the Northeast line of called 318.365 acres tract.

Survey Perpendicular: 475.1 ft. from the East line of the John Blakey, Abstract No. 1477 and 847.2 ft from an interior Northeast line of the John Blakey, Abstract No. 1318.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)

1 inch = 1500 ft.

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182

2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.

3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092

4. Lease Name: Moten

5. Well No.: 12CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998

9. Do you have the right to develop minerals under any right of way? ☐ Yes ☒ No

10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B

12. County: Lampasas

13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a _____ direction from _____, which is the nearest town in the county.

15. Section:

16. Block:

17. Survey: John Blakey.

18. Abstract No: 1477

19. Distance to nearest lease line: 518.7

20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 518.7 ft. from the N. line and 847.2 ft from the N.E line.

22. Survey Perpendiculars: 475.1 ft from the E line and 847.2 ft from the N.E. line.

23. Is this a pooled unit? ☐ Yes ☐ No

24. Unitization Docket No: _____

25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or Gas	1998	1101.4	12

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

19-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED:	Central Basin Oil Investment, Inc.
Mailing Address:	5605 North MacArthur Blvd. Suite 860 Irving, TX 75038
Insurer(s):	St. Paul Surplus Lines Insurance Company
Assigned Policy No.:	MU05576127
Policy Period:	10/25/2007 to: 10/25/2008
Binder Period:	10/25/2007 to: 12/24/2007 12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.
Coverage:	Umbrella Excess Liability
Policy Form:	OG500 01/04
Limits of Liability:	$ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:	$	11,420.00	Premium - Excluding Terrorism Coverage
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford T. Bay
(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

Central Basin Oil Investments, INC.

2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: (817) 251-0707 Fax: (817) 251-0733

February 11, 2008

To Whom It May Concern:

Central Basin Oil Investments Inc. has moved, please update our address in your files. All future invoices and correspondence should be sent to the new Southlake address.

Old Address: 5605 N. MacArthur Blvd. Suite 860 Irving, TX 75038

New Address: 2485 East Southlake Blvd, Suite #100
Southlake, TX 76092
New Phone: (817) 251-0707 New Fax: (817) 251-0733

Thank You,

Robin Banes
Central Basin Oil Investments, Inc.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS

KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

489156143850 489157 REV2 07/07 8710036152

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

CHASE

OFFICIAL CHECK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President

Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back

⑈450918⑈ ⑆102000929⑆ 3500355555555

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Complete form on the bottom right (highlighted) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39.

Rachael Roure (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

FOR TCEQ USE ONLY

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A- 1477 LEASE Name Moten lease Well No. 1 C-B + ALL
☐ Section or ☒ Survey Line
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83

Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

DO NOT WRITE HERE FOR TCEQ USE ONLY

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2006)

Total P.002

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

5398

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

1000*Dollars*And*00*Cents

DOLLARS

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

⑈005398⑈ ⑆111000614⑆ 7251869851⑈

Moten #12 CB

091094/07-05

Security Features Included. Details on back.

Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

received
JUL 1 2008

Application for Permit to Drill, Complete, and Operate an Oil and Gas Well # Moten 13CB within the City of Copperas Cove, TX

Date: July 1, 2008

Applicant: Central Basin Oil Investments, Inc.
2485 East Southlake Blvd, Suite # 100
Southlake, TX 76092
Voice: 817-251-0707 Fax: 817-251-0733

Drilling Unit Description: The well, Moten # 13CB (no API # assigned yet), shall be in the John Blakey Survey (Lampasas County). One 40-acre unit in the northeast corner of the lease, located 525.2 feet from the east lease line and 373.1 feet from the southeast lease line.

Well Type & Depth: Oil and Gas, total depth = 1,998 feet

Casing Program: 600 feet of 8 5/8" surface casing,
1300 feet of 4 ½" long string

Square Footage of Drilling Unit: The drilling unit is 1,742,400 square feet (40 acres).

Oil Tank Storage Location: Oil storage tanks will be placed within two acres of the well bore.

Attachments:14-4-c-1: Plat of proposed drilling unit

14-4-c-2: Signed statements from owners of dwellings within 300 feet of proposed well

14-4-c-3: Certified check to City of Copperas Cove for $1000.00

14-4-c-4: Copy of TCEQ Letter and copy of RRC Permit App.

14-4-c-5: Copy of certificate of insurance

Section 14-14: See attached bond.

x: 7-1-08

Signature Date

Jason Halek, President

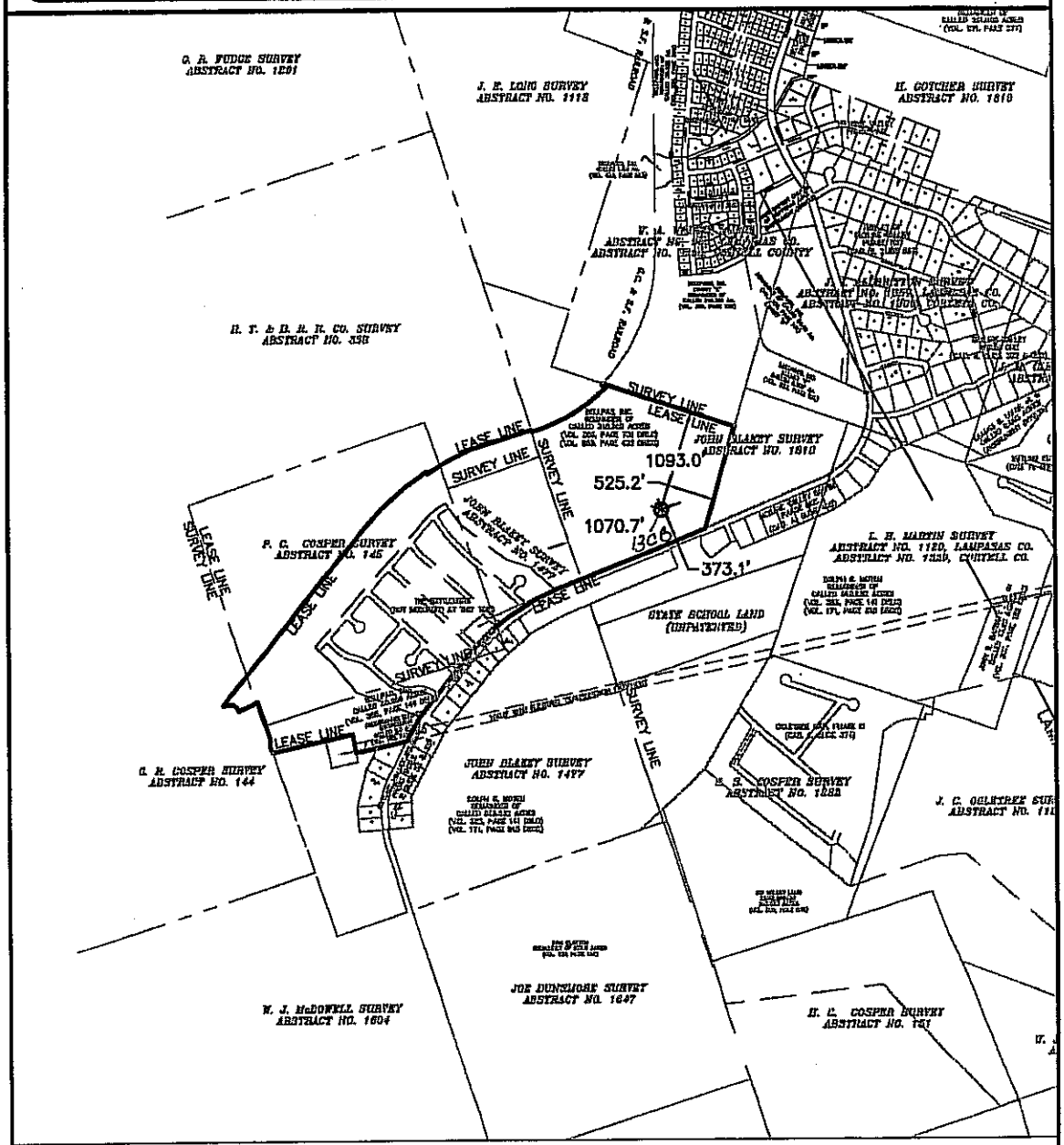
Printed name

14-4-C-1

MITCHELL & ASSOCIATES, INC.

ENGINEERING & SURVEYING

102 N. COLLEGE ST., KILLEEN, TEXAS (254) 634-5541



Coordinates:
Latitude: 31°07' 05.860"
Longitude: 97°56' 58.144"

Texas State Plane, NAD 83, Central Zone:
Northing: 10,378,445.24
Easting: 3,042,455.83

Central Basin Oil Inv, Inc

13CB 448.665 acres.

Lease Perpendicular: 525.2 ft. from an East line of called 318.365 acre tract, and 373.1 ft from the North line of called 318.365 acres tract.

Survey Perpendicular: 1070.7 ft. from the West line of the John Blakey, Abstract No. 1318 and 1093 ft from the Northeast line of the John Blakey, Abstract No. 1318.

GRAPHIC SCALE

1500 0 750 1500 3000 6000

(IN FEET)
1 inch = 1500 ft.

S:\Surveys\Atkinson Remainder 08\dwg\Atkinson_Moten_Williams.dwg, Atkinson a6, 6/20/2008 3:04:28 PM, dale

14-4-c-2

Not Applicable – **No** dwellings within 300 feet of proposed well.

Enter if Assigned:
API No.: 42-_____
Drilling Permit No.: _____
Rule 37/38 Case No.: _____

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE OR RE-ENTER

FORM W-1 EFF 10/04

Drilling Permit Fee Based on Depth:
0'-2000' $200 2001'-4000' $225
4001'-9000' $250 >9000'- $300
Expedited Service Fee ADD $150
Rule 37/38 Exception Fee ADD $200

1. RRC Operator No.: 141182
2. Operator Name (as shown on P-5 Organization Report): CENTRAL BASIN OIL INV, INC.
3. Operator Address (include street, city, state, zip): 2485 E. SOUTHLAKE BLVD SUITE 100 SOUTHLAKE, TX 76092
4. Lease Name: Moten
5. Well No.: 13CB

GENERAL INFORMATION

6. Purpose of Filing (Mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)

7. Wellbore Profile (Mark ALL appropriate boxes): ☒ Vertical ☐ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack

8. Total Vertical Depth: 1998
9. Do you have the right to develop minerals under any right of way? ☐ Yes ☐ No
10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☐ No

SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No.: 7B
12. County: Lampasas
13. Surface Location: ☒ Land ☐ Bay/estuary ☐ Inland waterway ☐ Offshore

14. This well is to be located _____ miles in a within direction from Copperas Cove, which is the nearest town in the county.

15. Section:
16. Block:
17. Survey: John Blakey
18. Abstract No.: 1318
19. Distance to nearest lease line:
20. Number of contiguous acres in lease, pooled unit or unitized tract: 448.665

21. Lease Perpendiculars: 525.2 ft. from the E line and 373.1 ft from the N line.

22. Survey Perpendiculars: 1070.7 ft from the W line and 1093 ft from the N.E line.

23. Is this a pooled unit? ☐ Yes ☐ No
24. Unitization Docket No: _____
25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☐ No

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. Attach an additional Form W-1 if you require more space.

26. RRC District No.	27. Field No:	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Lease & Reservoir	32. No. of Wells on this Lease in this Reservoir
7B	00014001	Wildcat	oil or gas	1998	957.3	13

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS – Attach FORM W-1D/FORM W-1H as appropriate

Remarks:

RRC Use only

CERTIFICATE:

I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge.

Name of Representative (Print) _____ Signature _____ Date (mm/dd/yy) _____

Telephone (AC and number) _____ E-mail Address (OPTIONAL – If provided, e-mail address will become part of this public record.) _____

14-4-C-4

TECQ Letter has been applied for but not yet received. We have listed the casing program that will be required on our city drilling permit application.

14-4-C5

Swett & Crawford

14643 Dallas Parkway, Suite 400
Dallas, TX 75254
Phone: (214) 747-1200
Fax: (214) 672-2700

To: Mary Ann Tucker
EnRisk Services
6100 Western Place, Suite 100
Fort Worth, TX 76107

Date: October 29, 2007
From: Tara Love

Agency Fax: 817-654-3552
Retail Producer Fax:

Agency Phone: 817-877-1884
Retail Producer Phone:

INSURANCE BINDER

In accordance with your latest instructions and in reliance upon the statements made in your application/submission, we have effected insurance as follows. As the representative of the insured it is incumbent upon you to review the terms of this binder carefully as the coverage, terms and conditions will often be different than those requested. Swett & Crawford and its affiliated companies disclaim any responsibility for your failure to reconcile the original submission with coverages bound herein.

NAME OF INSURED:	Central Basin Oil Investment, Inc.
Mailing Address:	5605 North MacArthur Blvd. Suite 860 Irving, TX 75038
Insurer(s):	St. Paul Surplus Lines Insurance Company
Assigned Policy No.:	MU05576127
Policy Period:	10/25/2007 to: 10/25/2008
Binder Period:	10/25/2007 to: 12/24/2007 12:01 a.m. Standard Time at the mailing address of the Insured. This binder will be terminated and superseded upon delivery of formal policy(ies), certificate(s), or cover note(s) issued to replace it.
Coverage:	**Umbrella Excess Liability**
Policy Form:	OG500 01/04
Limits of Liability:	$ 2,000,000.00

Underlying Coverage And Limits: AS QUOTED

Premium/Taxes/Fees:	$	11,420.00	Premium - **Excluding Terrorism Coverage**
		7.15	Stamping Fee - TX
		578.12	Surplus Lines Tax - TX
		500.00	Policy Fee - TX
	$	12,505.27	Total

Conditions: AS QUOTED

This binder is issued with the authority of the insurer(s) and is issued by the undersigned without any liability whatsoever as an insurer. Please inspect this binder carefully as the coverages bound may deviate from those requested in your original application.

Swett & Crawford

By: Bradford L. Bo

(Authorized Representative)

Binder Cancellation Provision:

This binder is subject to the cancellation provisions as found in the policy(ies) or certificate(s). In addition, this binder may be cancelled in accordance with the policy(ies) provisions by the Insured by surrender thereof to Swett & Crawford or any of its authorized agents or by mailing to Swett & Crawford written notice stating when thereafter the cancellation shall be effective. The insurance effected under this binder can be cancelled by the Insurer or its authorized agent (subject to statutory regulations) by mailing, to the Insured at the address stated on the face of this binder, written notice stating when such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the Insurer or by Swett & Crawford shall be equivalent to mailing. In the event of cancellation by the Insured, the earned premium would be subject to the minimum earned premium if applicable.

14-14

VOID

CHASE

FOR YOUR PROTECTION SAVE THIS COPY
OFFICIAL CHECK

Customer Copy

355228394

Texas

11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

NON NEGOTIABLE

TERMS
KEEP THIS COPY FOR YOUR RECORD OF THE TRANSACTION. TO REPORT A LOSS OR FOR ANY OTHER INFORMATION ABOUT THE INSTRUMENT, CONTACT THE INSTITUTION FROM WHICH YOU RECEIVED THE INSTRUMENT.

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

499156143950 499157 REV2 07/07 8710096152

CHASE

OFFICIAL CHECK

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

355228394 23-97/1020

Texas

Date 11/26/2007

Remitter CENTRAL BASIN OIL INVESTMENTS, INC.

Pay: THIRTY THOUSAND DOLLARS AND 00 CENTS

COPY

Pay To The Order Of CITY OF COPPERAS COVE
SURETY BOND

$ *********30,000.00 ***

Drawer: JPMORGAN CHASE BANK, N.A.

Stephen P. Hughes

First Vice President
Issued by Integrated Payment Systems Inc., Englewood, Colorado
JPMorgan Chase Bank, N.A., Denver, Colorado

Security Features Details on Back.

⑈450918⑈ ⑆102000978⑆ 3500255555555

PLEASE DO NOT STAPLE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, it may be difficult for us to handle telephone inquiries. Complete form the bottom right (outlined) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. Individuals are entitled to request and review their personal information that the agency gathers on its forms. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/239-0515.

Surface Casing - MC 161
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 6-23-08 TCEQ File No.: SC- 39

FOR TCEQ USE ONLY

Rachael Rouse (817) 251-0707
Name of person preparing this request & phone No. (with area code)

Central Basin Oil Inv. Inc.
Company (operator's name as on RRC form W-1)

2485 E. Southlake Blvd. Ste. 100
Mailing Address

Southlake, TX 76092
City and State ZIP Code

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

FOLD

TYPE OR PRINT IN INK

COUNTY Lampasas County Survey Name John Blakey
Block No. ____ Township ____ Section or Survey No. ____ (or) Lot No. ____
Abstract No. A- 1477 LEASE Name Moten lease Well No. 1 CB + NL
Distance to land line in right angles from side of our rectangle ☐ Eastline or ☒ Southline
(NOT LEASE LINES) 334.3 feet from W line and 743.7 feet from N line.
Distance (in miles) and direction from a nearby town in this County (name the town)
Within the City limits of Copperas Cove

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT

API # ____ RRC Lease No. unassigned RRC Dist. No. 7B
GPS Coord. (long/lat or X-Y state plane) 97° 57' 42.708" 31° 06' 37.879" NAD 83
Elevation ____ Total Depth 1998' Geologic Fm. at T.D. unknown
Purpose of the Request: ☒ New Drill ☐ Re-entry ☐ Plug & Abandon ☐ Other (specify) ____
Is this an amended request? ☐ Yes ☒ No Previous File No. for this well: SC- ____
☐ Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log.

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: ____

DO NOT WRITE HERE FOR TCEQ USE ONLY

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-LAMPAS,SUR-BLAKEY J.,LSE-MOTEN,A-1477,#6,39/450;LEASE IN A-1477

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 450 feet.

This recommendation is applicable for all wells drilled in this LEASE IN A-1477.

STATE OF TEXAS
DIANE M. BARNES
GEOLOGY
No. 2402
LICENSED
PROFESSIONAL GEOSCIENTIST

Very truly yours,

Diane M. Barnes, P.G.
Geologist, Surface Casing, TCEQ

Date June 27, 2008
typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operations into a nonproductive zone (RRC Form W-14).

