

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER. See TEX. PROP. CODE §11.008**

OFFICIAL PUBLIC RECORDS  
CHAMBERS COUNTY, TEXAS  
Heather H. Hawthorne, County Clerk

COASTAL SURFACE LEASE

This Coastal Surface Lease (this Lease) is entered into by virtue of the authority granted by Article XVI, Section 59, Constitution of the State of Texas, Chapter 62 and 63 of the Texas Water Code, Chapter 33 of the Texas Natural Resources Code and Title 31, Chapters 1 and 155 of the Texas Administrative Code, and all amendments thereto, subject to all rules and regulations promulgated by the Board of Navigation and Canal Commissioners of the Chambers-Liberty Counties Navigation District (CLCND) pursuant thereto and all other applicable statutes and law.

1. The parties to this Lease are:

- A. Lessor: **Chambers-Liberty Counties Navigation District** (a political subdivision of the State of Texas and a Navigation District) (CLCND) (the District or Lessor), acting by and through CLCND's Board of Navigation and Canal Commission & Commissioners and its General Manager  
P. O. Box 518  
207 Miller Street  
Anahuac, TX 77514 (Chambers County); &
- B. Lessee: **Sustainable Texas Oyster Resource Management, LLC** (a Texas Limited Liability Company) (**STORM**),  
136 County Dock Road  
Anahuac, TX 77514 (Chambers County)

2. Lease Term: The term of this Lease (the Lease Term) is as follows: The Lease Term is for thirty (30) years, beginning effective **April 15, 2014** (the First Day) and ending on **April 15, 2044** (the Termination Day), unless earlier terminated as provided in this Lease.

3. The Land/the Premises: The District is the owner of the following described land (the Land or the Premises) granted and conveyed by the State of Texas by Letters Patent, through its Governor and Land Commissioner of the State of Texas. The Land is located along the shore of Trinity-Galveston-West-East Bay, recorded in the records of the General Land Office of Texas (GLO) and the Deed Records of Chambers County, Texas (CCDR), the Official Public Records of Chambers County, Texas (OPRCC) or the Deed Records of Galveston County, Texas (GCDR), to-wit:

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 1 of 15

GLO Volume	GLO No.	Date of Letters Patent	Acreage (more or less)	Volume (Book) / Page, <i>et seq.</i>
35-B	369	09.18.1967	2812.64	CCDR 290/134
27-B	72	03.29.1957	3590	CCDR 190/197 GCDR 1211/ 301
27-B	74	03.29.1957	2540	CCDR 190/201
27-B	71	03.29.1957	4371	CCDR 190/195
27-B	87	04.16.1957	928	CCDR 190/203
27-B	70	03.29.1957	1600	CCDR 190/194
27-B	73	03.29.1957 (Original Patent)	7247.42	CCDR 190/199 *****
49-B	1	11.14.2011 (Corrected Patent)		***** CCOPR 1302/120
*****	*****	Total Acreage	23,089.06	For Base Rent

The Land is more particularly described in said Letters Patent, hereby incorporated by reference. To the extent that any part of the Land is subject to an existing lease from the District to the Texas Parks and Wildlife Department for the creation of an oyster reef, known as "Coastal Surface Lease No. 001-09SL" (the Existing Lease), the particular part of the land subject to the Existing Lease is excluded from this Lease only insofar as the Existing Lease has not terminated – but upon termination of the Existing Lease, that particular part of the land that was subject to the Existing Lease is included in and automatically becomes part of this Lease (commonly called "a top lease"). For purposes of calculating the Rent, the particular part of the land described in the Existing Lease which the District owns is included in this Lease, as provided above and at GLO Number 87, with Date of Letters Patent: 04.16.1957. For purposes of the particular part of the land described in the Existing Lease which the District owns vesting in the Lessee by this Lease, the grant and demise shall vest, if at all, within twenty-one (21) years of the date of the Existing Lease; otherwise the vesting and the top lease shall lapse.

4. Molluscan Shellfish. In this Lease, the term "oyster" includes all molluscan shellfish, including oysters, clams or mussels.

5. The Rent. For the lease of the Land, Lessee shall pay the District the Initial Rent and, after the Third Anniversary Date of this Lease, Annual Rent. Initial Rent and Annual Rent are collectively called "the Rent." The Rent is payable to the District at the District Office in Anahuac, Texas in good funds by cash or check.