TCEQ-0051 (Rev. 05-10-2005)

Total P.002

5399

CENTRAL BASIN OIL INVESTMENTS, INC.
5605 N. MACARTHUR BLVD. SUITE 860
IRVING, TX 75038
(972)550-0000

JPMORGAN CHASE BANK, N.A.
DALLAS, TEXAS 75201
32-61-1110

07/01/2008

PAY TO THE ORDER OF City of Copperas Cove

$ $****1,000.00

DOLLARS

1000*Dollars*And*00*Cents

City of Copperas Cove
PO Drawer 1449

Copperas Cove, TX 76522-

MEMO

Security Features Included. Details on back.

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motor #13 CB

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 27, 2008
and received on July 1, 2008
for **Moten #1CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #1CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 27, 2008
and received on July 1, 2008
for **Moten #2CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #2CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 27, 2008
and received on July 1, 2008
for **Moten #3CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #3CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 27, 2008
and received on July 1, 2008
for **Moten #4CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #4CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

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EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 27, 2008
and received on July 1, 2008
for **Moten #5CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #5CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

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City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 27, 2008
and received on July 1, 2008
for **Moten #6CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #6CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated June 27, 2008
and received on July 1, 2008
for **Moten #7CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #7CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated July 1, 2008
and received on July 1, 2008
for **Moten #8CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #8CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

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City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated July 1, 2008
and received on July 1, 2008
for **Moten #9CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #9CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

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City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated July 1, 2008
and received on July 1, 2008
for **Moten #10CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #10CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

EXECUTED and DELIVERED this 5th day of August 2008.

City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated July 1, 2008
and received on July 1, 2008
for **Moten #11CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #11CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

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City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated July 1, 2008
and received on July 1, 2008
for **Moten #12CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #12CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

The Permit shall extend to the said Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, for a period of one (1) year from the date hereof and as long thereafter as Central Basin Oil Investment Inc. and Halek Energy LLC, its successors and assigns, are engaged in drilling, reworking or producing operations with no cessation of more than sixty (60) days: provided, however, that if Central Basin Oil Investment Inc. and Halek Energy LLC fails to commence operations for drilling said well or wells on or before one hundred eighty (180) days from the date hereof, this Permit shall expire and be of no further force and effect.

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City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

PERMIT OF CENTRAL BASIN OIL INVESTMENTS, INC. AND HALEK ENERGY LLC TO DRILL OIL AND/OR GAS WELL

Based on the application dated July 1, 2008
and received on July 1, 2008
for **Moten #13CB**

Having filed an application together with all necessary supporting documents in accordance with Chapter 14 of the City Code of Ordinances as amended 6-20-2006, and Sec. 14-14 of the City Code of Ordinances amended 9-20-05 regulating the drilling, completion and operation of oil and gas wells, within the City of Copperas Cove, the applicant, Central Basin Oil Investments, Inc. and Halek Energy LLC, its successors and assigns, is hereby granted this Permit to Drill Oil and/or Gas Wells and to operate and produce said wells and to build, install and maintain the necessary appurtenant facilities in connection therewith subject to the provisions and regulations on **Moten #13CB** in Copperas Cove, Coryell County, Texas.

In consideration for the City of Copperas Cove granting said Permit, Central Basin Oil Investment Inc. and Halek Energy LLC, agrees that it will comply with all the terms and provisions of the above referred to regulations, and all other ordinances and regulations of the City of Copperas Cove.

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City of Copperas Cove, Texas

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Robert L. Reeves, Mayor Pro Tem

ATTEST:

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Jane Lees, City Secretary

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-15

Contact – James R. Thompson, City Attorney 547-7536
jthompson@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on authorizing the Mayor Pro-Tem to issue drilling permits on the applications of Central Basin Oil Investments, Inc. and Halek Energy LLC for Moten #1CB through Moten #13CB to drill for oil and gas within the corporate limits of the City of Copperas Cove.**

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1. BACKGROUND/HISTORY

Chapter 14 of the Code of Ordinances of the City of Copperas Cove, Oil and Gas Wells, provides that any person seeking a permit to drill for oil and gas within the City shall make application following certain criteria set out in the ordinance. There shall be a public hearing held within 30 days after the date of such permit but not prior to the seventh day following the making of the notices provided for in Sec. 14-5 unless Applicant meets the requirements of Sec. 14-8, subsections a (1), (2), (5), (7), and (8). Central Basin Oil Investments, Inc. and Halek Energy LLC have mineral leases and drilling rights on all lands within the drilling units sought.

2. FINDINGS/CURRENT ACTIVITY

Central Basin Oil Investments, Inc. and Halek Energy LLC have fulfilled all of the requirements of Sec. 14-4, Permit application. There is no need for a permittee to give notice of such application to all lessees, real estate owners or other persons that own land in the drilling unit required by this section because Central Basin Oil Investments, Inc. and Halek Energy LLC have mineral leases and drilling rights on all property in the drilling unit. All owners of dwellings and structures used for human occupancy situated within 300 feet of the proposed well location which have not been abandoned have consented to the drilling of the proposed well.

The requirements of Sec. 14-8 Issuance of Permit, subsections a (1), (2), (5), (7), and (8) have been met. On July 15, 2008 the City Council conducted a Public Hearing on Moten #1CB through #13CB as required by Sec. 14-7. The City Council is authorized to waive notice requirements set forth in Sec. 14-5. Upon waiver of those notice requirements, the Mayor is authorized and directed by the City Council to issue a drilling permit forthwith.

Council consensus during the June 17, 2008 Workshop conducted on Oil & Gas Drilling within the Corporate City Limits was to have the City Manager work with appropriate City staff to revise the current Oil & Gas Drilling Wells (Chapter 14) of the Copperas Cove Code of Ordinances. Local Government Code 245.002(a) reads as follows:

"Each regulatory agency shall consider the approval, disapproval, or conditional approval of an application for a permit solely on the basis of any orders, regulations, ordinances, rules, expiration dates, or other properly adopted requirements in effect at the time: (1) the original application for the permit is filed for review for any purpose, including review for administrative completeness…"

3. FINANCIAL IMPACT

There are no out-of-pocket expenses for the City. The risk to the City from damages caused by such drilling operations have been minimized by Applicant providing a $30,000.00 cashier's check for multiple drilling sites, general liability policy that provides insurance for bodily injury or death of one person of not less than $1,000,000.00, for any one accident not less than $2,000,000.00 and property damage not less than $500,000.00, and environmental pollution liability insurance applicable to bodily injury, property damage including loss of use of damaged property or of property that has been physically injured or destroyed; clean-up costs; and defense, including cost and expense incurred in the investigation, defense or settlement of claims; all in connection with any loss arising from the inured site; said coverage to be maintained in an amount of at least $1,000,000.00 per loss with annual aggregate of at least $2,000,000.00, for each drilling site.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends authorizing the Mayor Pro-Tem to issue drilling permits to Central Basin Oil Investments, Inc. and Halek Energy LLC for Moten #1CB through #13CB.

RESOLUTION NO. 2008-28

A RESOLUTION AND ORDER OF THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, ORDERING A SPECIAL ELECTION TO BE HELD NOVEMBER 4, 2008, IN CONJUNCTION WITH THE SPECIAL ELECTION ORDERED BY RESOLUTION 2008-26 ON JULY 15, 2008, FOR THE PURPOSE OF DETERMINING WHETHER COUNCIL MEMBERS ROBERT L. REEVES, MARK E. PETERSON, CHARLOTTE HEINZE, AND RAY DON CLAYTON SHALL BE RECALLED; ESTABLISHING POLLING LOCATIONS; AND ESTABLISHING PROCEDURES FOR SAID ELECTION.

WHEREAS, the laws of the State of Texas and the Charter of the City of Copperas Cove, provide that on November 4, 2008, there shall be an election held to consider the following:

SPECIAL ELECTION

Shall Robert L. Reeves be removed from the office of Council Member by recall?

- ☐ For the recall of Robert L. Reeves
- ☐ Against the recall of Robert L. Reeves

Shall Mark E. Peterson be removed from the office of Council Member by recall?

- ☐ For the recall of Mark E. Peterson
- ☐ Against the recall of Mark E. Peterson

Shall Charlotte Heinze be removed from the office of Council Member by recall?

- ☐ For the recall of Charlotte Heinze
- ☐ Against the recall of Charlotte Heinze

Shall Ray Don Clayton be removed from the office of Council Member by recall?

- ☐ For the recall of Ray Don Clayton
- ☐ Against the recall of Ray Don Clayton

WHEREAS, the City of Copperas Cove wishes to hold the November 4, 2008 Special Election jointly and share expenses with Coryell County and Lampasas County; and

WHEREAS, the City of Copperas Cove wishes to contract with the Coryell County Tax Assessor-Collector and the Lampasas County Elections Administrator to administer the November 4, 2008 joint election; and

WHEREAS, the laws of the State of Texas and the Charter of the City of Copperas Cove, further provide that the Election Code of the State of Texas is applicable to said elections and in order to comply with said code, a Resolution and Order of Election, for the Special Election should be passed establishing the procedure to be followed in said elections as outlined below.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS:

1. That all independent candidates at the election to be held on November 4, 2008 for the above-mentioned office, file their application to become candidates with the City Secretary of the City at 507 South Main Street, Copperas Cove, Texas, from July 28, 2008 through August 26, 2008, and that all said applications shall be on a form as prescribed by the Election Code of the State of Texas.

2. That the order in which the names of the candidates are to be printed on the ballot shall be determined by a drawing in the City Council Chambers on August 27, 2008 at 9:00 a.m.

3. That only resident qualified voters of said City shall be eligible to vote.

4. That the November 4, 2008 election will be held at the following locations:

PRECINCT NUMBER	LOCATION
Coryell County residents of Copperas Cove:	
105	COPPERAS COVE CIVIC CENTER 1206 West Avenue B, Copperas Cove
117	HOLY FAMILY CHURCH 1201 Veterans Avenue, Copperas Cove
219	FIRST PRESBYTERIAN CHURCH 704 Martin Luther King Drive, Copperas Cove
401	COPPERAS COVE PUBLIC LIBRARY 501 South Main Street, Copperas Cove
418	CORYELL COUNTY COURTHOUSE ANNEX

201 South Second Street, Copperas Cove

Lampasas County residents of Copperas Cove:

1 CLEAR CREEK BAPTIST CHURCH
3350 FM 2657, Kempner

5. That the Early Voting Clerks and Election Day Clerks will be appointed and paid by the Coryell County Tax Assessor-Collector, the Lampasas County Elections Administrator, or the City, whichever is applicable.

6. That the designated polling places shall, on Election Day, be open from 7:00 a.m. to 7:00 p.m.

7. That Early Voting will be conducted by the Coryell County Tax Assessor-Collector and the Lampasas County Elections Administrator, and held on the following dates, times and locations:

a. Early voting will be conducted October 20 – 24, 2008 and October 27 – 31, 2008 from 8:00 a.m. to 5:00 p.m.

b. Copperas Cove residents residing in Coryell County shall vote at the Coryell County Annex, 201 South Second Street, Copperas Cove, Texas.

c. Copperas Cove residents residing in Lampasas County shall vote at the Lampasas County Elections Administrator's Office, 412 South Live Oak, Lampasas, Texas.

8. That all applications for ballot by mail shall be mailed to City Secretary, P.O. Drawer 1449, Copperas Cove, Texas 76522.

9. That all ballots shall be prepared in accordance with Texas Election Code. Paper ballots shall be used for early voting by mail and paper ballots and the eSlate Direct Recording Electronic (DRE) Voting System shall be used for early voting by personal appearance and voting on Election Day, both of which are part of the eSlate DRE Voting System.

10. That the City Secretary is hereby authorized and directed to contract with the Coryell County Tax Assessor-Collector and the Lampasas County Elections Administrator to administer the November 4, 2008 election and to interface with the Coryell County Tax Assessor-Collector and the Lampasas County elections Administrator on all election matters pertaining to the election.

11. Said election shall be held in accordance with the Elections Code and the State of Texas. Notice of said elections shall be given in accordance with the terms and provisions of the Elections Code and the City Secretary is hereby instructed to have

said notice posted and published in accordance with state law. A copy of this order shall also serve as a Writ of Election, which shall be delivered to the Coryell County Tax Assessor-Collector and the Lampasas County Elections Administrator for said election.

12. That the Coryell County Tax Assessor-Collector and the Lampasas County Elections Administrator will serve as the Early Voting Clerks for the November 4, 2008 election.

15. The City Council hereby authorizes the Coryell County Tax Assessor-Collector and the Lampasas County Elections Administrator to administer the November 4, 2008 Special Election and the expenditures necessary for the conduct of the election.

PASSED, APPROVED, AND ADOPTED on this 5th day of August 2008, at a regular meeting of the City Council of the City of Copperas Cove, Texas which meeting was held in compliance with the Open Meetings Act, *Tex. Gov't. Code, §551.001, et.seq.* at which meeting a quorum was present and voting.

_____
Robert L. Reeves, Mayor Pro Tem

ATTEST:

_____
Jane Lees, CMC, City Secretary

APPROVED AS TO FORM:

_____
James R. Thompson, City Attorney

CITY OF COPPERAS COVE SPECIAL ELECTION
NOVEMBER 4, 2008
PRECINCT IDENTIFICATION LIST

PRECINCT NUMBER	LOCATION
Coryell County residents of Copperas Cove:	
105	**COPPERAS COVE CIVIC CENTER** **1206 West Avenue B, Copperas Cove**
117	**HOLY FAMILY CHURCH** **1201 Veterans Avenue, Copperas Cove**
219	**FIRST PRESBYTERIAN CHURCH** **704 Martin Luther King Drive, Copperas Cove**
401	**COPPERAS COVE PUBLIC LIBRARY** **501 South Main Street, Copperas Cove**
418	**CORYELL COUNTY COURTHOUSE ANNEX** **201 South Second Street, Copperas Cove**
Lampasas County residents of Copperas Cove:	
1	**CLEAR CREEK BAPTIST CHURCH** **3350 FM 2657, Kempner**

LOCATIONS FOR EARLY VOTING
OCTOBER 20 – 31, 2008

Copperas Cove, Coryell County:	**CORYELL COUNTY ANNEX** **201 South Second Street, Copperas Cove**
Copperas Cove, Lampasas County:	**ELECTIONS ADMINISTRATOR OFFICE** **412 South Live Oak, Lampasas**

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-16
Contact – Jane Lees, CMC, City Secretary- 547-4221
jlees@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on Resolution No. 2008-28, ordering a Special Election to be held November 4, 2008, in conjunction with the Special Election ordered by Resolution 2008-26 on July 15, 2008, for the purpose determining whether Council Members Robert L. Reeves, Mark E. Peterson, Charlotte Heinze, and Ray Don Clayton shall be recalled; establishing polling locations; and establishing procedures for said election.**

1. BACKGROUND/HISTORY

Four recall petitions were submitted to the City Secretary's Office on July 1, 2008 for Robert L. Reeves, Mark E. Peterson, Charlotte Heinze, and Ray Don Clayton.

Section 3.13 (e) states the following, "*Ordering of an election. If the petition is certified by the city secretary to be sufficient, the council shall order and hold, or cause to be held, on the next feasible date for such, an election as specified under state law, to determine whether such officer shall be recalled.*"

2. FINDINGS/CURRENT ACTIVITY

The City Secretary certified four recall petitions as sufficient to the Council for Council Members Robert L. Reeves, Mark E. Peterson, Charlotte Heinze, and Ray Don Clayton, per Section 3.09 of the City Charter earlier in this meeting.

The next feasible date to order this election is November 4, 2008, in conjunction with the Special Election for Mayor, called and ordered in Resolution 2008-26, adopted on July 15, 2008.

3. FINANCIAL IMPACT

The costs to the City will be approximately the same as for the Special Election called on July 15, 2008. This election will be held jointly with Coryell and Lampasas County. The approximate costs of the election with Coryell County will be $6,000-$7,000. Lampasas County has estimated equipment rental to be $1,100, plus the cost of ballot production, cost of election workers and a 10%

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administrative fee. These estimated costs are the same, not in addition to, the costs previously reported for the Special Election for Mayor.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends that the City Council approve Resolution 2008-28, ordering a Special Election to be held November 4, 2008, in conjunction with the Special Election ordered by Resolution 2008-26 on July 15, 2008, for the purpose determining whether Council Members Robert L. Reeves, Mark E. Peterson, Charlotte Heinze, and Ray Don Clayton shall be recalled.

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City of Copperas Cove Waste to Energy Project

Copperas Cove, Texas 76522

August 5, 2008

[ZEST-TX, LLC]

Ladies and Gentlemen:

This letter of intent ("LOI"), effective when executed by all parties hereto, will evidence the mutual non-binding intent of the City of Copperas Cove ("CoCC") and ZEST-TX, LLC a Texas Limited Liability Company (the "Company"), regarding the development and potential negotiations (the "Transaction") relating to the Company's zero-emission oxidation technology (the "Technology") and CoCC's interest in entering into a Service Contract ("Contract") with the Company.

The goal of the Negotiation is to form an Agreement between the Parties where the Company will deliver to CoCC the Service of Disposing of the Municipal Solid Waste of the Community.

1. Good Faith Negotiations; Agreements. During the period, CoCC and the Company intend to diligently and expeditiously evaluate the Risk, Viability, Renewable, Sustainable aspects of the Technology and negotiate in good faith matters related a service contract thereto. Upon the completion of the Negotiations CoCC intends to enter into a Service Agreement with the Company to provide a Waste to Energy Disposal Project as agreed to by the Parties. It is understood that the Company will develop the Project at its own expense relying on CoCC for whatever help possible to complete a successful project. Proposals will be developed such that the intent of the project is to resolve waste disposal issues for CoCC and improve the quality of life for the local citizens and reduce where possible the cost of said service to the community.

2. Confidentiality. Each of CoCC and the Company agrees that it will, subject to all applicable laws including but not limited to the Texas Public Information Act, keep confidential all information of a confidential nature obtained by it from the other (including the terms and existence of this proposal and the identity of CoCC and the Company) in connection with the transactions contemplated by this letter (except for disclosure to attorneys, lenders, investors, etc. as may be appropriate in the furtherance of this transaction, who shall be directed to keep all such matters confidential, or as required by law). The parties agree to enter into the Confidentiality Agreement setting forth their respective obligations of confidentiality with respect to the matters relating to the Transaction. Neither party hereto will issue any press release or make any other public announcement relating to the transactions contemplated by this letter without the prior consent of the other party, except that either party may make any disclosure required to be made by it under applicable law (including the federal securities laws).

3. Relationship of Parties. This LOI shall not create a partnership, joint venture or other business relationship between the parties, other than that of independent contractors, and neither party shall have any right, power or authority to bind the other party.

4. Costs. Except as CoCC and the Company may otherwise expressly agree in writing, each party will be responsible for and bear its costs and expenses incurred in connection with the conduct of due diligence, discussions and negotiations which are the subject of this LOI, and the documentation and consummation of the Transaction, including, without limitation, fees and disbursements of legal counsel, accountants and other advisors, including financial advisors and brokers, if any.

5. Assignment. Neither party may assign or otherwise transfer any of its rights or obligations under this LOI without the prior written consent of the other party.

6. Governing Law. The laws of the State of Texas shall govern this LOI, without giving effect to its conflict of laws principles. The parties irrevocably and unconditionally agree that any suit, action or other legal proceeding arising out of this LOI or any instrument or agreement delivered or entered contemporaneously herewith may be brought in either the state or federal courts located in Coryell County, Texas. The parties consent to the jurisdiction of any such court in any such suit, action or proceeding; and thus waive any objection that such party may have to the laying of venue of any such suit, action or proceeding in any such court.

7. Counterparts. This LOI may be executed in counterparts, which together shall constitute one and the same instrument.

[Signature Page Follows]

If you agree with the terms of this letter, please sign the enclosed copy in the space provided below and return the signed copy, along with the Summary attached hereto.

City of Copperas Cove

By: _____
City Manager

By: _____

AGREED AND ACCEPTED:

ZEST-TX, LLC

By:_____
Print Name:_____
Title:_____

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item I-2

Contact – Andrea M. Gardner, City Manager, 547-4221
agardner@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on authorizing the City Manager to execute a Letter of Intent with ZEST-TX, LLC.**

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1. BACKGROUND/HISTORY

On May 7, 2008, the City Manager and Superintendent of Solid Waste participated in a joint meeting with Fort Hood, City of Killeen, City of Harker Heights, City of Temple and ZEST-TX, LLC officials to discuss the potential for each entity's participation in ZEST-TX, LLC's service of disposing of the municipal solid waste of the communities (Zeros Technology).

2. FINDINGS/CURRENT ACTIVITY

After further research and additional meetings to discuss the possibility, City staff requested a briefing to the City Council. As such, a presentation by Mr. Steve Clark, Zeros Inventor, and Mr. Allen Jones, Texas A & M Texas Water Resources Institute Representative, was completed to the City Council on July 1, 2008.

During the Council Workshop, Mr. Clark informed the City Council of the technology development, utilizing solid waste to produce electricity without emissions, and a plan to implement the technology across the State of Texas. Furthermore, negotiations with the City of Killeen to utilize its existing solid waste facility are pending. ZEST-TX, LLC currently plans to begin construction of the facility without the use of public funds from the cities, county, state or military in the first quarter of 2009.

3. FINANCIAL IMPACT

The impact to the providers of municipal solid waste most likely will be a reduction in hauling and disposal costs.

Signing of the "Letter of Intent" does not create a financial requirement of the City of Copperas Cove. Any financial impact to the City will be divulged and discussed upon execution of an agreement between the entities.

4. OPTIONS/RECOMMENDATION

City Staff recommends authorization be granted to the City Manager to execute a Letter of Intent with ZEST-TX, LLC, Inc.

OFFICE · OF · RURAL
COMMUNITY · AFFAIRS

GOVERNOR RICK PERRY
Dr. Wallace Klussmann, *Chair*
David Alders, *Vice Chair*
Dr. Mackie Bobo, *Secretary*

ORCA GOVERNING BOARD
Agriculture Commissioner Todd Staples
Woody Anderson
Charles N. Butts
Romelle Farrar
Joaquin L. Rodriguez
Lydia Rangel Saenz
Patrick Wallace
Vacant

July 1, 2008

Mr. Steven J. Alexander
City Manager, City of Copperas Cove
PO Box 1449
Copperas Cove, Texas 76522

Re: TxCDBG Contract No. 728050

Dear Mr. Alexander:

I would like to congratulate your locality on its recent contract award under the Texas Community Development Block Grant Program (TxCDBG). Enclosed are two (2) signed copies of Contract No. 728050 between the city of Copperas Cove and the Office of Rural Community Affairs (ORCA), for your review and signature. Also, enclosed are State of Texas Purchase Vouchers, Request for Payment, and instructions.

Please read the contract carefully, with special attention to the Reporting Requirements, Environmental Clearance Requirements and Special Conditions (Sections 8, 20 and 22) of this contract as these restrict your allowance to incur project costs and our ability to release contract funds to your local government. Please review the activities provided for in Exhibit A, Performance Statement; Exhibit B, Budget; Exhibit C, Project Implementation Schedule and the requirements of Exhibit D, The Applicable Laws and Regulations, and Exhibit E, Certifications. (Please consider having your city/county attorney review the enclosed contract).

These Exhibits must be adhered to during the contract period. All fiscal and administrative staff should be familiar with the budget categories and amounts. The program staff should be aware of the Performance Statement, and Project Implementation Schedule. Fiscal and program staff should be familiar with the Applicable Laws and Regulations. Copies of these Exhibits should be distributed to appropriate staff members.

Please review and sign both copies of the contract. The city must retain one (1) fully executed contract for their files and return one (1) fully executed contract to this office. If the name of the authorized person signing this contract is different from the name typed, please correct the name appearing in the contract. Please mail one (1) copy of the executed contract to the following address:

Office of Rural Community Affairs
Texas Community Development Block Grant Program
P.O. Box 12877
Austin, Texas 78711

All Contractor localities are encouraged to utilize minority and women-owned businesses in completing contract activities whenever possible. Although Contractors are not directly responsible for meeting a specific goal, each year the U.S. Department of Housing and Urban Development establishes an overall minority business enterprise participation goal for the Texas Community Development Block Grant Program (TxCDBG). The Texas Building and Procurement Commission (TBPC), through the Texas Historically Underutilized Business (HUB) Program, can provide you with a directory of

minority and women-owned businesses located in your area. If you would like to purchase a directory, please contact the TBPC at HUB program at 512/463-5872. This cost is an eligible expense under the TxCDBG administration category. Contractors are encouraged to place the businesses located in your area on vendor mailing lists to increase minority and women-owned business participation in the Texas Community Development Block Grant Program. Information regarding minority contracting is provided in Chapter 12 of the Project Implementation Manual.

Each local government expending $500,000 or more in total federal or state funds during a fiscal year is required to submit two (2) copies of the Single Audit report to ORCA. Federal regulations require that the audit be submitted to the Office of Rural Community Affairs within thirty (30) days of receipt of the completed audit report, but no later than nine (9) months after the end of the audit period. All Contractors are required to submit an audit certification form within sixty (60) days after the end of their fiscal year.

ORCA has established requirements to ensure that the contract is returned to ORCA in a timely manner. The current program rules require that the contract be executed within sixty (60) days from the date of this letter or the award will be withdrawn.

Should you have any questions or need additional information about the terms in this contract, please call Suzanne Barnard, your Regional Coordinator, at (512) 936-0247.

Sincerely,

Mark Wyatt

Mark Wyatt, Director
Community Development

MW:vs

Enclosures: Contract
State of Texas Purchase Vouchers Forms
Request for Payment Forms
Instructions
Audit Requirements

cc: Contract File

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OFFICE OF RURAL COMMUNITY AFFAIRS

CONTRACT NO. 728050 FOR

COMMUNITY DEVELOPMENT PROGRAMS

STATE OF TEXAS]

COUNTY OF TRAVIS]

SECTION 1 PARTIES TO CONTRACT

This contract and agreement is made and entered into by and between the Office of Rural Community Affairs, an agency of the State of Texas, referred to as the "Office", and the City of Copperas Cove, referred to as the "Contractor". The parties have severally and collectively agreed and by the execution are bound to the mutual obligations and to the performance and accomplishment of the described tasks.

SECTION 2. CONTRACT PERIOD

This contract and agreement shall commence on June 22, 2008, and shall terminate on June 21, 2010, unless otherwise specifically provided by the terms of this contract.

SECTION 3. CONTRACTOR PERFORMANCE

The Contractor shall conduct, in a satisfactory manner as determined by the Office, a community development program, referred to as CDBG, in a non-entitlement area under Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. Sec. 5301 et seq.), referred to as the Act. The Contractor shall perform all activities in accordance with the terms of the Performance Statement, referred to as Exhibit A; the Budget, referred to as Exhibit B; the Project Implementation Schedule, referred to as Exhibit C; the Applicable Laws and Regulations, referred to as Exhibit D; the Certifications, referred to as Exhibit E; the assurances, certifications, and all other statements made by the Contractor in its application for the project funded under this contract; and with all other terms, provisions, and requirements set forth in this contract. The Contractor shall ensure that the persons to benefit from the activities described in Exhibit A, Performance Statement, of this contract are receiving the service or a benefit from the use of the new or improved facilities and activities for the contract obligations to be fulfilled and before submitting the Project Completion Report to this Office. If the persons to benefit from the activities described in Exhibit A are not receiving the service or a benefit, the Contractor is liable to repay to the Office any associated disallowed costs.

The Contractor shall adhere to the Project Implementation Schedule timelines for key project activities as shown in Exhibit C. The Office may require the Contractor to submit written justification for any contract activity that is not completed by the end of the month specified on the schedule in Exhibit C. These key activities include Procurement of Professional Services Completed, Plans and Specifications Completed/Submitted for Approval, Environmental Review Completed, Clearance of Special Conditions, Wage Rate Request/Decision/10-Day Call, Bid Advertisement/ Construction Contract Awarded, Construction – 50 percent of TxCDBG project complete, Construction - 50 percent of TxCDBG funds requested from the Office; Construction - 75 percent of TxCDBG project complete, Construction - 75 percent of TxCDBG funds requested from the Office, Construction - 90 percent of TxCDBG project complete, Construction - 90 percent of TxCDBG funds requested from the Office, Final Inspections Completed, and Close-out documents submitted to the Office.

SECTION 4. OFFICE OBLIGATIONS

A. Measure of Liability

In consideration of full and satisfactory performance of the activities referred to in Section 3 of this contract, the Office shall be liable for actual and reasonable costs incurred by the Contractor during the contract period for performances rendered under this contract by the Contractor, subject to the limitations set forth in this Section 4.

1. It is expressly understood and agreed by the parties that the Office's obligations under this Section 4 are contingent upon the actual receipt of adequate state or federal funds to meet Office's liabilities under this contract. If adequate funds are not available to make payments under this contract, Office shall notify the Contractor in writing within a reasonable time after such fact is determined. Office shall terminate this contract and will not be liable for failure to make payments to the Contractor under this contract.

2. The Office shall not be liable to the Contractor for any costs incurred by the Contractor, or any portion thereof, which has been paid to the Contractor or is subject to payment to the Contractor, or has been reimbursed to the Contractor or is subject to reimbursement to the Contractor by any source other than the Office or the Contractor.

3. The Office shall not be liable to the Contractor for any costs incurred by the Contractor which are not allowable costs, as set forth in Section 6 (A) of this contract.

4. The Office shall not be liable to the Contractor for any costs incurred by the Contractor or for any performances rendered by the Contractor which are not strictly in accordance with the terms of this contract, including the terms of Exhibit A, Exhibit B, Exhibit C, Exhibit D, and Exhibit E of this contract.

5. The Office shall not be liable to the Contractor for any costs incurred by the Contractor in the performance of this contract which have not been billed to the Office by the Contractor within sixty (60) days following termination of this contract unless otherwise provided for in the Certificate of Expenditures referred to in Section 8 (C) of this contract.

6. The Office shall not be liable for costs incurred or performances rendered by the Contractor before commencement of this contract or after termination of this contract, unless the Contractor receives written approval from the Office and they are specifically identified in Exhibit A, Performance Statement and Exhibit B, Budget, of this contract.

7. The Office shall not be liable for costs incurred and reserved on the Certificate of Expenditures if such costs are not billed to the Office within ninety days after the contract's termination date. An exception will be made for the reserved funds for the final 5% administrative drawdown for programmatic closure. Audit funds reserved on the Certificate of Expenditures eligible for reimbursement under the provisions of Section 19 of this contract shall be billed to the Office within twelve months after the end of the Contractor's fiscal year that follows the termination date of this contract. The Office shall deobligate all reserved funds not requested under this subsection.

B. Excess Payments

The Contractor shall refund to the Office any sum of money which has been paid to the Contractor by the Office, which the Office determines has resulted in overpayment to the Contractor, or which the Office determines has not been spent by the Contractor strictly in accordance with the terms of this contract. Such refund shall be made by the Contractor to the Office within thirty (30) working days after such refund is requested by the Office.

C. Limit of Liability

Notwithstanding any other provision of this contract, the total of all payments and other obligations incurred by the Office under this contract shall not exceed the sum of Two Hundred Fifty Thousand and No/100 Dollars ($250,000).

SECTION 5. METHOD OF PAYMENT

A. The Contractor shall submit to the Office at its offices in Travis County, Texas, a properly completed Request for Payment form and State of Texas Purchase Voucher, as specified by the Office, as often as actually needed. The Office shall determine the reasonableness of each amount requested and shall not make disbursement of any such payment until the Office has reviewed and approved such Request.

B. The Contractor's requests for the advance of funds shall be limited to the minimum amounts needed for effective operation of programs under this contract, and shall be timed as closely as possible to be in accord with actual cash requirements. The Contractor shall establish procedures to minimize the time elapsing between the transfer of funds from the Office to the Contractor and shall ensure that such funds are disbursed as soon as administratively possible.

C. Notwithstanding the provisions of Section 5 (A) of this contract, it is expressly understood and agreed by the parties that payments under this contract are contingent upon the Contractor's full and satisfactory performance of its obligations under this contract.

D. It is expressly understood and agreed by the parties that any right or remedy provided for in this Section 5 or in any other provision of this contract shall not preclude the exercise of any other right or remedy under this contract or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

SECTION 6. UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND PROGRAM INCOME

A. Except as specifically modified by law or the provisions of this contract, the Contractor shall comply with the Regulations in Exhibit D and, for matters not addressed therein, with 24 C.F.R. Part 85, "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments" (referred to as the "Common Rule") as modified by the rules promulgated by the Office of the Governor under the Uniform Grant and Contract Management Act (TEX. GOV'T. CODE ANN. Chapter 783; referred to as "UGCMS."), in performing this contract. The allowability of costs incurred for performances rendered shall be determined in accordance with Office of Management and Budget (OMB) Circular A-87, as supplemented by UGCMS and this contract.

B. The Contractor shall comply with the requirements set forth in 24 C.F.R. Section 570.489(e) of the Regulations to account for program income related to activities financed in whole or in part with funds provided under this contract.

1. The Contractor shall maintain records of the receipt, accrual, and disposition of all program income in the same manner as required for all other funds under this contract, and the Contractor shall provide reports of program income to the Office with each form submitted by the Contractor in accordance with Section 5 of this contract, and at the termination of this contract.

2. Program income earned by the Contractor during the period of this contract shall be retained by the Contractor and utilized by the Contractor to fund performances specified in this contract, in the manner specified, prior to requesting additional funds from the Office.

3. At least sixty (60) days prior to the termination of this contract, the Contractor shall submit a plan to the Office for its approval which specifies the manner in which the Contractor proposes to use any unexpended program income earned under this contract to continue the performance specified in this contract in the manner specified. Any program income earned by the Contractor from this contract, prior to the establishment and approval of a Revolving Loan Fund plan by the Contractor must be returned to the Office. In the event the Office does not approve the plan submitted by the Contractor, the Contractor shall return such program income to the Office within thirty (30) working days after receipt of the Office's notification of disapproval.

SECTION 7. RETENTION AND ACCESSIBILITY OF RECORDS

A. The Contractor shall maintain fiscal records and supporting documentation for all expenditures of funds made under this contract in a manner which conforms to OMB Circular A 87, 24 CFR Section 570.490 of the Regulations in Exhibit D, and this contract. Such records must include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the funds provided under this contract. The Contractor shall retain such records, and any supporting documentation, for the greater of four years from the day the Contractor submits its final audit report and all other pending matters are closed. If an expenditure or audit report has been waived, the retention period starts on the day the report would have been due or the period required by other applicable laws and regulations as described in the Regulations in Exhibit D.

B. The Contractor shall give the United States Department of Housing and Urban Development, the Inspector General, the General Accounting Office, the Auditor of the State of Texas, an office or agency of the State of Texas, and the Office, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by the Contractor pertaining to this contract. Such rights to access shall continue as long as the records are retained by the Contractor. The Contractor agrees to maintain such records in an accessible location and to provide citizens reasonable access to such records consistent with the Texas Public Information Act.

C. The Contractor shall include the substance of this Section 7 in all subcontracts.

SECTION 8. REPORTING REQUIREMENTS

A. The Contractor shall submit to the Office such reports on the operation and performance of this contract as may be required by the Office including but not limited to the reports specified in this Section 8.

B. The Contractor shall submit to the Office no later than the twentieth (20th) day of the month after the end of each calendar quarter of the contract period specified in Section 2, a Quarterly Progress Report of the progress, in narrative form, of all construction and nonconstruction activities by budget categories performed pursuant to Exhibit A, Performance Statement, and of the expenditures and obligations of funds by budget category made pursuant to Exhibit B, Budget, of this contract. The Quarterly Progress Report shall be in a format prescribed by the Office and shall include all such activities, expenditures, and obligations made or performed under this contract during the previous quarter.

C. The Contractor shall submit a Certificate of Expenditures to the Office no later than sixty (60) days after the contract termination date or at the conclusion of all contract activities as determined by the Office. The Certificate of Expenditures shall be in a format prescribed by the Office and shall be accompanied by a final Project Completion Report of all activities performed under this contract.

D. In addition to the limitations on liability otherwise specified in this contract, it is expressly understood and agreed by the parties that if the Contractor fails to submit to the Office in a timely and satisfactory manner any report required by this contract, the Office may, at its sole option and in its sole discretion, withhold any or all payments otherwise due or requested by the Contractor. If the Office withholds such payments, it shall notify the Contractor in writing of its decision and the reasons therefore. Payments withheld pursuant to this paragraph may be held by the Office until such time as the delinquent obligations for which funds are withheld are fulfilled by the Contractor.

E. The Contractor is required to immediately report to the Office any incident of criminal misapplication of Texas Community Development Block Grant (TxCDBG) funds associated with this contract.