The Initial Rent is calculated as the sum of **One and 50/100 Dollars (US\$1.50)** per

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 2 of 15



surface acre of the Land leased, deemed to be the sum of **Thirty-four Thousand Six Hundred Thirty-three and 59/100 Dollars (US\$34,633.59) (Initial Rent)**. Payment of the Initial Rent is due upon the District's execution and delivery of this Lease.

Annual Rent is payable beginning on **1 January** following the Third Anniversary Date of this Lease. Annual Rent includes the pro-rata amount for that part of the year following the Third Anniversary Date of this Lease until the following 1 January. Annual Rent is calculated as the sum of **Three Dollars (US\$3) per surface acre, per year**, of the Land leased (The annual rent payable on **1 January 2018** is projected to be the sum of **Forty-nine Thousand, Three Hundred Forty and 20/100 Dollars (US\$49,340.20)** for the pro-rata amount from April 16, 2017-December 31, 2017 and **Sixty-nine Thousand Two Hundred Sixty-seven and 18/100 Dollars (US\$69,267.18)** for a year, less adjustment for those acres of land that might be released from this Lease).

All Rent payments owed to the District shall be paid or delivered by Lessee alone and not from any subtenant of Lessee. Lessee may use funds provided by a third party to pay the Rent.

6. Grant/Demise. Incorporating the preceding by reference, this Lease is made and entered into by and between Lessor and Lessee upon the following terms, conditions, exceptions and reservations. In consideration of the obligation of Lessee to pay the Rent (Initial Rent and Annual Rent), and in consideration of and subject to the other terms, covenants and conditions, exceptions and reservations of this Lease. Lessor hereby demises and leases to Lessee, and Lessee hereby takes from Lessor, the Land & the Premises, for the Lease Purpose & Use, to have and to hold for the Lease Term.

A. The lease of the Land, and the rights to use and possession of the Land for the stated purpose and use, and Lessee's right to protect the Land from trespass and trespassers, is limited to the surface of the Land, including any part of the Land submerged by water, together with so much of the Land below the surface that is consistent reasonably with the stated Purpose and Use of this Lease and the rights, use and possession of the Land granted to Lessee in this Lease or by other law. Lessee is granted the rights to use and possession, and to protect against trespass and trespassers, which includes but is not limited to the right to deposit rock, shell or other material used to create an oyster bed, the right to use boats, equipment and tools to plant, seed, transplant, cultivate, store or harvest oysters, and the right to mark any private oyster bed (with stakes, pipes, buoys, etc.) and post signs warning the public not to interfere with or damage the oyster bed or take any oyster, rock, shell or thing from the oyster bed; and further includes any applicable littoral or riparian right of the District appurtenant to the Land for the stated purpose and use of this Lease and the exercise of the rights granted to Lessee in this Lease. The Lessee's rights do not include use or interference with lands subject to the Existing Lease or other applicable uses under state or federal law.

B. The District obtained title to and ownership of the Land through a series of Patents from the State of Texas. The conveyances of the Land to the Navigation District was made pursuant to and under the authority of former article 8225, *Revised Civil Statutes of Texas*, 1925

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 3 of 15

(now found at *Texas Water Code* sections 61.115-.117.)

C. The District, having obtained patents to state owned lands or flats under Article 8225, Revised Civil Statutes of Texas, 1925, and still claiming title to the submerged lands, may lease the lands for a use for navigation purposes, including the creation and maintenance of commercial, private oyster beds, because the creation and maintenance of commercial, private oyster beds on the land, and the use of the Land as provided in this Lease, protected from trespassers, is reasonably related to the promotion of navigation as defined in 31 Tex. Admin. Code §§ 155.1(a) & 155.21(a), is not prohibited, and constitutes commercial fishing, marine commerce and an activity necessary or appropriate to the promotion of marine commerce.

D. The leasing of the Land is made as provided by Texas Water Code §§ 60.031 & 60.038 - 60.042, as applicable. This Lease is made upon and after the entry of an order on the minutes of the commission and the execution of a lease in the manner provided by the original order. See Texas Water Code § 60.039(a).

7. Protection Against Trespass & Trespassers. The District grants to Lessee the right to use and possession of the Land in accordance with the Lease Purpose & Use, as defined herein, and the right by license, sufficient to protect the Land, each oyster bed location on the Land and the oysters or material thereon, against trespass and trespassers in the same manner as a freeholder of the Land or oyster bed location; the District authorizes Lessee to protect the Land, each oyster bed location on the Land and the oysters or material thereon against trespass and trespassers, and appoints Lessee as the District's agent to pursue all lawful acts for that purpose; and the right, license and agency is coupled with the interest in the Land granted to Lessee in this Lease.