SECTION 9. MONITORING

The Office reserves the right to perform periodic on-site monitoring of the Contractor's compliance with the terms and conditions of this contract, and of the adequacy and timeliness of the Contractor's performances under this contract. After each monitoring visit, the Office shall provide the Contractor with a written report of the monitor's findings. If the monitoring reports note deficiencies in the Contractor's performances under the terms of this contract, the monitoring report shall include requirements for the timely correction of such deficiencies by the Contractor. Failure by the Contractor to take action specified in the monitoring report may be cause for suspension or termination of this contract, as provided in Sections 17 and 18 of this contract.

SECTION 10. INDEPENDENT CONTRACTOR

It is expressly understood and agreed by the parties that the Office is contracting with the Contractor as an Independent Contractor, and that the Contractor, as such, agrees to the extent allowed by law to hold the Office harmless and to indemnify the Office from and against any and all claims, demands, and causes of action of every kind and character which may be asserted by any third party occurring or in any way incident to, arising out of, or in connection with the services to be performed by the Contractor under this contract.

SECTION 11. SUBCONTRACTS

A. Except for subcontracts to which the federal labor standards requirements apply, the Contractor may subcontract for performances described in this contract without obtaining the Office's prior written approval. The Contractor shall only subcontract for performances described in this contract to which the federal labor standards requirements apply after the Contractor has submitted a Subcontractor Eligibility form, as specified by the Office, for each such proposed subcontract, and the Contractor has obtained the Office's prior written approval, based on the information submitted, of the Contractor's intent to enter into such proposed subcontract. The Contractor, in subcontracting for any performances described in this contract, expressly understands that in entering into such subcontracts, the Office is in no way liable to the Contractor's subcontractor(s).

B. In no event shall any provision of this Section 11, specifically the requirement that the Contractor obtain the Office's prior written approval of a subcontractor's eligibility, be construed as relieving the Contractor of the responsibility for ensuring that the performances rendered under all subcontracts are rendered so as to comply with all of the terms of this contract, as if such performances rendered were rendered by the Contractor. The Office's approval under Section 11 does not constitute adoption, ratification, or acceptance of the Contractor's or subcontractor's performance. The Office maintains the right to insist upon the Contractor's full compliance with the terms of this contract, and by the act of approval under Section 11, the Office does not waive any right of action which may exist or which may subsequently accrue to the Office under this contract.

C. The Contractor shall comply with 24 CFR Section 85.36, this contract and all applicable federal, state and local laws, regulations, and ordinances for making procurements under this contract.

D. The Contractor shall maintain a retainage in the amount of five percent (5%) of each construction or rehabilitation subcontract entered into by the Contractor until the Office determines that the Federal labor standards requirements applicable to each such subcontract have been satisfied.

SECTION 12. CONFLICT OF INTEREST

A. The Contractor shall ensure that no employee, officer, or agent of the Contractor shall participate in the selection, or in the award or administration of a subcontract supported by funds provided if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: 1) The employee, officer, or agent; 2) any member of his or her immediate family; 3) his or her partner; or, 4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract. The Contractor shall comply with Chapter 171, Texas Local Government Code and 24 C.F.R. 570.489(h) of the federal regulations.

B. In all cases not governed by Subsection (A) of this Section, no persons specified in subsection (C) of this Section who exercise or have exercised any functions or responsibilities with respect to the activities assisted under this contract or any other CDBG contract or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest or benefit from the activity, or have any interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties during their tenure or for one year thereafter.

C. The conflict of interest provisions of Subsection (B) apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the Contractor or of a subcontractor of the Contractor.

D. The Contractor shall include the substance of this section in all subcontracts.

SECTION 13. NONDISCRIMINATION, RELIGIOUS ACTIVITY, AND FAITH-BASED ORGANIZATIONS

A. The Contractor shall ensure that no person shall on the ground of race, color, national origin, religion, sex, age, or handicap be excluded from participation in, be denied the benefits of, or be subjected to discrimination under or be denied access to any program or activity funded in whole or in part with funds made available under this contract.

B. Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in this program and activities funded under this contract. The Contractor receiving funds under this contract shall not discriminate against an organization on the basis of the organizations' religious character or affiliation. None of the performances rendered by the Contractor under this contract shall involve, nor shall any portion of the funds received by the Contractor under this contract, be used to engage in inherently religious activities. Funds made available under this contract may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Funds made available under this contract may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities. Where a structure is used for both eligible and inherently religious activities, funds made available under this contract may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to funds provided under this contract. The Contractor shall comply with the regulations promulgated by the U.S. Department of Housing and Urban Development on faith-based activities at 24 CFR Sec. 570.200(j).

SECTION 14. LEGAL AUTHORITY

A. The Contractor assures and guarantees that the Contractor possesses the legal authority to enter into this contract, receive funds authorized by this contract, and to perform the services the Contractor has obligated itself to perform.

B. The person or persons signing and executing this contract on behalf of the Contractor, or representing themselves as signing and executing this contract on behalf of the Contractor, do hereby warrant and guarantee that he, she or they have been duly authorized by the Contractor to execute this contract on behalf of the Contractor and to validly and legally bind the Contractor to all terms, performances, and provisions set forth.

C. The Office shall have the right to suspend or terminate this contract if there is a dispute as to the legal authority of either the Contractor or the person signing this contract to enter into this contract or to render performances. The Contractor is liable to the Office for any money it has received from the Office for performance of the provisions of this contract, if the Office has suspended or terminated this contract for reasons enumerated in this Section 14.

SECTION 15. LITIGATION AND CLAIMS

The Contractor shall give the Office immediate notice in writing of 1) any action, including any proceeding before an administrative agency, filed against the Contractor arising out the performance of any subcontract; and 2) any claim against the Contractor, the cost and expense of which the Contractor may be entitled to be reimbursed by the Office. Except as otherwise directed by the Office, the Contractor shall furnish immediately to the Office copies of all pertinent papers received by the Contractor with respect to such action or claim. The Contractor shall provide a notice to the Office within 30 days upon filing under any bankruptcy or financial insolvency provision of law.

SECTION 16. CHANGES AND AMENDMENTS

A. Except as specifically provided otherwise in this contract, any alterations, additions, or deletions to the terms of this contract shall be by amendment in writing and executed by both parties to this contract.

B. It is understood and agreed by the parties that performances under this contract must be rendered in accordance with the Act, the Regulations of the Office, assurances and certifications made to the Office by the Contractor, and the assurances and certifications made to the United States Department of Housing and Urban Development by the State of Texas with regard to the operation of the TxCDBG Program. Based on these considerations, and in order to ensure the legal and effective performance of this contract by both parties, it is agreed by the parties that the performances under this contract are amended by the provisions of the TxCDBG Project Implementation Manual and any amendments thereto and may further be amended in the following manner: The Office may from time to time during the period of performance of this contract issue policy directives which serve to establish, interpret, or clarify performance requirements under this contract. Such policy directives shall be promulgated by the Director of the TxCDBG in the form of TxCDBG issuances, shall have the effect of qualifying the terms of this contract and shall be binding upon the Contractor, as if written herein, provided however that the policy directives and any amendments to the TxCDBG Project Implementation Manual shall not alter the terms of this contract so as to release the Office of any obligation specified in Section 4 of this contract to reimburse costs incurred by the Contractor prior to the effective date of the amendments or policy directives.

C. Any alterations, additions, or deletions to the terms of this contract which are required by changes in Federal or State law or regulations are automatically incorporated into this contract without written amendment, and shall become effective on the date designated by such law or regulation.

D. Notwithstanding Subsection A of this Section 16, the Contractor may make transfers of funds between or among budget categories of Exhibit B, Budget, without requiring an amendment to this contract, or otherwise requiring the Office's prior written approval provided that:

1. The cumulative dollar amount of all transfers among direct budget categories is equal to or less than ten percent (10%) of the total amount of this contract as specified in Section 4 (C);

2. The transfer will not change the scope or objective of the projects funded under this contract; and

3. The Contractor submits a budget revision report to the Office, on a form specified by the Office, simultaneously with the submission of the Contractor's first request for payment following any such transfers made in accordance with this Subsection D.

SECTION 17. SUSPENSION

Notwithstanding the provisions of TEX. GOV'T. CODE ANN. Chapter 2251, in the event the Contractor fails to comply with any term of this contract, the Office may, upon written notification to the Contractor, suspend this contract in whole or in part and withhold further payments to the Contractor, and prohibit the Contractor from incurring additional obligations of funds under this contract.

SECTION 18. TERMINATION

A. The Office shall have the right to terminate this contract, in whole or in part, at any time before the date of completion specified in Section 2 of this contract whenever the Office determines that the Contractor has failed to comply with any term of this contract. The Office shall notify the Contractor in writing prior to the thirtieth (30th) day preceding the date of termination of such determination; the reasons for such termination; the effective date of such termination; and in the case of partial termination, the portion of the contract to be terminated.

B. Either of the parties to this contract shall have the right to terminate this contract, in whole or in part, when both parties agree that the continuation of the activities funded under this contract would not produce beneficial results commensurate with the further expenditure of funds; provided that both parties agree, in writing, upon the termination conditions, including the effective date of such termination; and in the case of partial termination, the portion of the contract to be terminated.

C. Upon termination or receipt of notice to terminate, whichever occurs first, the Contractor shall cancel, withdraw, or otherwise terminate any outstanding orders or subcontracts related to the performance of this contract or the part of this contract to be terminated, and shall cease to incur costs thereunder. The Office shall not be liable to the Contractor or to the Contractor's creditors for costs incurred after termination of this contract.

D. Notwithstanding any exercise by the Office of its right of suspension under Section 17 of this contract, or of early termination pursuant to this Section 18, the Contractor shall not be relieved of any liability to the Office for damages due to the Office by virtue of any breach of this contract by the Contractor. The Office may withhold payments to the Contractor until such time as the exact amount of damages due to the Office from the Contractor is agreed upon or is otherwise determined.

SECTION 19. AUDIT

A. The Contractor shall arrange for the performance of an annual financial and compliance audit of funds received and performances rendered under this contract, subject to the following conditions and limitations:

1. (a) Audit Required-Federal Awards. Contractors expending $500,000 or more in Federal financial assistance for any fiscal year, beginning with fiscal years ending January 31, 2004 and after, shall have a single audit conducted in accordance with the Single Audit Act Amendments of 1996, 31 U.S.C. 7501, and OMB Circular No. A-133 - Revised as of June 27, 2003, "Audits of States, Local Governments, and Non-Profit Organizations." Alternatively, Office may require a program specific audit for certain situations and when the Single Audit Act does not apply. For purposes of this Section 19, "Federal financial assistance" means assistance that non- Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals as described in OMB Circular A-133 §__.205 (h) and §__205 (i). The term includes awards of Federal financial assistance received directly from Federal agencies, or indirectly through other units of State and local government.

(b) Audit Required-State Financial Assistance. Contractors that expended $500,000 or more in total State Financial Assistance for any fiscal year, beginning with fiscal years ending January 31, 2004 and after, shall have a single or program specific audit conducted for that year in accordance with provisions of the State of Texas Single Audit Circular and the Uniform Grant Management Standards (UGMS) as adopted June 2004. For purposes of this Section 19, "State Financial Assistance" (or cost reimbursement contract) means assistance that non-state entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, and other assistance, but does not include amounts received as an reimbursement for services rendered to individuals as described in sec. __.205 (f). "State Financial Assistance" (or cost reimbursement contract) is received directly from state awarding agencies or indirectly from pass-through entities under a federal block grant. State financial assistance also does not include federal awards as defined by OMB Circular A-133.

2. Audit Expenses. Notwithstanding Section 4, the Contractor shall utilize funds budgeted under this contract to pay for that portion of the cost of such audit services properly allocable to the activities funded by the Office under this contract, provided however that the Office shall not make payment for the cost of such audit services until the Office has received a satisfactory audit report and invoice, as determined by the Office, from the Contractor; the invoice submitted for reimbursement should clearly show the percentage of cost relative to the total single audit cost of the audit services. Therefore, when submitting a request for audit fees reimbursement, the Contractor shall submit an invoice that clearly shows the total cost of the audit and the corresponding prorated charge per funding source. In addition, when applicable, an explanation shall be submitted with the reimbursement request-supporting why the percentage of audit fee charges exceeds the percentage amount of TxCDBG funds expended of the total funds expended by the Contractor.

3. The Contractor shall submit one (1) copy of the report of such audit to the Office within thirty (30) days after the completion of the audit, but no later than nine (9) months after the end of the Contractor's audit period (i.e., after the Contractor's fiscal year end). The Contractor shall ensure that the audit report is made available for public inspection within thirty (30) days after completion of the audit. Audits performed under Subsection A of this Section 19 are subject to review and resolution by the Office or its authorized representative. The Contractor shall ensure the Audit Report submitted include either in the report or as part of the cover letter, auditor and contractor contact information, including contact person, mailing address, telephone, fax number and e-mail address. The Contractor shall ensure the Audit Report submitted also includes the submission of the CPA Management Letter if a Management Letter was issued to the Contractor by it's CPA firm. Failure by the Contractor to submit a completed single audit package as described in the audit requirements by the required due date could affect funding for all existing contracts, eligibility to apply under the TxCDBG Program, and the issuance of new contracts for funding awards.

4. Notwithstanding the requirements after paragraphs "A-1 through 3" of this Section 19, the Contractor shall submit within 60 days after its fiscal year end an Audit Certification Form (ACF) or a similar statement. The ACF or statement will include information indicating if the Contractor has or has not met the $500,000 expenditure threshold that will require a Single Audit Report in accordance with the Uniform Grant Management Standards, Subpart C-Post Award Requirements, Section _.26 Audit, item (d). If the Contractor did not exceed the threshold, the Contractor shall include with the ACF or statement, a list of all open Office contracts providing financial assistance and the corresponding activity. Failure by the Contractor to submit an ACF or a similar statement or failure to submit a completed single audit package as described in the audit requirements by the required due date could affect funding for all existing contracts, eligibility to apply under the TxCDBG Program, and the issuance of new contracts for funding awards.

5. Pursuant to the Texas Administrative Code §5.167(c), "Chapter 2105, Texas Government Code, requires that all subrecipients of federal block grants be included under the provisions of the Uniform Grant and Contract Management Standards." The Uniform Grant and Contract Management Standards (UGMS) (D) sec.___.400 requires "Recipients who are required to have a single audit and receive state or federal awards for more than one state agency shall have a state single audit coordinating agency. The governor's office shall designate a state single audit coordinating agency based upon the state awarding agency that provides the predominant amount of direct funding to a recipient and other factors, as appropriate, to ensure equitable and manageable workloads." Further, it is the Contractor's responsibility to make this request to the governor's office pursuant to the Texas Administrative Code §5.167(c)(2), "To have a state single audit coordinating agency designated a recipient must submit a written request to the Governor's Budget and Planning Office, P.O. Box 12428, Austin, Texas 78711. This request must list the state agencies providing financial assistance with the grant amounts for the year to be audited and indicate that the governing body has authorized the initiation of the single audit."

B. Notwithstanding Subsection A of this Section 19, the Office reserves the right to conduct an annual financial and compliance review of funds received and performances rendered under this contract. The Contractor agrees to permit the Office or its authorized representative to audit the Contractor's records and to obtain any documents, materials, or information necessary to facilitate such review.

C. The Contractor understands and agrees that it shall be liable to the Office for any costs disallowed pursuant to financial and compliance audit(s) of funds received under this contract. The Contractor further understands and agrees that reimbursement to the Office of such disallowed costs shall be paid by the Contractor from funds which were not provided or otherwise made available to the Contractor under this contract.

D. The Contractor shall take such action to facilitate the performance of such audit or audits conducted pursuant to this Section 19 as the Office may require of the Contractor. Contractor shall establish written standard operating procedures and internal controls to include the timely procurement of a CPA firm to start and complete the year end single audit report if applicable, in order to comply with contractual and regulatory requirements. The Office shall not release any funds for any costs incurred by the Contractor under this contract until the Office has received a copy of any audit report required by this Section 19.

E. The Contractor shall procure audit services through an open, competitive process at least once every four years. The auditor shall retain working papers and reports for a minimum of three years after the date of issuance of the auditor's report to the auditee. Audit working papers shall be made available upon request to the Office at the completion of the audit, as a part of a quality review, to resolve audit findings, or to carry out oversight responsibilities consistent with the purposes of this part. Access to working papers includes the right to obtain copies of working papers, as is reasonable and necessary.

F. Contractor understands that acceptance of funds under this contract acts as acceptance of the authority of the State Auditor's Office, or any successor agency, to conduct an audit or investigation in connection with those funds. Contractor further agrees to cooperate fully with the State Auditor's Office or its successor in the conduct of the audit or investigation, including providing all records requested. Contractor will ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through Contractor and the requirement to cooperate is included in any subcontract it awards.

SECTION 20. ENVIRONMENTAL CLEARANCE REQUIREMENTS

A. The Contractor understands and agrees that by the execution of this contract the Contractor shall assume the responsibilities for environmental review, decision making, and other action which would otherwise apply to the Office under Section 5304(f) of the Act, in accordance with and to the extent specified in 24 CFR Part 58. In accordance with Section 58.77(b) of such regulations, the Contractor further understands and agrees that the Contractor shall handle inquiries and complaints from persons and agencies seeking redress in relation to environmental reviews covered by approved certifications.

B. Funds provided under this contract may be obligated and expended before the actions specified in this Section occur only for the following eligible activities:

1. The payment of reasonable planning and administrative costs related to the project;

2. Environmental studies, including environmental clearance activities required by this Section; and

3. The payment or reimbursement of reasonable project engineering and design costs incurred for this project.

C. The Contractor shall prepare a written Environmental Assessment of its activities in accordance with 24 C.F.R. Part 58, Subpart E, and the TxCDBG Project Implementation Manual. The Contractor must then follow the steps specified in this subsection to ensure compliance with the National Environmental Policy Act (NEPA). When the Environmental Assessment is completed, the Contractor must follow one of the following two (2) procedures. The first is a Finding of Significant Impact, in which the Request for Release of Funds for the project is an action which may significantly affect the quality of the human environment. If this is the case, the Contractor must then prepare an Environmental Impact Statement in accordance with Subpart F or Subpart G of 24 C.F.R. Part 58. The second and more common procedure must be followed for all projects not requiring an Environmental Impact Statement. The Contractor in this instance must publish, in the manner prescribed in 24 C.F.R. Sections 58.43 and 58.45, a combined legal notice in a single publication: A Finding of No Significant Impact (FONSI), and a Notice of Intent to Request Release of Funds (NOI/RROF). In the first part of this notice, the Contractor certifies that, as a result of the Environmental Assessment, the project is not an action which may or will significantly affect the quality of the human environment. The Contractor shall then provide the public with at least fifteen (15) calendar days to comment on this combined notice following its publication date, unless exceptional circumstances exist as specified in 24 C.F.R. Section 58.46. If no unresolved problems occur, the Contractor must then concurrently submit to the Office the following documents:

1. Request for Release of Funds and Certification (form HUD 7015.15);

2. Statutory Checklist (Covering 24 CFR Part 58.5) and HUD Compliance Documentation Checklist (Covering 24 CFR Part 58.6);

3. Published FONSI and NOI/RROF; and

4. Publisher's Affidavit (only needed if sending a photocopy of the publication and not an original full page of the newspaper with publication title and date.)