8. Reservation of Rights to Use & Possession. The District reserves from this Lease and the rights granted herein the right to use and possession of the Land insofar as such use and possession is reasonably necessary and consistent with the District's function as provided by law. The reservation of rights to use and possession includes, but is not limited to the following activities: dredging; placing markers and maintaining markers (e.g., buoys, signs, posts, etc. . . .); issuing permits or coastal easements for marsh protection, marsh regeneration projects or erosion control structures not in conflict with the provisions of this Lease; issuing permits or coastal easements for activities, structures, marinas, or piers not substantially impairing Lessee's ability to utilize the Lease for the Lease Purpose & Use; and the granting of pipe line right of way easements not substantially in conflict with the provisions of this Lease. The District's obligations to comply with applicable federal and state law, including clean-up/remediation efforts that take place following a major storm event or hurricane are also reserved. The District's use of its land as described in this paragraph shall not create any right in Lessee for compensation from the District.

A. Permits & Easements. The District shall not grant or issue any permit or easement for any activity, structure or pier in or on the Premises, or any part thereof, without prior written notice to Lessee, so that Lessee shall have a reasonable opportunity to investigate and determine prior to the grant or issuance of the permit or easement whether the activity, structure or pier will

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 4 of 15



interfere with Lessee's use and possession of the Premises, or any part thereof, or be in conflict with the provisions of this Lease. When notice is provided to Lessee, Lessee shall provide in writing its position regarding any proposed activity, structure, or pier requiring a permit or easement over the Land within forty-five (45) days of receipt of the District's written notice under this paragraph. If Lessee does not provide such a written position within forty-five (45) days of receipt of the District's written notice under this paragraph, the District may proceed to grant or issue any permit or easement proposed, and Lessee shall be deemed to have consented to same. The District shall not issue any permit or easement for any activity, structure or pier in or on the Premises:

- i) without giving Lessee such prior notice; and
- ii) without Lessee's prior consent if the activity, structure or pier will interfere with Lessee's use and possession of the Premises, or any part thereof, or be in conflict with the provisions of this Lease. Lessee shall not unreasonably withhold consent.

B. Piers. Without Lessee's prior written consent, the District shall not grant or issue any permit or easement for a pier (fixed or floating) on or over the Premises, or any part thereof, unless the pier is consistent with the following requirements and does not conflict with the following prohibitions, as applicable:

- i) no part of the pier is within 300 feet of an oyster bed or a Production Site;
- ii) if a residential pier, the current General Land Office of Texas residential pier requirements, and if the pier requires General Land Office approval, permit or registration, the General Land Office approves or permits the pier, as applicable, and the pier is registered with the General Land Office, as applicable;
- iii) if a commercial pier, the current General Land Office of Texas commercial pier requirements, and if the pier requires General Land Office approval, permit or registration, the General Land Office approves or permits the pier, as applicable, and the pier is registered with the General Land Office, as applicable;
- iv) the current United States Army Corps of Engineers (USACE) pier requirements for the pier, and if the pier requires USACE approval, permit or registration, the USACE approves or permits the pier, as applicable, and the pier is registered with the USACE, as applicable;
- v) the pier is registered with the District and Lessee and the person claiming ownership of the pier gives written notice to the District and Lessee of any change of ownership of the pier within thirty (30) days of the change; and
- vi) the state of Texas, the Texas Parks & Wildlife Department (TPWD), the Texas Health Department (THD), the Texas Department of State Health Services (TDSHS), or any other state agency or authority over the Lessee's use of or activities on the Premises or

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 5 of 15

permit used in the oyster operations provided for in this Lease, WAIVES any restriction upon Lessee, Lessee's activities or any permit used in the oyster operations provided for in this Lease, that might otherwise restrict Lessee's use of or activities on the Premises in or around the pier, or cause Lessee or any person associated with Lessee's use or activities in or around the pier to incur an administrative penalty, or be penalized or sanctioned by the State of Texas, TPWD, THD, TDSHS or other state agency or authority. The intent of this provision is that if Lessee consents to the placement of a pier, Lessee should not be penalized or sanctioned for Lessee's use or activities of the Premises in or around the pier, nor should any person associated with Lessee's use or activities in or around the pier be penalized or sanctioned.

C. Exclusion of Certain Activities, Structures or Piers from Reservation of Use and Possession. The District's reservations of its rights to use and possession of the Premises does not include the right to authorize an activity, structure or pier that does not comply with the terms and provisions of this Lease.

9. Water Level & Quality. The District cannot make, and does not make, any warranty or representation about the water level above the Land or the water quality. Notwithstanding any provision in this Lease otherwise, the District has no duty to Lessee to maintain the water level at any certain level or the water quality at any certain quality.

10. Rights & Duties of Reasonable Accommodation & Notice. In exercising the District's reserved use and possession rights in and to the Land, the District must do so in due regard for the rights, use and possession in and to the Land of Lessee granted in this Lease. The District has a duty to accommodate reasonably Lessee's rights, use and possession of the Land, so that under established navigation practices in the industry in which the District is engaged, if a reasonable alternative is available to the District in exercising the District's reserved rights to use and possession of the Land, the District will not interfere with Lessee's rights, use and possession of the Land, and the District will adopt the reasonable alternative available. The District shall give Lessee reasonable notice prior to the District's use and possession of the Land, or any part thereof, that will interfere with Lessee's use and possession of the Land, so that Lessee will have a reasonable opportunity to remove any oysters or material from harm's way and protect itself from damages the District's use and possession may cause.

11. Right to Lease Additional Land/Right of First Refusal/Right to Release Land from the Lease. It is understood that the District as a lessor has leased certain parts of the Land to the Texas Department of Parks & Wildlife (the Existing Lease) for the creation of an oyster reef or that certain parts of the Land might be released from this Lease. As part of the consideration for this Lease, if, as and when the Existing Lease terminates - or if, as and when any part of the Land is released from the Existing Lease - the District grants Lessee the right to lease the additional land for the same purpose and use, and upon the same terms, as this Lease, as a right of first refusal, to be offered to Lessee before the District may lease the Land, or any part thereof, to another.

Lessee may terminate the Lease as to any specific part of the Land, if in Lessee's sole

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 6 of 15



discretion, Lessee chooses to do so, and that acreage shall be excluded from the Lease. Such termination shall be provided in writing, with applicable legal description and maps identifying the specific part of the Land terminated from the Lease. The Lease shall continue as to the remainder of the Land not excluded. The Annual Rent shall be reduced commensurately by the amount of the acreage Lessee terminates and excludes from the Lease.

If the Lease terminates as to all or any part of the Land, Lessee is granted the right of first refusal to lease such land from the District for the same purpose and use stated in this Lease, should: a) the District intend to lease the Land, or any part thereof, for the purpose and use stated, or b) the District receives a *bona fide* offer from a third party to lease the Land, or any part thereof, for the purpose and use stated. The District shall give Lessee at least **ten (10) days written notice** of a) the District's intent to lease or b) the terms of the offer to lease made to the District by a third party. Lessee shall exercise the right of first refusal on or before **ten (10) days** following receipt of the written notice, by delivering a **written statement** to the District affirming the Lessee's exercise of the right of first refusal and **tendering** the sum of **\$500** (in good funds, by cash or check) as consideration for exercising the right of first refusal. If Lessee does not give the election notice and does not make timely the tender of the \$500 payment, Lessee waives, and is deemed to have waived, the right to exercise the right of first refusal as to the particular intended lease the District discloses timely, and the District may dispose of the property interest as per the terms of the third party *bona fide* offer. If Lessee exercises its right of first refusal, within **twenty (20) days** after the period for election ends, the District and Lessee will enter into a formal lease contract expressly including all terms of the original *bona fide* offer made to the District, except as the parties (*i.e.*, the District and Lessee) mutually agree otherwise. The right of first refusal does not give the right holder the power to compel an unwilling owner to lease; it merely requires the owner, when and if the owner decides to lease, to offer the property interest first to the person/entity entitled to the preemptive right at the stipulated price, and according to the rights expressed herein.