Upon receipt of such documents, the Office must allow a fifteen (15) calendar day comment period to expire before it can formally release any project funds which are subject to the environmental review regulations. The Contractor must comply with all other applicable environmental requirements as specified in Exhibit D of this contract. The Contractor shall document its compliance with such other requirements in its environmental review file. The environmental review file and source documentation must be maintained as part of the environmental review record.

SECTION 21. CITIZEN PARTICIPATION REQUIREMENTS

A. The Contractor shall provide for and encourage citizen participation, particularly by low and moderate income persons who reside in slum or blighted areas and areas in which the funds provided under this contract are used, in accordance with Section 570.486 of the Regulations and this contract;

B. The Contractor shall hold a public hearing concerning any activities proposed to be added, deleted, or substantially changed, as determined by the Office, from the activities specified in Exhibit A, Performance Statement, of this contract;

C. Prior to the programmatic closure of this contract, the Contractor shall hold a public hearing to review its performance under this contract;

D. For each public hearing scheduled and conducted by the Contractor under this section, the Contractor shall comply with the following requirements:

1. Notice of each hearing shall be published in the non-legal section of a newspaper having general circulation in the Contractor's jurisdiction at least seventy-two (72) hours prior to each scheduled hearing. The published notice shall include the date, time, and location of each hearing and the topics to be considered at each hearing. The published notice shall be printed in both English and Spanish, if appropriate. The Office shall accept articles published in such newspapers which satisfy the content and timing requirements of this subsection. In addition, the Contractor shall prominently post such notices in public buildings and distributed to interested community groups.

2. If any substantial changes are being requested concerning the activities included in this contract, the public hearings shall be held after 5 p.m. on a weekday or on a Saturday or Sunday. The hearings must be conducted at a location convenient to potential or actual beneficiaries, with accommodation for the handicapped.

3. When a significant number of non-English speaking residents can reasonably be expected to participate in a public hearing, the Contractor shall provide an interpreter to accommodate the needs of the non-English speaking residents.

E. Notwithstanding the provisions of Section 7 of this contract, the Contractor shall retain documentation of the public hearing notices, a list of the attendees at each hearing, and minutes of each hearing held in accordance with this section for a period of three (3) years after the termination of this contract. The Contractor shall make such records available to the public in accordance with TEX. GOV'T. CODE ANN. Chapter 552.

F. Complaint Procedures. The Contractor shall maintain written citizen complaint procedures that provide a timely written response to complaints and grievances. Such procedures shall comply with the Office's requirements. The Contractor shall ensure that its citizens are aware of the location and hours at which they may obtain a copy of the written procedures and the address and phone number for submitting complaints.

SECTION 22. SPECIAL CONDITIONS

A. The Office shall not release any funds for any costs incurred by the Contractor under this contract until the Office has received a copy of the Contractor's previous fiscal year audit report or certification from the Contractor that its fiscal control and fund accounting procedures are adequate to assure the proper disbursal of and accounting for funds provided under this contract. The Office shall specify the content and form of such certification.

B. The Office shall not be liable to the Contractor for any costs incurred by the Contractor under this contract until the Office receives a properly completed Depository/Authorized Signators Form, as specified by the Office, from the Contractor.

C. The Contractor shall not advertise or solicit bids for construction or rehabilitation of a project assisted with funds provided under this contract until the Contractor has received the applicable prevailing wage rates from the Office.

D. In accordance with Section 18 of this contract, this contract shall terminate six (6) months after the commencement date specified in Section 2 unless activities specified in Section 20 or listed under Section 22 funded under this contract have begun by such date.

E. Public buildings, facilities, centers, constructed with Office of Rural Community Affairs (ORCA) Community Development Block Grant (CDBG) assistance shall have permanent signage placed in a prominent visible public area with the wording provided below. The formatting of such signage will be at local discretion to best fit the architectural design of the facility constructed but should be legible from at least three feet distance.

Other construction projects, e.g., water transmission lines, sewer collection lines, drainage, roadways, housing rehabilitation, etc. utilizing ORCA CDBG funding shall have temporary signage erected in a prominent location at the construction project site or along a major thoroughfare within the locality as directed by the owner.

Project Sign Wording:

"This project is funded by the Office of Rural Community Affairs of the State of Texas, to strengthen and enhance the quality of life in smaller and rural communities with funds allocated by the United States Department of Housing and Urban Development through the Community Development Block Grant Program."

F. Prior to the Office's release of funds for the construction of the sewer system improvements described in Exhibit A, Performance Statement, of this contract, the Contractor shall provide certification to the Office from the Texas Commission on Environmental Quality that plans, specifications, and related documents for its sewer system improvements have been prepared by a registered professional engineer and that the review of such plans, specifications, and related documents meet the applicable Texas Commission on Environmental Quality review requirements described in Title 30 of the Texas Administrative Code, Chapter 317 (30 TAC 317.1 et seq.).

G. Notwithstanding Section 4(A) (6), the Contractor shall be allowed, upon written approval of the Office, to incur costs prior to the commencement date specified in Section 2. Such costs may only be incurred for activities described in Exhibit A, Performance Statement, provided that these activities meet the requirements of 24 C.F.R. Part 570, Subpart I and 24 C.F.R. Part 58.

H. PROJECT MAPPING/DESIGN INFORMATION AND COPYRIGHT

1. The Contractor shall receive and maintain a copy of the final project record drawing(s) engineering schematic(s), as constructed using funds under this contract. These maps shall be provided in digital format containing the source map data (original vector data) and the graphic data in files on machine readable media, such as compact disc (CD), which are compatible with computer systems owned or readily available to the Contractor. The digital copy provided shall not include a digital representation of the engineer's seal but the accompanying documentation from the engineer shall include a signed statement of when the map was authorized, that the digital map is a true representation of the original sealed document, and that a printed version with the seal has been provided to the Contractor. In addition, complete documentation as to the content and layout of the data files and the name of the software package(s) used to generate the data and maps shall be received and maintained by Contractor in written form. The Contractor shall provide the Office upon request a copy of all the electronic files and other data received, including the original vector data, and all documentation in electronic format, on a CD or other media in a file format determined by the Office. If requested by the Office, the Contractor shall ensure that the CD copy of all the electronic files and other data provided to the Office are properly identified. Specifically, the CD label shall show the Contractor's name, the Office's assigned contract number, the contents of CD, the preparer's name, and the name of the software package(s) used to generate the maps on the CD.

2. Where activities supported by this contract produce copyrightable material, the Contractor shall not assert any rights at common law or in equity or establish any claim to statutory copyright in such material without the Office's prior written approval. The Office reserves a royalty-free, nonexclusive, and irrevocable license to copy, produce, publish, and use such material, and to authorize others to do so.

3. Provisions appropriate to effectuate the purposes of this subsection must be in all employment contracts, consultant contracts, including engineering consultant contracts, and other contracts or agreements in which funds received by the Contractor under this contract are involved.

SECTION 23. DEBARMENT

A. By signing this contract, the Contractor certifies that it will not award any funds provided under this contract to any party which is debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 and 24 CFR Part 24. The Contractor shall receive the certification provided by the Office from each proposed subcontractor under this contract and its principals.

B. By signing this contract, the Contractor certifies that it is not debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 and 24 CFR Part 24. Further, the Contractor is required to immediately report to the Office if it is debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 and 24 CFR Part 24.

SECTION 24. POLITICAL AID AND LEGISLATIVE INFLUENCE PROHIBITED

A. None of the funds provided under this contract shall be used for influencing the outcome of any election, or the passage or defeat of any legislative measure. This prohibition shall not be construed to prevent any official or employee of the Contractor from furnishing to any member of its governing body upon request, or to any other local or state official or employee or to any citizen information in the hands of the employee or official not considered under law to be confidential information. Any action taken against an employee or official for supplying such information shall subject the person initiating the action to immediate dismissal from employment.

B. No funds provided under this contract may be used directly or indirectly to hire employees or in any other way fund or support candidates for the legislative, executive, or judicial branches of government of the Contractor, the State of Texas, or the government of the United States.

SECTION 25. ORAL AND WRITTEN AGREEMENTS

A. All oral and written agreements between the parties to this contract relating to the subject matter of this contract that were made prior to the execution of this contract have been reduced to writing and are contained in this contract.

B. The attachments enumerated and denominated below are hereby made a part of this contract, and constitute promised performances by the Contractor in accordance with Section 3 of this contract:

1. Exhibit A, Performance Statement, 1 Page
2. Exhibit B, Budget, 2 Pages
3. Exhibit C, Project Implementation Schedule, 1 Page
4. Exhibit D, Applicable Laws and Regulations, 3 Pages
5. Exhibit E, Certifications, 2 Pages

SECTION 26. VENUE

For purposes of litigation pursuant to this contract, venue shall lie in Travis County, Texas.

WITNESS OUR HANDS EFFECTIVE June 22, 2008.

Steven J. Alexander, City Manager
City of Copperas Cove

Approved and accepted on behalf of the Office of Rural Community Affairs.

Charles S. (Charlie) Stone, Executive Director
Office of Rural Community Affairs

This contract is not effective unless signed by the Executive Director of the Office of Rural Community Affairs or by the Executive Director's authorized designee.

EXHIBIT A

CONTRACT NO. 728050

PERFORMANCE STATEMENT

City of Copperas Cove

Contractor shall carry out the following activities in the target area identified in its Community Development Fund/Community Development Supplemental Fund application. The persons to benefit from the activities described in this Performance Statement must be receiving service or a benefit from the use of the new or improved facilities and activities for the contract obligations to be fulfilled. The Contractor shall ensure that the amount of funds expended for each activity described does not exceed the amount specified for such activity in Exhibit B, Budget.

Sewer Facilities

Contractor shall replace antiquated and collapsed sewer lines to eliminate infiltration and inflow. Contractor shall construct approximately three thousand four hundred thirty-three linear feet (3,433 l.f.) of eight-inch (8") sewer line, seventeen (17) manholes, pavement repair, service reconnections and associated appurtenances. Construction shall take place on:

STREET NAME	FROM	TO
Westview	Bluffdale	Highway 90
Truman	Hackberry Street	North Main Street
Reagan	Hackberry Street	North Main Street
Halstead	Hackberry Street	North Main Street

These activities shall benefit nine hundred ninety-nine (999) persons, of which six hundred twenty-nine (629) or sixty-three percent (63%) are of low to moderate income.

Engineering

Contractor shall ensure that the amount of the Office funds expended for all eligible project-related engineering services, including preliminary and final design plans and specifications, all interim and final inspections, and all special services does not exceed the amount specified for engineering in Exhibit B, Budget.

Administration

Contractor shall ensure that the amount of the Office funds expended for all eligible project-related administration activities, including the required annual program compliance and fiscal audit does not exceed the amount specified for administration in Exhibit B, Budget.

EXHIBIT B

CONTRACT NO. 728050

BUDGET

City of Copperas Cove

LINE	CATEGORIES	CONTRACT FUNDS	OTHER FUNDS	TOTAL
1a.	Water Facilities	$	$	$
1b.	Sewer Facilities	$ 249,533	$ -0-	$ 249,533
2.	Solid Waste Disposal Facilities	$	$	$
3.	Other Public Utilities	$	$	$
4.	Street Improvements	$	$	$
5.	Flood and Drainage Facilities	$	$	$
6.	Neighborhood Facilities/ Community Centers	$	$	$
7.	Senior Centers	$	$	$
8.	Centers for the Handicapped/ Sheltered Workshops	$	$	$
9.	Parks, Playgrounds, and Other Recreational Facilities	$	$	$
10.	Fire Protections Facilities and Equipment	$	$	$
11.	Parking Facilities	$	$	$
12.	Pedestrian Malls and Walkways	$	$	$
13.	Specially Authorized Assistance to Privately Owned Utilities	$	$	$
14.	Specially Authorized Public Facilities and Improvements	$	$	$
15.	Public Services (LIMITED TO 15% OF REQUEST)	$	$	$
16.	Interim Assistance	$	$	$

LINE	CATEGORIES	CONTRACT FUNDS	OTHER FUNDS	TOTAL
17.	Rehabilitation of Private Properties (Housing)	$	$	$
17a.	Rehabilitation of Private Properties (Water Service)	$	$	$
17b.	Rehabilitation of Private Properties (Sewer Service)	$	$	$
18.	Rehabilitation of Public Residential Structures	$	$	$
19.	Public Housing Modernization	$	$	$
20.	Clearance Demolition Activities	$	$	$
21.	Historic Preservation	$	$	$
22.	Removal of Architectural Barriers	$	$	$
23.	Code Enforcement	$	$	$
24.	Acquisition	$	$	$
25.	Relocation Payments & Assistance	$	$	$
26.	Economic Development Loan	$	$	$
27.	Economic Devel. Interest Subsidy	$	$	$
28.	Economic Devel. Loan Guarantee	$	$	$
29.	Special Activities by Local Devel Corporations, Etc.	$	$	$
30.	Engineering/Architectural Serv. (Total for all construction accounts)	$ 467	$ 46,033[1]	$ 46,500
31.	Planning & Urban Env. Design (NOT TO EXCEED 16%)	$	$	$
32.	General Administration	-0-	$ 27,500[1]	$ 27,500
	TOTALS	$ 250,000	$ 73,533	$ 323,533

[1]*City of Copperas Cove Water and Wastewater Certificates of Obligation funds*

EXHIBIT C

PROJECT IMPLEMENTATION SCHEDULE

CONTRACT NUMBER 728050

City of Copperas Cove

Activity **Completed by Last Day of Month:**	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Procurement of Professional Services Completed			X																					
Plans and Specifications Completed					X																			
Plans and Specifications Submitted for Approval						X																		
Environmental Review Completed						X																		
Clearance of Special Conditions								X																
Wage Rate Request/Decision/10-Day Call								X																
Bid Advertisement / Construction Contract Awarded									X															
Construction - 50% TxCDBG project complete														X										
Construction - 50% TxCDBG funds requested from Office															X									
Construction - 75% TxCDBG project complete																	X							
Construction - 75% TxCDBG funds requested from Office																		X						
Construction - 90% TxCDBG project complete																			X					
Construction - 90% TxCDBG funds requested from Office																				X				
Final Inspections Completed																				X				
General Administration																								X
Close-out documents submitted to Office																								X

CONTRACT START DATE	CONTRACT ENDING DATE
June 22, 2008	June 21, 2010

EXHIBIT D

THE APPLICABLE LAWS AND REGULATIONS

The Contractor shall comply with the Act and Regulations specified in Section 3 of this contract and with the OMB Circular and federal regulations specified in Section 6 of this contract; Cash Management Improvement Act regulations (31 C.F.R. Part 205); and with all other federal, state, and local laws and regulations applicable to the activities and performances rendered by the Contractor under this contract including but not limited to the laws, and the regulations promulgated thereunder specified in Section I through VII of this Exhibit D.

I. CIVIL RIGHTS

Title VI of the Civil Rights Act of 1964, (42 U.S.C. Section 2000d et seq.); 24 C.F.R. Part I, "Nondiscrimination in Federally Assisted Programs of the Department of Housing and Urban Development - Effectuation of Title VI of the Civil Rights Act of 1964";

Title VIII of the Civil Rights Act of 1968, "The Fair Housing Act of 1968" (42 U.S.C. Sec 3601 et seq.), as amended;

Executive Order 11063, as amended by Executive Order 12259, and 24 C. F.R. Part 107, "Nondiscrimination and Equal Opportunity in Housing under Executive Order 11063". The failure or refusal of the Contractor to comply with the requirements of Executive Order 11063 or 24 C.F.R. Part 107 shall be a proper basis for the imposition of sanctions specified in 24 C.F.R. 107.60;

The Age Discrimination Act of 1975 (42 U.S.C. Sec. 6101 et seq.);

Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Sec. 794.) and "Nondiscrimination Based on Handicap in Federally-Assisted Programs and Activities of the Department of Housing and Urban Development", 24 C.F.R. Part 8. By signing this contract, the Contractor understands and agrees that the activities funded shall be operated in accordance with 24 C.F.R. Part 8; and the Architectural Barriers Act of 1968 (42 U.S.C. Sec. 4151 et seq.), including the use of a telecommunications device for deaf persons (TDDs) or equally effective communication system.

II. LABOR STANDARDS

The Davis-Bacon Act, as amended (40 U.S.C. Secs. 276a - 276a-5);

The Contract Work Hours & Safety Standards Act (40 U.S.C. 327 et seq.);

The Copeland "Anti-Kickback" Act (18 U.S.C. Sec. 874).

III. EMPLOYMENT OPPORTUNITIES

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. Sec.1701u).

IV. LEAD-BASED PAINT

Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. Sec. 4831(b)) and the procedures established by the Office thereunder.

V. ENVIRONMENTAL LAW AND AUTHORITIES

Environmental Review Procedures for Recipients assuming HUD Environmental Responsibilities, 24 CFR Part 58, as amended.

In accordance with the provisions of law cited in §58.1(b), the responsible entity must assume the environmental responsibilities for projects under programs cited in §58.1(b), and in doing so must comply with the provisions of the National Environmental Policy Act of 1969, as amended and the Council on Environmental Quality regulations contained in 40 CFR parts 1500 through 1508. This includes responsibility for compliance with the applicable provisions and requirements of the Federal laws and authorities specified in §58.5 [below]. The responsible entity must certify that it has complied with the requirements that would apply to HUD under these laws and authorities and must consider the criteria, standards, policies and regulations of these laws and authorities.

(a) Historic Properties

(1) The National Historic Preservation Act of 1966 as amended (16 U.S.C. 470 *et seq.*), particularly sections 106 and 110 (16 U.S.C. 470 and 470h-2), except as provided in §58.17 for Section 17 projects.
(2) Executive Order 11593, Protection and Enhancement of the Cultural Environment, May 13, 1971 (36 FR 8921), 3 CFR 1971-1975 Comp., p. 559, particularly section 2(c).
(3) Federal historic preservation regulations as follows:
  (i) 36 CFR part 800 with respect to HUD programs other than Urban Development Action Grants (UDAG) and
  (ii) 36 CFR part 801 with respect to UDAG.
(4) The Reservoir Salvage Act of 1960 as amended by the Archeological and Historic Preservation Act of 1974 (16 U.S.C. 469 *et seq.)*, particularly section 3 (16 U.S.C. 469a-1).

(b) Floodplain management and wetland protection

(1) Executive Order 11988, Floodplain Management, May 24, 1977 (42 FR 26951), 3 CFR, 1977 Comp., p. 117, as interpreted in HUD regulations at 24 CFR part 55, particularly section 2(a) of the order (For an explanation of the relationship between the decision-making process in 24 CFR part 55 and this part, see §55.10 of this subtitle A.)

(2) Executive Order 11990, Protection of Wetlands, May 24,1977 (42 FR 26961), 3 CFR, 1977 Comp., p. 121 particularly sections 2 and 5.

(c) Coastal Zone Management

(1) The Coastal Zone Management Act of 1972 (16 U.S.C. 1451 *et seq.*), as amended, particularly sections 307(c) and (d) (16 U.S.C. 1456(c) and (d)).

(d) Sole source aquifers

(1) The Safe Drinking Water Act of 1974 (42 U.S.C. 201, 300(f) *et seq.*, and 21 U.S.C. 349) as amended; particularly section 1424(e)(42 U.S.C. 300h-3(e).

(2) Sole Source Aquifers (Environmental Protection Agency-40 CFR part 149.)

(e) Endangered species

(1) The Endangered Species Act of 1973 (16 U.S.C. 1531 *et seq.*) as amended, particularly section 7 (16 U.S.C. 1536)

(f) Wild and scenic rivers

(1) The Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 *et seq.*) as amended, particularly sections 7(b) and (c) (16 U.S.C. 1278(b) and (c)).

(g) Air quality

(1) The Clean Air Act (42 U.S.C. 7401 *et seq.*) as amended, particularly sections 176(c) and (d) (42 U.S.C. 7506(c) and (d)).
(2) Determining Conformity of Federal Actions to State or Federal Implementation Plans (Environmental Protection Agency-40 CFR parts 6, 51, and 93).

(h) Farmland protection

(1) Farmland Protection Policy Act of 1981 (7 U.S.C. 4201 *et seq.*) particularly sections 1540(b) and 1541 (7 U.S.C. 4201(b) and 4202).
(2) Farmland Protection Policy (Department of Agriculture-7 CFR part 658).

(i) HUD environmental standards

(1) Applicable criteria and standards specified in HUD environmental regulations (24 CFR part 51) other than the runway clear zone and clear zone notification requirement in 24 CFR 51.303(a)(3).
(2) HUD Notice 79-33, Policy Guidance to Address the Problems Posed by Toxic Chemicals and Radioactive Materials, September 10, 1979. All properties that are being proposed for use must be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property. The environmental review of non-residential property, (or multi-family housing with five or more dwelling units, including leasing) must include the evaluation of previous uses of the site or other evidence of contamination on or near the site, to ensure that the occupants of proposed sites are not adversely affected by any hazards. Particular attention must be given to any proposed site on or in the general proximity of such areas as dumps, landfills, industrial sites, or other locations that contain, or may have contained, hazardous wastes. The Contractor shall use current techniques by qualified professionals to undertake investigations determined necessary.

(j) Environmental justice

(1) Executive Order 12898 of February 11, 1994 — Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, (59 FR 7629), 3 CFR, 1994 Comp. p. 859.

(k) Other requirements - See 24 CFR Part 58.6.

VI. ACQUISITION/RELOCATION

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Sec. 4601 et seq.), 24 C.F.R. Part 42, and 24 C.F.R. Section 570.606.

VII. FAITH-BASED ACTIVITIES

Executive Order 13279 of December 12, 2002 - Equal Protection of the Laws for Faith-Based and Community Organizations, (67 FR 77141).

EXHIBIT E

CERTIFICATIONS

WITH RESPECT TO THE EXPENDITURE OF FUNDS PROVIDED UNDER THIS CONTRACT BY THE City of Copperas Cove, THAT;

(1) IT WILL MINIMIZE DISPLACEMENT OF PERSONS AS A RESULT OF ACTIVITIES ASSISTED WITH SUCH FUNDS;

(2) THE PROGRAM WILL BE CONDUCTED AND ADMINISTERED IN CONFORMITY WITH THE CIVIL RIGHTS ACT OF 1964 (42 U.S.C. SEC. 2000a et seq.) AND THE FAIR HOUSING ACT (42 U.S.C. SEC 3901 et seq.), AND THAT IT WILL AFFIRMATIVELY FURTHER FAIR HOUSING, AS SPECIFIED BY THE OFFICE;

(3) IT WILL PROVIDE FOR OPPORTUNITIES FOR CITIZEN PARTICIPATION, HEARINGS AND ACCESS TO INFORMATION WITH RESPECT TO ITS COMMUNITY DEVELOPMENT PROGRAMS, AS SPECIFIED BY THE OFFICE;

(4) IT WILL NOT ATTEMPT TO RECOVER ANY CAPITAL COSTS OF PUBLIC IMPROVEMENTS ASSISTED IN WHOLE OR IN PART WITH SUCH FUNDS BY ASSESSING ANY AMOUNT AGAINST PROPERTIES OWNED AND OCCUPIED BY PERSONS OF LOW AND MODERATE INCOME, INCLUDING ANY FEE CHARGED OR ASSESSMENT MADE AS A CONDITION OF OBTAINING ACCESS TO SUCH PUBLIC IMPROVEMENTS UNLESS (A) SUCH FUNDS ARE USED TO PAY THE PROPORTION OF SUCH FEE OR ASSESSMENT THAT RELATED TO THE CAPITAL COSTS OF SUCH PUBLIC IMPROVEMENTS THAT ARE FINANCED FROM REVENUE SOURCES OTHER THAN SUCH FUNDS; OR (B) FOR PURPOSES OF ASSESSING ANY AMOUNT AGAINST PROPERTIES OWNED AND OCCUPIED BY PERSONS OF MODERATE INCOME, THE CONTRACTOR CERTIFIES THAT IT LACKS SUFFICIENT FUNDS UNDER THIS CONTRACT TO COMPLY WITH THE REQUIREMENTS OF CLAUSE (A).

(5) IN THE EVENT THAT DISPLACEMENT OF RESIDENTIAL DWELLINGS WILL OCCUR IN CONNECTION WITH A PROJECT ASSISTED WITH TCDP FUNDS, IT WILL FOLLOW A RESIDENTIAL ANTIDISPLACEMENT AND RELOCATION ASSISTANCE PLAN, AS SPECIFIED BY THE OFFICE.

(6) IT SHALL ADOPT AND ENFORCE A POLICY PROHIBITING THE USE OF EXCESSIVE FORCE BY LAW ENFORCEMENT AGENCIES WITHIN ITS JURISDICTION AGAINST ANY INDIVIDUAL ENGAGED IN NONVIOLENT CIVIL RIGHTS DEMONSTRATIONS AND A POLICY OF ENFORCING APPLICABLE STATE AND LOCAL LAWS AGAINST PHYSICALLY BARRING ENTRANCE TO OR EXIT FROM A FACILITY OR LOCATION WHICH IS THE SUBJECT OF SUCH NONVIOLENT CIVIL RIGHTS DEMONSTRATION WITHIN ITS JURISDICTION.

CERTIFICATION REGARDING LOBBYING FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS

City of Copperas Cove

CERTIFIES, TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THAT:

(1) NO FEDERAL APPROPRIATED FUNDS HAVE BEEN PAID OR WILL BE PAID, BY OR ON BEHALF OF THE UNDERSIGNED, TO ANY PERSON FOR INFLUENCING OR ATTEMPTING TO INFLUENCE AN OFFICER OR EMPLOYEE OF AN AGENCY, A MEMBER OF CONGRESS, AN OFFICER OR EMPLOYEE OF CONGRESS, OR AN EMPLOYEE OF A MEMBER OF CONGRESS IN CONNECTION WITH THE AWARDING OF ANY FEDERAL CONTRACT, THE MAKING OF ANY FEDERAL GRANT, THE MAKING OF ANY FEDERAL LOAN, THE ENTERING INTO OF ANY COOPERATIVE AGREEMENT, AND THE EXTENSION, CONTINUATION, RENEWAL, AMENDMENT, OR MODIFICATION OF ANY FEDERAL CONTRACT, GRANT, LOAN, OR COOPERATIVE AGREEMENT.

(2) IF ANY FUNDS OTHER THAN FEDERAL APPROPRIATED FUNDS HAVE BEEN PAID OR WILL BE PAID TO ANY PERSON FOR INFLUENCING OR ATTEMPTING TO INFLUENCE AN OFFICER OR EMPLOYEE OF ANY AGENCY, A MEMBER OF CONGRESS, AN OFFICER OR EMPLOYEE OF CONGRESS, OR AN EMPLOYEE OF A MEMBER OF CONGRESS IN CONNECTION WITH THIS FEDERAL CONTRACT, GRANT, LOAN, OR COOPERATIVE AGREEMENT, THE UNDERSIGNED SHALL COMPLETE AND SUBMIT STANDARD FORM - LLL, "DISCLOSURE FORM TO REPORT LOBBYING", IN ACCORDANCE WITH ITS INSTRUCTIONS.

(3) THE UNDERSIGNED SHALL REQUIRE THAT THE LANGUAGE OF THIS CERTIFICATION BE INCLUDED IN THE AWARD DOCUMENTS FOR ALL SUBAWARDS AT ALL TIERS (INCLUDING SUBCONTRACTS, SUBGRANTS, AND CONTRACTS UNDER GRANTS, LOANS, AND COOPERATIVE AGREEMENTS) AND THAT ALL SUBRECIPIENTS SHALL CERTIFY AND DISCLOSE ACCORDINGLY.

THIS CERTIFICATION IS A MATERIAL REPRESENTATION OF FACT WHICH RELIANCE WAS PLACED WHEN THIS TRANSACTION WAS MADE OR ENTERED INTO. SUBMISSION OF THIS CERTIFICATION IS A PREREQUISITE FOR MAKING OR ENTERING INTO THIS TRANSACTION IMPOSED BY SECTION 1352, TITLE 31, U.S. CODE. ANY PERSON WHO FAILS TO FILE THE REQUIRED CERTIFICATION SHALL BE SUBJECT TO A CIVIL PENALTY OF NOT LESS THAN $10,000 AND NOT MORE THAN $100,000 FOR EACH SUCH FAILURE.

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item I-3

Contact – Andrea M. Gardner, City Manager, 547-4221
agardner@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on authorizing the Mayor Pro Tem to execute a contract with the Office of Rural Community Affairs (ORCA) for a sewer improvements project to be constructed within the city limits.**

---

1. BACKGROUND/HISTORY

The Office of Rural Community Affairs addresses the needs of rural Texans to improve the quality of life in small communities through the Texas Community Development Block Grant Program, through rural health care programs, and through training and technical assistance to local government officials. The Texas Community Development Block Grant Program provides assistance to rural areas for public infrastructure improvements, housing, economic development, and planning activities. Grants are awarded in a regional competition, which is held every two years. This funding is available by application for projects in Texas cities under 50,000 in population and small, rural communities located in the state's counties that have a non-metropolitan population under 200,000.

On July 11, 2006, the City council passed Resolution 2006-029 authorizing the submission of an application for funding to the Office of Rural Community Affairs. The application was placed in competition for funding and received preliminary notice of award in August 2007. In September 2007, the city received approval from ORCA to begin incurring grant related costs Under the Pre Agreement Costs Approval Stratagem.

The grant funds will pay for construction, engineering and administration costs in connection with the replacement of failing sewer collection pipelines. The project improvements include sewer pipeline upgrade/ replacement in two target areas

1) North central sector of the city North First Street at Hackberry
2) Central sector of the City along Westview, north of US Highway 190.

2. FINDINGS/CURRENT ACTIVITY

The City received the ORCA grant agreement contract on July 2, 2008. The contract has been reviewed and approved to form by the City Attorney and the grant administrator, Grant Development Services, Inc.

The contract award grant funds were secured under the 2008 Community Development Block Grant Program. The contract amount equals $ 250,000 with a city pledged cash match of $ 73,533.

3. FINANCIAL IMPACT

The grant agreement will provide funding from ORCA under the CDBG Program in the amount of $250,000. The pledged local match will be paid from the designated Water and Wastewater Certificates of Obligation.

4. OPTIONS/RECOMMENDATION

City Staff recommends the Mayor Pro Tem be authorized to execute a contract with the Office of Rural Community Affairs to fund sewer improvements.

RESOLUTION NO. 2008-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS, TO PROVIDE AN ABATEMENT OF WATER AND TRASH FEES TO THE GREATER COPPERAS COVE OPTIMIST CLUB.

WHEREAS, The Greater Copperas Cove Area Optimist Club #06341 is a non-profit organization; and

WHEREAS, The abatement applies to the Greater Copperas Cove Optimist Club at 332 Cove Terrace Shopping Center; and

WHEREAS, The term of the abatement will not exceed a period of one year.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS:

Section 1.

The City of Copperas Cove hereby agrees to provide an abatement of water and trash fees to the Greater Copperas Cove Area Optimist Club located at 332 Cove Terrace Shopping Center, Copperas Cove, Texas, 76522.

PASSED, APPROVED, AND ADOPTED on this 5th day of August, 2008 at a regular meeting of the City Council of the City of Copperas Cove, Texas which meeting was held in compliance with the Open Meetings Act, *Tex. Gov't Code*, §551.001, et.seq. at which meeting a quorum was present and voting.

_____
Robert M. Reeves, Mayor Pro-Tem

ATTEST:

_____
Jane Lees, City Secretary

APPROVED AS TO FORM:

_____
James R. Thompson, City Attorney

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item I-4

Contact – Andrea Gardner, City Manager, 547-4221
agardner@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on Resolution No. 2008-29, approving the abatement of water and trash fees for the Optimist Club of Greater Copperas Cove Area #06341.**

---

1. BACKGROUND/HISTORY

According to Sec. 2-57.1(c) of the Copperas Cove City Charter, should a city council member need an item placed on the agenda before council convenes in a council meeting, the council member shall obtain a signed statement from two (2) additional city council members explaining the item they wish to appear on the next agenda.

2. FINDINGS/CURRENT ACTIVITY

On August 1, 2008, the City Secretary was presented with a request from a council member to place an item on the August 5, 2008 agenda in the appropriate format and with the required number of signatures.

The description of the item to be placed on the agenda is as follows:

"Water & trash abatement for Optimist Club of the Greater Copperas Cove Area #06341 a non profit organization located at 332 Cove Terrace Shopping Center. Abatement of city services to Optimist Club."

3. FINANCIAL IMPACT

The total of City fees to be waived for an undisclosed period are unable to be estimated at this time, since no prior abatement was requested or provided.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends that the City Council take action on this item.

HGACBuy	CONTRACT PRICING WORKSHEET For MOTOR VEHICLES only	Contract No.:	HT11-07	Date Prepared:	4 7 2008

This Form must be prepared by Contractor and given to End User. The H-GAC administrative fee shall be shown in Section F. End User issues PO to Contractor, and MUST also fax a copy of PO, together with completed Pricing Worksheet, to H-GAC @ 713-993-4548. Please type or print legibly.

Buying Agency:	City of Coppras Cove	Contractor:	Santex Truck Center
Contact Person:	Bob McKinnon	Prepared By:	Jeff D. Johnson
Phone:	254.547.0751	Phone:	800 373-8370
Fax:		Fax:	210 661-0226
Email:	bmckinnon@ci.copperas-cove.tx.us	Email:	jjoilrig@aol.com Jjohnson@santextrucks.com

Product Code:	HA	Description:	2009 International 4300 M7 (formaly 4200)

A. Product Item Base Unit Price Per Contractor's H-GAC Contract: 41118

B. Published Options - Itemize below - Attach additional sheet(s) if necessary - Include Option Code in description if applicable.
(Note: Published Options are options which were submitted and priced in Contractor's bid.)

Description	Cost	Description	Cost
2ADC front axle 10,000# upgrade	345	4AZA Air Brake ABS	1232
8REY AM/FM Radio	276	13ALX Allison Automatic Transmission 2500RDS	3363
14AGA upgrade rear axle to 19,000#	522	16PHX Passanger seat cloth	299
16WKB A/C	747	Davis 6-8 Yard dump body	6693
		Subtotal From Additional Sheet(s):	
		Subtotal B:	13477

HGACBuy
THE SMART PURCHASING SOLUTION

C. Unpublished Options - Itemize below / attach additional sheet(s) if necessary.
(Note: Unpublished options are items which were not submitted and priced in Contractor's bid.)

Description	Cost	Description	Cost
Customer req'd options	2613		
		Subtotal From Additional Sheet(s):	
		Subtotal C:	2613

Check: Total cost of Unpublished Options (C) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B). **For this transaction the percentage is:** 5%

D. Total Cost Before Any Applicable Trade-In / Other Allowances / Discounts (A+B+C)

Quantity Ordered:	1	X Subtotal of A + B + C:	57208	=	Subtotal D:	57208

E. H-GAC Fee Calculation (From Current Fee Tables) Subtotal E: 1000

F. Trade-Ins / Other Allowances / Special Discounts / Freight / Installation

Description	Cost	Description	Cost
		Subtotal F:	0

Delivery Date:	G. Total Purchase Price (D+E+F):	58208

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-5

Contact – Robert M. McKinnon, Public Works Director, 547- 0751
bmckinnon@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on the approval to purchase an International, 6-8 yard dump truck from Santex Truck Center, San Antonio, Texas, in the amount of $58,208**.

---

1. BACKGROUND/HISTORY

The Wastewater Treatment Department transports sludge from the plants to the Compost site by trucks. The Northeast Plant acquired a 1985 Chevrolet, four-yard dump truck, with over 130,000 miles from the Street Department to support its operation. This truck is in constant need of maintenance and repair. An average of 12 trips (eight miles each way) per week, are made to the Compost site. When this truck is out of service, plant operation is adversely affected since solids (sludge) cannot be removed.