12. As-Is. LESSEE HAS INSPECTED THE PHYSICAL AND TOPOGRAPHIC CONDITION OF THE PREMISES AND ACCEPTS THE SAME "AS-IS" IN ITS EXISTING PHYSICAL AND TOPOGRAPHIC CONDITION. LESSEE ACKNOWLEDGES THAT IT IS NOT RELYING ON ANY REPRESENTATION, STATEMENT OR OTHER ASSERTION OF LESSOR WITH RESPECT TO: (i) THE CONDITION OF THE PREMISES BUT IS RELYING ON LESSEE'S OWN INSPECTION OF THE PREMISES; OR (ii) THE LESSOR'S AUTHORITY TO LEASE THE PREMISES FOR THE PURPOSE AND USE, AS DEFINED HEREIN, BUT IS RELYING ON LESSEE'S REVIEW OF APPLICABLE STATUTES AND REGULATIONS. LESSOR DISCLAIMS ANY AND ALL WARRANTIES OF HABITABILITY, MERCHANTABILITY, SUITABILITY, FITNESS FOR ANY PURPOSE, AND ANY OTHER EXPRESS OR IMPLIED WARRANTY NOT EXPRESSLY SET FORTH IN THIS LEASE. LESSEE ACKNOWLEDGES THAT LANDS SUBJECT TO THIS LEASE ARE SUBMERGED LANDS, AND OVERLAYING WATERS ARE PROPERTY OF THE STATE. LESSOR AND LESSEE HEREBY ACKNOWLEDGE AND AGREE THAT THE USE OF THE TERM "GRANT" AND/OR THE TERM "CONVEY" IN NO WAY IMPLIES

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 7 of 15



THAT THIS LEASE OR THE PREMISES ARE FREE OF LIENS, ENCUMBRANCES AND/OR PRIOR RIGHTS. LESSEE IS HEREBY PUT ON NOTICE THAT ANY PRIOR GRANT AND/OR ENCUMBRANCE MAY BE OF RECORD AND LESSEE IS ADVISED TO EXAMINE THE RECORDS IN THE ARCHIVES AND RECORDS OF THE CHAMBERS-LIBERTY COUNTIES NAVIGATION DISTRICT, AND ALL LAND TITLE RECORDS OF THE COUNTY IN WHICH THE PREMISES ARE LOCATED.

13. Lease Purpose & Use. The purpose & use of this Lease (the Lease Purpose & Use), and the granting and licensing of rights herein, is to use, create, manage, possess, cultivate or control oyster beds, to seed, plant, transplant, sow, cultivate, depurate or harvest oysters lawfully and commercially, to harvest molluscan shellfish for human consumption, to encourage pollution abatement in the bay and on the Land, to encourage aqua-culture development and water purification in the bay and on the Land, to promote and encourage mitigation of the molluscan shellfish resource in the bay and on the Land, and to promote commercial fishing and marine commerce, with protection against others taking or harming the oysters or the oyster beds on the Land or unlawfully interfering with the Lease Purpose & Use. Lessee shall have the right to possession and use of the Premises solely for the purpose & use stated and in accordance with this Lease. Lessee shall not use the Premises for any other purpose without obtaining prior written consent of Lessor, which consent may be granted or withheld by Lessor in its sole discretion.

14. Compliance and Regulatory Authority. Lessee, at its own expense, will comply with all federal, State, municipal and other laws, codes, ordinances, rules and regulations applicable to the Premises, including without limitation those dealing with environmental and health issues; and will install, remove and alter such equipment and facilities in, and make such alterations to, the Premises as may be necessary to comply. Lessee will not make any unlawful use of the Premises or permit any unlawful use thereof; and will not commit, or permit anyone else to commit, any act which is a nuisance or annoyance to Lessor or adjacent property owners or tenants, or which might, in the exclusive judgment of Lessor, damage Lessor's goodwill or reputation, or tend to injure or depreciate the value of the Premises and/or any improvements located thereon.

15. Care & Safeguards. Lessee shall use the highest degree of care and all appropriate safeguards to prevent pollution of air, ground and water in and around the Premises, and to protect and preserve natural resources and wildlife habitat consistent with the stated Purpose & Use and this Lease. In the event of pollution of or damage to natural resources in or around the Premises which is the result of an act or omission of Lessee, its officers, employees, agents, representatives, contractors, and/or invitees, Lessee shall immediately notify the CLCND in writing and undertake all required and appropriate action to remedy the same.

16. National Historical Preservation Act & Texas Antiquities Code. LESSEE IS EXPRESSLY PLACED ON NOTICE OF THE NATIONAL HISTORICAL PRESERVATION ACT OF 1966, (PB-89-66 STATUTE 915; 16 U.S.C.A. §470) AND THE ANTIQUITIES CODE OF TEXAS, CHAPTER 191, TEX. NAT. RES. CODE ANN. IN THE EVENT THAT ANY SITE, OBJECT,

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County Clerk, Chambers County, Texas

Page 8 of 15



LOCATION, ARTIFACT OR OTHER FEATURE OF ARCHEOLOGICAL, SCIENTIFIC, EDUCATIONAL, CULTURAL OR HISTORIC INTEREST IS ENCOUNTERED DURING THE ACTIVITIES AUTHORIZED BY THIS LEASE, LESSEE WILL IMMEDIATELY CEASE SUCH ACTIVITIES AND WILL IMMEDIATELY NOTIFY LESSOR AND THE TEXAS HISTORICAL COMMISSION, P. O. BOX 12276, AUSTIN, TX 78711, SO THAT ADEQUATE MEASURES MAY BE UNDERTAKEN TO PROTECT OR RECOVER SUCH DISCOVERIES OR FINDINGS, AS APPROPRIATE.