2. FINDINGS/CURRENT ACTIVITY

During the budget process for 2007-08, a replacement vehicle was requested and approved. A larger vehicle (6-8 yard) was requested which will reduce the number of trips to the Compost site, save wear on the vehicle, and provide a reliable vehicle for a required service.

3. FINANCIAL IMPACT

The vehicle will be purchased using the Buy Board and an approved vendor. A quote from Santex Truck Center is attached for review. The vehicle, along with other equipment, will be funded through a Lease/Purchase for a period of four years.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends the City Council approve the purchase of an International 6-8 yard Dump Truck from Santex Truck Center, San Antonio, Texas, in the amount of $58,208.

HOLT CAT

Austin • Corpus Christi • Dallas • Fort Worth • Laredo • Longview • San Antonio • Texarkana • Tyler • Victoria • Waco • Weslaco

04/09/2008

CITY OF COPPERAS COVE 0303990
PO BOX 1449
COPPERAS COVE, TX 76522-5449

#G15770200

(1) CATERPILLAR INC 420E CAB4E BACKHOE LOADER

MACHINE SPECIFICATIONS

Description Holt Cat is pleased to quote (1) New Caterpillar 420E Backhoe Loader equipped as follows From Buyboard.com.

420E BACKHOE LOADER ST 2WS
CAB, DELUXE W/AC
BUCKET, 1.5 CYD GP
CUTTING EDGE, TWO PIECE,WIDE
HYDRAULICS, LOADER, GP
E-STICK
BELT, SEAT, 2" SUSPENSION
COOLER, HIGH AMBIENT
COUNTERWEIGHT, 1075 LBS
STABILIZER PADS,FLIP W/GUARD
MANUALS, ENGLISH
PLATE GROUP - BOOM WEAR
LOCK, VANDALISM
HYDRAULICS, BH, 5 FUNCTION
POWERTRAIN,89 HP,4WD,STD SHIFT
TIRES 4WD BIAS FIRESTONE
ENGINE, 89 HP TIER 2 EPA FLEX
24" CAT H D BUCKET WITH PINS
24" COMPACTION WHEEL (NON CAT)
24" V BOTTOM ROCK BUCKET (NON CAT)
CAT MANUAL P G COUPLER WITH PINS
AM / FM RADIO

QUOTE GRAND TOTAL		**$ 84,812.00**
	Buyboard Fee	**1,696.24**
	Total Bid	**$86,508.24**

WARRANTY

Standard 1 year or 1500 hour machine. Cat Insurance 3 year or 5000 hour powertrain.

F.O.B./TERMS

City of Copperas Cove, Tx. yard.

1700 W. Loop 340 • Waco, TX 76712-6839 • (254) 662-4911 • Fax (254) 662-6642
www.holtcat.com

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-6

Contact – Robert M. McKinnon, Public Works Director, 547- 0751
bmckinnon@ci.copperas-cove.tx.us

SUBJECT: **Consideration and action on the approval to purchase a Caterpillar 20E Backhoe Loader from Holt Caterpillar, Waco, Texas, in the amount of $86,508.24.**

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1. BACKGROUND/HISTORY

In 1985 the City purchased a John Deere 310 Backhoe Loader, which, if approved will be replaced by the Caterpillar 420E Backhoe Loader. The John Deere is used on water breaks, line installations, meter sets, soil hauling, etc. The equipment has been utilized for 23 years and the hydraulic system is so weak it is no longer able to be used for extensive excavations. The equipment is no longer performing adequately for use by the Water Distribution Department.

2. FINDINGS/CURRENT ACTIVITY

During the 2007-08 budget process, a new Backhoe Loader was requested to replace the John Deere Backhoe Loader, and was approved. If approved, the backhoe will be purchased through a Buy Board authorized dealer (Holt Caterpillar).

3. FINANCIAL IMPACT

Holt Caterpillar the authorized Buy Board dealer for the area, has provided a quote, which is attached, for the purchase of a Caterpillar 420E Backhoe Loader. The purchase of the backhoe will be financed through a four year lease purchase.

4. ACTION OPTIONS/RECOMMENDATION

City Staff recommends the City Council approve the purchase of a Caterpillar 420E Backhoe Loader from Holt Caterpillar, Waco, Texas, in the amount of $86,508.24.

STATE OF TEXAS
COUNTY OF CORYELL
CITY OF COPPERAS COVE

AFFIDAVIT

ON THIS the 31st day of July 2008, personally appeared JANE LEES, City Secretary for the City of Copperas Cove and states as follows:

1. My name is JANE LEES and I am the City Secretary for the City of Copperas Cove.

2. My duties as City Secretary include examining and certifying the results of petitions to the City Council as required by Sec. 3.09 of the City Charter.

3. After reviewing the Petition to Recall Council Member Robert L. Reeves, I hereby certify that said petition is sufficient and contains 762 valid signatures.

4. All files pertaining to the process for verification of the Petition to Recall Council Member Robert L. Reeves are filed in the City Secretary's Office, City of Copperas Cove, Texas.

Jane Lees

Jane Lees, City Secretary

SWORN TO AND SUBSCRIBED BEFORE ME by the said JANE LEES, on this the 31st day of July 2008.

Lisa Wilson

NOTARY PUBLIC in and for
the State of Texas

LISA WILSON
Notary Public, State of Texas
My Commission Expires
September 29, 2009

City of Copperas Cove

"The City Built for Family Living"

July 30, 2008

To Petitioners Committee:

Charles Damon Youngs
609 Ash Street
Copperas Cove, TX 76522

Leann Niebler
2729 Phyllis Drive
Copperas Cove, TX 76522

David Douglas Leffingwell
2008 Babb Street
Copperas Cove, TX 76522

Teddy Joe Gooch
401 North 11th Street
Copperas Cove, TX 76522

Diane Lila Steele
905 North 4 th Street
Copperas Cove, TX 76522

Re: Recall petition submitted for Council Member Robert L. Reeves

Dear Petitioners Committee Members:

Section 3.09 of the City Charter of the City of Copperas Cove states "Within twenty (20) business days after an initiative, referendum or recall petition is filed, the city secretary shall determine whether such petition is signed by a sufficient number of qualified voters and has proper affidavit(s). After completing examination of the petition, the city secretary shall certify the results to the city council at its next regular meeting. If such petition is insufficient, the city secretary shall set forth in a certificate the particulars in which it is insufficient, and an additional ten (10) days shall be allowed in which to file an amendment or supplement that will correct the deficiency. No petition, once amended, may be amended again."

This letter serves as your notification of the verification results of the Recall Petition for City Council Member Robert L. Reeves.

The petition submitted on July 1, 2008 contained the following:

- 79 petition pages, containing on each page the full text of the grounds alleged for the removal of the officer, the time and the place of the occurrence of each act alleged as required in the Charter, Sec. 3.13 (b) (1).

- Printed name of signer, signature, address, city and county of signer, date of birth, and date the signer signed the petition as required in Chapter 277 of the Election Code.

- An affidavit on each page, signed by Diane Steele and notarized as required in the Charter, Sec. 3.08. There were four pages deficient as follows: (1) Page 17 did not have the signature of a Petitioners Committee member on the affidavit; and (2) Pages 27, 36 and 38 were missing the notary stamp on the acknowledgment.

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(254) 547-4221 • (254) 547-5116 fax
www.ci.copperas-cove.tx.us

(Mrs. Steele contacted me by telephone on Monday, July 28, 2008 and I informed her of these deficiencies. She asked me at that time if she could pick up those pages that were deficient and amend the petition as allowed in Sec. 3.09 of the Charter. I said she could pick them up. Mrs. Steele arrived at City Hall at 10:00 a.m. on July 30, 2008, at which time I gave her the four deficient pages to amend. Mrs. Steele arrived back at City Hall at 10:30 a.m. to deliver the amended pages to me. The amended pages that she filed corrected all the deficiencies on the petition.)

- Charter Sec. 3.13 (b) (2) states that the petition shall contain 51% of the number of those voting at the last regular municipal election of the city, or signed by 750 qualified voters, whichever is greater. The last regular municipal election of the city was May 10, 2008, with 1,373 voters casting ballots. Fifty-one percent of 1,373 is 700, therefore, 750 signatures is required, the greater number.

- There were 15 Signatures not accepted on the petition for the following reasons:

Date of Birth incorrect on petition	3	Page 2, 56 & 59
Date of Birth incomplete	1	Page 10
Not a registered voter	3	Page 3 & 51
Street is completely outside city limits (Lonesome Oak & Whispering Ave.)	3	Page 34 & 70
Cannot read signature and printed name as spelled on petition is not on voter list	1	Page 75
Address and Date of Birth blank on petition	1	Page 56
Name on petition does not match name on voter list	1	Page 50
No date of signing		
Duplicate signature	2	Page 32 & 35

In addition to the above signatures that were not accepted, there were numerous pages where complete lines were blank, information was filled in but no signature appeared, or the entire line on the petition was marked out.

Total sufficient/qualified voter signatures on petition: 762

I will be certifying this petition to the City Council during the next regular City Council meeting. The meeting will be held on Tuesday, August 5, 2008 at 7:00 p.m.

Sincerely,

Jane Lees

Jane Lees
City Secretary

STATE OF TEXAS
COUNTY OF CORYELL
CITY OF COPPERAS COVE

AFFIDAVIT

ON THIS the 31st day of July 2008, personally appeared JANE LEES, City Secretary for the City of Copperas Cove and states as follows:

1. My name is JANE LEES and I am the City Secretary for the City of Copperas Cove.

2. My duties as City Secretary include examining and certifying the results of petitions to the City Council as required by Sec. 3.09 of the City Charter.

3. After reviewing the Petition to Recall Council Member Mark E. Peterson, I hereby certify that said petition is sufficient and contains 772 valid signatures.

4. All files pertaining to the process for verification of the Petition to Recall Council Member Mark E. Peterson are filed in the City Secretary's Office, City of Copperas Cove, Texas.

Jane Lees, City Secretary

SWORN TO AND SUBSCRIBED BEFORE ME by the said JANE LEES, on this the 31st day of July 2008.

NOTARY PUBLIC in and for
the State of Texas

LISA WILSON
Notary Public, State of Texas
My Commission Expires
September 29, 2009

City of Copperas Cove

"The City Built for Family Living"

July 30, 2008

To Petitioners Committee:

Charles Damon Youngs
609 Ash Street
Copperas Cove, TX 76522

Leann Niebler
2729 Phyllis Drive
Copperas Cove, TX 76522

David Douglas Leffingwell
2008 Babb Street
Copperas Cove, TX 76522

Teddy Joe Gooch
401 North 11th Street
Copperas Cove, TX 76522

Diane Lila Steele
905 North 4 th Street
Copperas Cove, TX 76522

Re: Recall petition submitted for Council Member Mark E. Peterson

Dear Petitioners Committee Members:

Section 3.09 of the City Charter of the City of Copperas Cove states "Within twenty (20) business days after an initiative, referendum or recall petition is filed, the city secretary shall determine whether such petition is signed by a sufficient number of qualified voters and has proper affidavit(s). After completing examination of the petition, the city secretary shall certify the results to the city council at its next regular meeting. If such petition is insufficient, the city secretary shall set forth in a certificate the particulars in which it is insufficient, and an additional ten (10) days shall be allowed in which to file an amendment or supplement that will correct the deficiency. No petition, once amended, may be amended again."

This letter serves as your notification of the verification results of the Recall Petition for City Council Member Mark E. Peterson.

The petition submitted contained the following:

- 80 petition pages, containing on each page the full text of the grounds alleged for the removal of the officer, the time and the place of the occurrence of each act alleged as required in the Charter, Sec. 3.13 (b) (1).
- Printed name of signer, signature, address, city and county of signer, date of birth, and date the signer signed the petition as required in Chapter 277 of the Election Code.
- An affidavit on each page signed by Diane Steele and notarized as required in the Charter, Sec. 3.08.

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(254) 547-4221 • (254) 547-5116 fax
www.ci.copperas-cove.tx.us

- Charter Sec. 3.13 (b) (2) states that the petition shall contain 51% of the number of those voting at the last regular municipal election of the city, or signed by 750 qualified voters, whichever is greater. The last regular municipal election of the city was May 10, 2008, with 1,373 voters casting ballots. Fifty-one percent of 1,373 is 700, therefore, 750 signatures is required, the greater number.

- There were 15 Signatures not accepted on the petition for the following reasons:

Date of Birth incorrect on petition	2	Page 33 & 54
Date of Birth blank on petition	1	Page 13
Not a registered voter	2	Page 37 & 80
Street is completely outside city limits (Lonesome Oak & Whispering Ave.)	2	Page 44
Cannot read signature and printed name as spelled on petition is not on voter list	1	Page 54
Address and Date of Birth blank on petition	2	Page 63 & 67
Name on petition does not match name on voter list	1	Page 62
Duplicate signature	1	Page 22
Signature only – no other information provided on petition	1	Page 13
Address, Date of Birth, Date of Signing Blank	2	Page 2 & 6

In addition to the above signatures that were not accepted, there were numerous pages where complete lines were blank, information was filled in but no signature appeared, or the entire line on the petition was marked out.

Total sufficient/qualified voter signatures on petition: 772

I will be certifying this petition to the City Council during the next regular City Council meeting. The meeting will be held on Tuesday, August 5, 2008 at 7:00 p.m.

Sincerely,

Jane Lees

Jane Lees
City Secretary

STATE OF TEXAS
COUNTY OF CORYELL
CITY OF COPPERAS COVE

AFFIDAVIT

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1. My name is JANE LEES and I am the City Secretary for the City of Copperas Cove.

2. My duties as City Secretary include examining and certifying the results of petitions to the City Council as required by Sec. 3.09 of the City Charter.

3. After reviewing the Petition to Recall Council Member Charlotte Heinze, I hereby certify that said petition is sufficient and contains 772 valid signatures.

4. All files pertaining to the process for verification of the Petition to Recall Council Member Charlotte Heinze are filed in the City Secretary's Office, City of Copperas Cove, Texas.

Jane Lees, City Secretary

SWORN TO AND SUBSCRIBED BEFORE ME by the said JANE LEES, on this the 31st day of July 2008.

NOTARY PUBLIC in and for
the State of Texas

LISA WILSON
Notary Public, State of Texas
My Commission Expires
September 29, 2009

City of Copperas Cove
"The City Built for Family Living"

July 30, 2008

To Petitioners Committee:

Charles Damon Youngs
609 Ash Street
Copperas Cove, TX 76522

Leann Niebler
2729 Phyllis Drive
Copperas Cove, TX 76522

David Douglas Leffingwell
2008 Babb Street
Copperas Cove, TX 76522

Teddy Joe Gooch
401 North 11th Street
Copperas Cove, TX 76522

Diane Lila Steele
905 North 4 th Street
Copperas Cove, TX 76522

Re: Recall petition submitted for Council Member Charlotte Heinze

Dear Petitioners Committee Members:

Section 3.09 of the City Charter of the City of Copperas Cove states "Within twenty (20) business days after an initiative, referendum or recall petition is filed, the city secretary shall determine whether such petition is signed by a sufficient number of qualified voters and has proper affidavit(s). After completing examination of the petition, the city secretary shall certify the results to the city council at its next regular meeting. If such petition is insufficient, the city secretary shall set forth in a certificate the particulars in which it is insufficient, and an additional ten (10) days shall be allowed in which to file an amendment or supplement that will correct the deficiency. No petition, once amended, may be amended again."

This letter serves as your notification of the verification results of the Recall Petition for City Council Member Charlotte Heinze.

The petition submitted contained the following:

- 80 petition pages, containing on each page the full text of the grounds alleged for the removal of the officer, the time and the place of the occurrence of each act alleged as required in the Charter, Sec. 3.13 (b) (1).
- Printed name of signer, signature, address, city and county of signer, date of birth, and date the signer signed the petition as required in Chapter 277 of the Election Code.
- An affidavit on each page signed by Diane Steele and notarized as required in the Charter, Sec. 3.08.

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- Charter Sec. 3.13 (b) (2) states that the petition shall contain 51% of the number of those voting at the last regular municipal election of the city, or signed by 750 qualified voters, whichever is greater. The last regular municipal election of the city was May 10, 2008, with 1,373 voters casting ballots. Fifty-one percent of 1,373 is 700, therefore, 750 signatures is required, the greater number.

- There were 16 Signatures not accepted on the petition for the following reasons:

Date of Birth incorrect on petition	2	Pages 2 & 26
Date of Birth blank on petition	1	Page 2
Not a registered voter	2	Pages 4 & 28
Street is completely outside city limits (Lonesome Oak & Whispering Ave.)	3	Pages 15 & 43
Cannot read signature and printed name as spelled on petition is not on voter list	1	Page 23
Address and Date of Birth blank on petition	1	Pages 25
Name on petition does not match name on voter list	1	Page 27
No date of signing	1	Page 41
Duplicate signature	1	Page 47
Incorrect County	1	Page 52
Signature appears incomplete	1	Page 56
Signature only – no other information provided on petition	1	Page 75

In addition to the above signatures that were not accepted, there were numerous pages where complete lines were blank, information was filled in but no signature appeared, or the entire line on the petition was marked out.

Total sufficient/qualified voter signatures on petition: 772

I will be certifying these results to the City Council during the next regular City Council meeting. The meeting will be held on Tuesday, August 5, 2008 at 7:00 p.m.

Sincerely,

Jane Lees

Jane Lees
City Secretary

STATE OF TEXAS
COUNTY OF CORYELL
CITY OF COPPERAS COVE

AFFIDAVIT

ON THIS the 31st day of July 2008, personally appeared JANE LEES, City Secretary for the City of Copperas Cove and states as follows:

1. My name is JANE LEES and I am the City Secretary for the City of Copperas Cove.

2. My duties as City Secretary include examining and certifying the results of petitions to the City Council as required by Sec. 3.09 of the City Charter.

3. After reviewing the Petition to Recall Council Member Ray Don Clayton, I hereby certify that said petition is sufficient and contains 757 valid signatures.

4. All files pertaining to the process for verification of the Petition to Recall Council Member Ray Don Clayton are filed in the City Secretary's Office, City of Copperas Cove, Texas.

Jane Lees

Jane Lees, City Secretary

SWORN TO AND SUBSCRIBED BEFORE ME by the said JANE LEES, on this the 31st day of July 2008.

Lisa Wilson

NOTARY PUBLIC in and for
the State of Texas

LISA WILSON
Notary Public, State of Texas
My Commission Expires
September 29, 2009

City of Copperas Cove
"The City Built for Family Living"

July 30, 2008

To Petitioners Committee:

Charles Damon Youngs
609 Ash Street
Copperas Cove, TX 76522

Leann Niebler
2729 Phyllis Drive
Copperas Cove, TX 76522

David Douglas Leffingwell
2008 Babb Street
Copperas Cove, TX 76522

Teddy Joe Gooch
401 North 11th Street
Copperas Cove, TX 76522

Diane Lila Steele
905 North 4 th Street
Copperas Cove, TX 76522

Re: Recall petition submitted for Council Member Ray Don Clayton

Dear Petitioners Committee Members:

Section 3.09 of the City Charter of the City of Copperas Cove states "Within twenty (20) business days after an initiative, referendum or recall petition is filed, the city secretary shall determine whether such petition is signed by a sufficient number of qualified voters and has proper affidavit(s). After completing examination of the petition, the city secretary shall certify the results to the city council at its next regular meeting. If such petition is insufficient, the city secretary shall set forth in a certificate the particulars in which it is insufficient, and an additional ten (10) days shall be allowed in which to file an amendment or supplement that will correct the deficiency. No petition, once amended, may be amended again."

This letter serves as your notification of the verification results of the Recall Petition for City Council Member Ray Don Clayton.

The petition submitted contained the following:

- 80 petition pages, containing on each page the full text of the grounds alleged for the removal of the officer, the time and the place of the occurrence of each act alleged as required in the Charter, Sec. 3.13 (b) (1).
- Printed name of signer, signature, address, city and county of signer, date of birth, and date the signer signed the petition as required in Chapter 277 of the Election Code.
- An affidavit on each page signed by Diane Steele and notarized as required in the Charter, Sec. 3.08.

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- Charter Sec. 3.13 (b) (2) states that the petition shall contain 51% of the number of those voting at the last regular municipal election of the city, or signed by 750 qualified voters, whichever is greater. The last regular municipal election of the city was May 10, 2008, with 1,373 voters casting ballots. Fifty-one percent of 1,373 is 700, therefore, 750 signatures is required, the greater number.

- There were 23 Signatures not accepted on the petition for the following reasons:

Date of Birth incorrect on petition	3	Page 49 & 80
Not a registered voter	4	Page 8, 52 & 80
Street is completely outside city limits (Lonesome Oak & Whispering Ave.)	3	Page 35 & 71
Cannot read signature and printed name as spelled on petition is not on voter list	1	Page 60
Address and Date of Birth blank on petition	1	Page 57
Name on petition does not match name on voter list	1	Page 51
No date of signing	1	Page 7
Duplicate signature	3	Page 36 & 78
Incorrect County	2	Page 7 & 28
Signature only – no other information provided on petition	1	Page 7
Address, Date of Birth, Date of Signing Blank	2	Page 18 & 56
No first name printed and signature illegible	1	Page 35

In addition to the above signatures that were not accepted, there were numerous pages where complete lines were blank, information was filled in but no signature appeared, or the entire line on the petition was marked out.

Total sufficient/qualified voter signatures on petition: 768

I will be certifying this petition to the City Council during the next regular City Council meeting. The meeting will be held on Tuesday, August 5, 2008 at 7:00 p.m.

Sincerely,

Jane Lees

Jane Lees
City Secretary

City of Copperas Cove

"The City Built for Family Living"

July 31, 2008

To Petitioners Committee:

Charles Damon Youngs
609 Ash Street
Copperas Cove, TX 76522

Leann Niebler
2729 Phyllis Drive
Copperas Cove, TX 76522

David Douglas Leffingwell
2008 Babb Street
Copperas Cove, TX 76522

Teddy Joe Gooch
401 North 11th Street
Copperas Cove, TX 76522

Diane Lila Steele
905 North 4 th Street
Copperas Cove, TX 76522

Re: Recall petition submitted for Council Member Ray Don Clayton - **REVISED**

Dear Petitioners Committee Members:

Yesterday I submitted a letter to you with the verification results for the recall petition that you submitted to my office on July 1, 2008 for Council Member Ray Don Clayton.

In addition to the 23 signatures that were outlined in that letter as not being verified on the petition, one entire page containing 11 signatures was not accepted and was inadvertently not included in the letter. The page does not contain a Notary Stamp or Seal on the affidavit. This reduces the total sufficient/qualified voter signatures on this petition.

REVISED total sufficient/qualified voter signatures on petition: 757

This does not change the status of this petition, and it is still deemed to be sufficient. As previously stated, I will be certifying this petition to the City Council during the next regular City Council meeting. The meeting will be held on Tuesday, August 5, 2008 at 7:00 p.m.

Sincerely,

Jane Lees

Jane Lees
City Secretary

P. O. Drawer 1449 • 507 South Main Street • Copperas Cove, Texas 76522
(254) 547-4221 • (254) 547-5116 fax
www.ci.copperas-cove.tx.us

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-7

Contact – Jane Lees, CMC, City Secretary, 547-4221
jlees@ci.copperas-cove.tx.us

SUBJECT: **Certification of petitions for the Recall of Council Members Robert L. Reeves, Mark E. Peterson, Charlotte Heinze, and Ray Don Clayton.**

---

1. BACKGROUND/HISTORY

On May 27, 2008, Diane Steele filed four Affidavits of Petitioners Committee for the recall of Council members Robert L. Reeves, Mark E. Peterson, Charlotte Heinze, and Ray Don Clayton. Also filed at that time were copies of the text of the items being sought for consideration on each of the four petitions.

On July 1, 2008, Ms. Steele filed with the City Secretary four (4) petitions as follows:

1. Petition to Recall Council Member Robert L. Reeves
2. Petition to Recall Council Member Mark E. Peterson
3. Petition to Recall Council Member Charlotte Heinze
4. Petition to Recall Council Member Ray Don Clayton

The City Charter states the following:

Sec. 3.09. Filing, examination and certification of petition.
Within twenty (20) business days after an initiative, referendum or recall petition is filed, the city secretary shall determine whether such petition is signed by a sufficient number of qualified voters and has proper affidavit(s). After completing examination of the petition, the city secretary shall certify the results to the city council at its next regular meeting. If such petition is insufficient, the city secretary shall set forth in a certificate the particulars in which it is insufficient, and an additional ten (10) days shall be allowed in which to file an amendment or supplement which will correct the deficiency. No petition, once amended, may be amended again.

2. FINDINGS/CURRENT ACTIVITY

The review of the four petitions is complete and certified to the Council as follows:

1. Petition to Recall Council Member Robert L. Reeves – Sufficient with 762 valid signatures.

2. Petition to Recall Council Member Mark E. Peterson – Sufficient with 772 valid signatures.
3. Petition to Recall Council Member Charlotte Heinze – Sufficient with 772 valid signatures.
4. Petition to Recall Council Member Ray Don Clayton – Sufficient with 757 valid signatures.

Charter Sec. 3.13 (b)(2) states that the petition shall contain 51% of the number of those voting at the last regular municipal election of the city, or signed by 750 qualified voters, whichever is greater. The last regular municipal election of the city was May 10, 2008, with 1,373 voters casting ballots. Fifty-one percent of 1,373 is 700.23, therefore, 750 signatures were required, the greater number.

I have attached copies of the individual notification letters that were hand-delivered to the Petitioners Committee on July 30, 2008, which verified the results of the four petitions. Also attached are affidavits for each petition which fulfills the City Secretary's duty to "certify the results to the city council at its next regular meeting," per City Charter, Sec. 3.09.

The notification letters and affidavits declare that the petitions for Council Members Reeves, Peterson, Heinze and Clayton are sufficient.

The "in-house" process for verifying these four petitions is outlined below:

1. Each petition was examined for the following information:
   a. Contained the full text of the grounds alleged for the removal of the officer.
   b. Printed name.
   c. Signature.
   d. Address.
   e. City.
   f. County.
   g. Date of birth.
   h. Date the petition was signed.
   i. Contained an affidavit on each page, signed by a member of the Petitioners Committee, stating that they swore under oath that they, and only they, circulated that page of the petition and that each signature is the genuine signature of the person as is written and that no signature was placed on the petition more than 45 days prior to the filing of the petition.
   j. That each affidavit was properly notarized.
2. Each name on the petition was verified against a current list of registered voters for the City of Copperas Cove and noted with a red check mark on a copy of the petition.
3. Any discrepancies between the information on the petition and the list of registered voters were written on a separate list and noted with a red "X" on the copy of the petition.

4. The discrepancy list was reviewed by the City Secretary. Each discrepancy was individually examined and a determination was made as to whether to accept the signature or not, based on the requirements in Chapter 277 on Petitions in the Election Code and the City Charter.
5. A signature count was taken (by the City Secretary) on each page and verified signatures were added on a calculator tape.
6. A second signature count and calculator tape was made (by the City Secretary) to make sure the count was correct.
7. A third signature count and calculator tape was made (by the Deputy City Secretary) to confirm the final count.

3. FINANCIAL IMPACT

None.

4. ACTION OPTIONS/RECOMMENDATION

There is no action to be taken at this time.

City of Copperas Cove

Evaluation of Independent Contractor

The City of Copperas Cove Charter, Sec. 5.03 states the City Council and the Mayor shall evaluate the Municipal Judge annually, and each Council Member and the Mayor shall sign the evaluation.

Name and Title: F.W. Price, Judge of the Municipal Court – Independent Contractor Position
Contract Beginning Date: January 3, 2008 **Contract Ending Date**: January 3, 2010

Functional areas as listed in Independent Contractor Agreement:

A. Agrees to serve as the Municipal Court Judge for the City with all the powers, duties, privileges and obligations which said office confers.

B. Schedules and conducts arraignment sessions, pre-trial sessions, docket calls and jury and non-jury trials for the Copperas Cove Municipal Court.

C. Insofar as he may be reasonably available, shall conduct Magistrate proceedings at the Copperas Cove Police Department Jail, issue appropriate writs and warrants, and perform such other judicial and administrative duties that are normally performed by Texas Municipal Court Judges.

D. Agrees that, except in emergency situations, he will give the Mayor and the City Manager 48 hours notice when he intends to be out of the City and unavailable to perform the magistrate functions described above.

Comments for evaluation:

_____

_____

_____

VACANT Mayor	Council member/Mayor Pro Tem
Council member	Council member
Council member	Council member
Council member	Council member
F.W. Price, Contractor	Date
Acknowledgement of City Secretary for Filing	Date

ARTICLE V. LEGAL DEPARTMENTS AND MUNICIPAL COURT

Sec. 5.03. Municipal judge.

There shall be a magistrate of the municipal court known as the "judge of the municipal court", appointed by the city council for a period of two years, or until resignation, or replacement by the city council for cause, whichever shall occur earlier. He/she shall receive such compensation as may be fixed by the city council.

The city council and the mayor shall evaluate the municipal judge annually, and each council member and the mayor shall sign the evaluation.

Further, the city council may appoint an associate municipal judge to serve in the absence of the municipal judge. The associate judge shall serve at the discretion of the city council, who shall fix his/her compensation.

(Amended 4-2-83; Amended 5-1-93; As Amended 5-3-97; Ord. No. 2003-03, § 1, 2-4-03/5-3-03; Ord. No. 2003-09, §§ 1--3, 5-6-03/5-3-03; Ord. No. 2008-17, § 3, 5-10-08/5-20-08)

State law references: Municipal Courts, V.T.C.A., Government Code, Chap. 29 and Art XI, Sec. 11, Texas Constitution as they are amended, may be amended or disposed of in the future.

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-8

Contact – Kelli Sames, Human Resources Director, 542-8922
ksames@ci.copperas-cove.tx.us

SUBJECT: **Consideration and discussion on conducting an annual evaluation for the Municipal Judge.**

---

1. BACKGROUND/HISTORY

Section 5.03 of the City of Copperas Cove charter states that the City Council and the Mayor shall evaluate the Municipal Judge annually, and each council member and the mayor shall sign the evaluation.

2. FINDINGS/CURRENT ACTIVITY

The City of Copperas Cove entered into an Independent Contractor Agreement with F.W. Price, Municipal Court Judge, on January 3, 2008. This Agreement commenced on January 3, 2008 and will terminate on January 3, 2010. Additionally either party shall have the right to terminate the Agreement upon 30 days' written notice to the other party.

3. FINANCIAL IMPACT

None.

4. ACTION OPTIONS/RECOMMENDATION

In accordance with the Charter, City Staff recommends evaluating the Municipal Court Judge. A form has been attached to this item for the City Council to utilize if desired. No official action is required at this time.

City of Copperas Cove

Evaluation of Independent Contractor

The City of Copperas Cove Charter, Sec. 5.01 states the City Council and the Mayor shall evaluate the City Attorney annually, and each Council Member and the Mayor shall sign the evaluation.

Name and Title: James R. Thompson, City Attorney – Independent Contractor Position
Contract Beginning Date: January 3, 2008
Contract Ending Date: Upon 180 days' notice to either party

Functional areas as listed in Independent Contractor Agreement:

A. Shall represent the City of Copperas Cove in all litigation; be the City's legal advisor and counsel for all departments of the City.

B. Shall review any and all ordinances considered suspect for change or deletion and cause said ordinance to be brought before the City Council with recommendations.

C. Shall represent the City in all matters before the Copperas Cove Municipal Court or the appeal of any cases from that court.

D. Shall provide the services of a qualified legal assistant who is subject to approval by the City Council to assist the attorney in clerical work required by the duties of the City Attorney.

Comments for evaluation:

_____

_____

_____

VACANT Mayor	Council member/Mayor Pro Tem
Council member	Council member
Council member	Council member
Council member	Council member
James R. Thompson, Contractor	Date
Acknowledgement of City Secretary for Filing	Date

ARTICLE V. LEGAL DEPARTMENTS AND MUNICIPAL COURT

Sec. 5.01. City attorney.

The city council shall appoint a competent attorney, licensed by the State of Texas, who shall be its "city attorney". The city attorney shall serve at the discretion of the city council. The city attorney shall designate assistant(s) city attorney and submit the name(s) to the city council for concurrence, if the council appropriates sufficient funds for that position. The city attorney shall receive for his/her services such compensation as may be fixed by the council. The city attorney shall appear, in any court, on behalf of the city.

The city attorney shall represent the city in all litigation. He/she shall be the legal advisor, counsel for the city, and counsel for the departments of the city.

The city attorney shall review any and all ordinances considered suspect for change or deletion and cause said ordinance to be brought before the city council with his/her recommendations. The city council and the mayor shall evaluate the city attorney annually, and each council member and the mayor shall sign the evaluation.

(Amended 5-1-93; As Amended 5-3-97; Ord. No. 2003-03, § 1, 2-4-03/5-3-03; Ord. No. 2008-17, § 3, 5-10-08/5-20-08)

City of Copperas Cove
City Council Agenda Item Report
August 5, 2008

Agenda Item No. I-9

Contact – Kelli Sames, Human Resources Director, 542-8922
ksames@ci.copperas-cove.tx.us

SUBJECT: **Consideration and discussion on conducting an annual evaluation for the City Attorney.**

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1. BACKGROUND/HISTORY

Section 5.01 of the City of Copperas Cove charter states that the City Council and the Mayor shall evaluate the City Attorney annually, and each council member and the mayor shall sign the evaluation.

2. FINDINGS/CURRENT ACTIVITY

The City of Copperas Cove entered into an Independent Contractor Agreement with James R. Thompson, City Attorney on January 3, 2008. This Agreement commenced on January 3, 2008 and continues until terminated by Mr. Thompson or the City of Copperas Cove, upon 180 days notice to either party.

3. FINANCIAL IMPACT

None.

4. ACTION OPTIONS/RECOMMENDATION

In accordance with the Charter, City Staff recommends evaluating the City Attorney. A form has been attached to this item for the City Council to utilize if desired. No official action is required at this time.

Copperas Cove Chamber of Commerce

Account Category	City 2008 Budget	1st Qtr	2nd Qtr	Year to Date 2008	
Advertising	31500	3035	16267	19302	
Promotional Support	14500	4939	5816	10755	
Public Relations	45250	9224	12141	21365	
Gen. & Admin Svc	10864	5327	7460	12787	
Travel	700				
Tourism Salaries	60000	14394	15697	30091	
Supplies/Printing/Postage	9400	2509	3172	5681	
Bank Fees	375	107	95	202	
Professional Svc	2000				
Tourism Event Entertainment	10000		8887	8887	
Chamber 2008 Budget	**184589**				
City Budget H/M Tax Total	**110000**	**39535**	**78024**	**117559**	
Difference in Budgets	-74589				

Note: Coppers Cove Chamber of Commerce Expense accounting is maintained on a calendar year.
The overage in the budget is paid out of the Chamber "**Operating Fund".**

Tourism Event Performance Indicators

	2007	2007		2008 As of 2nd Qtr	
	Participants	**Hotel Rooms**		**Participants**	**Hotel Rooms**
Rabbit Fest	110000+	24		80000	46
Bike/Run Central Texas	1662	137		1185	162
Ogletree Gap Fest	6500	4		N/A	N/A
Other	1000	23		420	68+

Tourism Bureau Performance Indicators

	2007 Actual	2008 Projected		2008 Actual	
			1st Qtr.	**2nd Qtr**	**Total**
Website Hits	188612	300000	125200	27323	**152523**
Membership	375	425	425		
Relocation Requests	263	270	108	144	**252**
Welcome Bags	5360	6000	1990	1810	**3800**
Visitors Bureau	2020	2500	1684	1020	**2704**

City of Copperas Cove
City Council Agenda Item Report
August 6, 2008

Agenda Item No. J-1

Contact – Marty Smith, President, Copperas Cove Chamber of Commerce, 547-7571
president@copperas-cove.com

SUBJECT: Chamber of Commerce 2nd Quarter Report for 2008.

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1. BACKGROUND/HISTORY

The Chamber of Commerce has an agreement with the City of Copperas Cove to promote the city and bring visitors, tourists, and new families into our city. The city in return funds part of the Chamber's Tourism Budget from the City's Hotel Motel Tax Fund. The Chamber is responsible at the end of each quarter to report to the City Council on how these funds have been used.

2. FINDINGS/CURRENT ACTIVITY

The Chamber of Commerce report shows the increase in visitors, dollars spent in our city, and the increase in people moving into our city to live, work, and play. The Chamber has done an outstanding job in promoting our city above and behind the funds that it receives.

3. FINANCIAL IMPACT

The Chamber's Tourism Programs, active interaction with other organizations and chambers, and wide distribution of our brochures bring more dollars into our community each year.

4. ACTION OPTIONS/RECOMMENDATION

None.