17. Notice Prior to Improvements. Prior to undertaking construction or installation of improvements on the Premises, Lessee shall provide written notice of the terms of this Agreement, including the Special Conditions, to each person or entity authorized by Lessee to perform any such activity on its behalf. Lessee shall retain a copy of each such written notice provided to its agents, representatives, employees, and/or contractors under this provision and, if a dispute arises concerning construction or installation of the improvements, Lessee shall provide Lessor with a copy of all applicable notices within ten (10) days of Lessor's written request. Lessee's failure to maintain and provide each required written notice shall constitute a default under this Agreement.

18. Unauthorized Improvements. If Lessee constructs improvements other than those authorized by the stated Purpose & Use and this Lease, such improvements shall constitute illegal structures and Lessor may, at its option, terminate this Agreement or pursue a remedy under Section 51.302, et seq., TEX. NAT. RES. CODE ANN. (Vernon Supp.).

19. Special Conditions. Lessee's use of the Premises is subject to and contingent upon compliance with the following covenants, obligations and conditions (the "Special Conditions"):

- A. all materials used to create an oyster bed substrate, once placed on the Premises, will be considered property of Lessor but Lessee has the exclusive right to use and possession of the materials during the term of this Lease and as part of this Leasehold;
- B. an oyster bed project shall conform in all respects with any required U. S. Army Corps of Engineers Permit and the project plans submitted with Lessee's application for that permit; &
- C. subject to the provisions of Paragraph 8 of this Lease, Lessor agrees to refrain from entering into any other agreement with any other surface lessee for the use of all or part of the Premises for any purpose that would disturb any oysters, any oyster bed or any oyster bed project of Lessee during the term of this Lease.

20. Except as provided in and authorized by this Lease, Lessee shall make no alterations, additions or changes in the Premises without the prior written consent of Lessor, and Lessor will not withhold unreasonably such consent.

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 9 of 15

21. Sublease or Disposition and Lessee's Responsibilities for Subtenants.

Lessee may assign or sublease an interest in this Lease or the Premises, or Lessee's rights and licenses granted in this Lease, in furtherance of the stated Purpose & Use of this Lease, but Lessee shall retain all responsibility for performance under the Lease. Otherwise, Lessee shall not assign or otherwise dispose of an interest in this Lease or the Premises without the express prior written consent of the District; and any attempt to assign or otherwise dispose without the consent required shall be void and of no effect. In the event of any attempted assignment or disposition without the consent required, the District may terminate this Lease effective upon fifteen (15) days notice to Lessee. The prohibition against assigning or disposition shall be construed to include a prohibition against any assignment or disposition by operation of law.

The District only gives and receives notices to and from STORM even if STORM assigns or subleases the Premises, in whole or in part. All consents from Lessee provided in this Lease shall be from Lessee only and not any subtenant of Lessee. Further, all Rent payments owed to the District shall be paid or delivered by Lessee alone and not from any subtenant of Lessee. Lessee may use funds provided by a third party to pay the Rent.

22. Condemnation. In the event of a condemnation proceeding that affects all or part of the Premises, Lessor will have the exclusive authority to negotiate with the condemning authority about the Land, or that part thereof subject to the condemnation proceeding, but Lessee shall have the exclusive authority to negotiate with the condemning authority about the oysters, oyster beds, and the related materials to this leasehold in which Lessee has a property or compensable interest. In the event of (i) a total condemnation, this Lease shall terminate, and (ii) a partial condemnation, Lessor may decide whether or not to terminate this Lease. All condemnation proceeds resulting from condemnation of the Land shall be payable to Lessor and all condemnation proceeds resulting from condemnation of the oysters, oyster beds and the related materials to this leasehold in which Lessee has a property or compensable interest shall be payable to Lessee.

23. Encumbrance of Leasehold Interest. Lessee may not mortgage, hypothecate, encumber or grant any deed of trust or mortgage covering the leasehold interest created under this Lease or any interest therein or any improvements thereon, nor may Lessee collaterally assign any rent or other income.

24. Default. Each of the following acts or omissions of Lessee or occurrences shall constitute an Event of Default:

- A. failure or refusal by Lessee to comply with the obligations of Lessee set forth in this Lease; or
- B. failure or refusal by Lessee to perform timely or observe any covenant, duty or obligation of Lessee under this Lease; provided, however, notwithstanding the





occurrence of such Event of Default, Lessor shall not be entitled to exercise any of the remedies provided for in this Lease or by law unless such Event of Default continues beyond the expiration of thirty (30) days following written notice to Lessee of such Event of Default. If Lessee cures the default timely, it will be deemed that no default occurred.

25. This Lease, and the term and estate hereby granted, and the demise hereby made, are subject to the limitation that if and whenever any Event of Default shall occur, after such notice, if any, and the time for the opportunity to cure has passed without curing the default, Lessor may, at its option, in addition to all other rights and remedies provided hereunder or in law or equity, forfeit this Lease as to all or part of the Premises by sending written notice of such forfeiture by United States Mail to the last known address of Lessee in the files of the CLCND, in which event, this Lease shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor.

26. Exercise by Lessor of any one or more remedies hereunder granted or otherwise available shall not (i) be deemed a waiver by Lessor of any other remedy available to it, or (ii) be deemed to be an acceptance of surrender of the Premises by Lessee, whether by agreement or by operation of law.

27. In the event of termination of this Lease or of Lessee's rights to possession of the Premises or repossession of the Premises for an Event of Default, Lessor shall not have any obligation to seek a new use for the Premises, or any portion thereof, or to collect rental for a new use (if any); but Lessor shall have the option to seek a new use for the Premises, and in the event of a new use, Lessor may grant a lease upon or otherwise dispose of an interest in the whole or any portion of the Premises for any period, to any lessee, and for any use and purpose.

28. Notice. Any notice which may or shall be given under the terms of this Lease shall be in writing and shall be either delivered by hand or sent by United States Registered or Certified Mail, adequate postage prepaid, if for Lessor to CLCND Office, General Manager, addressed to his attention, P. O. Box 518, 207 Miller Street, Anahuac, TX 77514, and if for Lessee, to it at 136 County Dock Road, Anahuac, TX 77514. Either party's address may be changed from time to time by such party by giving notice as provided above, except that the Premises may not be used by Lessee as the sole notice address. The District only gives and receives notices to and from STORM even if STORM assigns or subleases the Premises, in whole or in part.

29. Non-Waiver. Failure by Lessor to complain of any action, non-action or default of Lessee shall not constitute a waiver as to any breach of any covenant or condition of Lessee contained herein nor a waiver of any of Lessor's rights hereunder.

30. Terminology. With respect to terminology in this Lease, each number (singular or plural) shall include all numbers, and each gender (male, female or neuter) shall include all genders. If any provision of this Lease shall ever be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of the Lease, but such other provisions shall

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 11 of 15

continue in full force and effect. The titles of the Articles in this Lease shall have no effect and shall neither limit nor amplify the provisions of the Lease itself.

31. This Lease shall be binding upon and shall accrue to the benefit of Lessor and Lessee, and party's respective successors, assigns, heirs, executors or administrators, as the case may be.

32. In any circumstances where Lessor is permitted to enter upon the Premises during the Lease term, whether for the purpose of curing any default of Lessee, repairing damages resulting from fire, hurricane, storm, or other casualty or an eminent domain taking or is otherwise permitted hereunder or by law to go upon the Premises, no such entry shall constitute an eviction or disturbance of Lessee's use and possession of the Premises or a breach by Lessor of any of its obligations hereunder or render Lessor liable for damages for loss of business or otherwise or entitle Lessee to be relieved from any of its obligations hereunder or grant Lessee any right of off-set or recoupment or other remedy; and in connection with any such entry incident to performance of repairs, replacements, maintenance or construction, all of the aforesaid provisions shall be applicable notwithstanding that Lessor may elect to take building materials in, to or upon the Premises that may be required or utilized in connection with such entry by Lessor.

33. Time is of the essence of this Lease.

34. The obligation of Lessee to perform Lessee's covenants and duties hereunder constitute independent, unconditional obligations to be performed at all times provided for hereunder.

35. Under no circumstances whatsoever shall Lessor ever be liable hereunder for consequential damages or special damages.

36. No provision in this Lease shall be construed as a waiver of Lessor's sovereign immunity.

37. Reservation from Lease. To the extent not previously conveyed or reserved, Lessor reserves unto itself, its successors and assigns, all right, title and interest in and to all oil, gas, and other minerals in, on, or under the Premises.

38. Entire Agreement. This Agreement, plus any exhibits, constitutes the entire agreement between Lessor and Lessee; no prior written or prior or contemporaneous oral promises or representations shall be binding. The submission of this Lease for examination by Lessee and/or execution thereof by Lessee does not constitute a reservation of or option for the Premises. This Lease shall not be amended or changed except by written instrument signed by both parties hereto.

39. Severability. The provisions of this Lease are severable. If a court of competent jurisdiction finds that any provision of this Lease is unenforceable, the remaining provisions will remain in effect without the unenforceable parts.

CERTIFIED TO BE A TRUE AND CORRECT  
COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County  
Clerk, Chambers County, Texas

Page 12 of 15



40. Counterparts. If this Lease is executed in multiple counterparts, all counterparts taken together will constitute this Lease.

41. Electronic Signature, Electronic Transaction. In making this Lease or a modification of this Lease, Lessee does NOT agree to use: (a) an electronic signature in lieu of a physical signature; or (b) an electronic writing in lieu of a physical writing, UNLESS Lessee expressly agrees otherwise by a physical writing, physically signed by Lessee or Lessee's authorized representative. Lessee does NOT agree to any automatic right of any recipient of any email from Lessee to conduct any transaction by electronic means.

42. Ambiguities Not to Be Construed Against Party Who Drafted Contract. The rule of construction that ambiguities in a document will be construed against the party who drafted it will not be applied in interpreting this Lease.

43. Hold Harmless, Defense, Indemnity & Insurance. Lessee agrees to save, hold harmless, defend and indemnify the District from any and all claims, liens, losses, liabilities, demands or damages, of whatever type, kind or nature, made or arising out of any work done or material furnished at Lessee's insistence or for Lessee to the Land, or otherwise arising out of or relating to Lessee's use or possession of the Land, and from any and all judgments, costs of suit, other costs, and reasonable attorney's fees, in actions brought by any person, including applicable government entities, arising out of or related to said claims, liens, losses, liabilities, demands or damages. As part of this hold harmless, defense and indemnity provision, the District shall have the right to choose its own legal counsel, at Lessee's cost, to protect the District and to preserve the District's rights. During the term of this Lease, if commercially available, Lessee shall have, keep and maintain continuously, at Lessee's cost, liability and casualty insurance coverage for the Land, insuring Lessee's activities on the Land from claims for personal injury, property damage and other loss occurrences and claims, in an amount of at least US\$1,000,000; and Lessee shall have the District added to the policy named as an additional insured. Lessee shall provide the District with a copy of the insurance policy and the insurance certificate, both showing the District as an additional insured, and a right of defense, indemnity and coverage in compliance with this provision.

**Disclaimer:** The preparer of this instrument does not make any representation as to the validity of any liens and the status of title to the property involved.

THIS INSTRUMENT WAS PREPARED FROM INFORMATION FURNISHED BY THE PARTIES. THE SCRIVENER / PREPARER OF THIS INSTRUMENT HAS NOT EXAMINED OR GIVEN AN OPINION AS TO THE VALIDITY OF THE TITLE OR THE DESCRIPTION OF THE PROPERTY INVOLVED.

It is so Agreed. Witness my/our hand(s) and signature(s):




<p><b>LESSOR: Chambers-Liberty Counties Navigation District (CLCND)</b></p> <p>By: <u>Mary Beth Stengler</u>  <b>Mary Beth Stengler, as the General Manager and Authorized Representative of CLCND pursuant to an Order and Resolution of the Board of Navigation and Canal Commission &amp; the Commissioners of CLCND entered in the minutes of said Commission *****</b>  *****</p>	<p><b>LESSEE: Sustainable Texas Oyster Resource Management, LLC</b></p> <p>By: <u>Tracy Woody</u>  <b>Tracy Woody as Manager and Authorized Representative of Lessee.</b></p> <p>By: <u>Ben H. Nelson</u>  <b>Ben H. Nelson as Manager and Authorized Representative of Lessee</b></p>
--	--

**ACKNOWLEDGMENTS**

THE STATE OF TEXAS §  
COUNTY OF CHAMBERS §


Before me the undersigned notary public personally appeared **Mary Beth Stengler, as the General Manager and authorized representative of Chambers-Liberty Counties Navigation District (CLCND)** (a Texas political subdivision and navigation district), pursuant to an Order and Resolution of the Board of Navigation and Canal Commission & Commissioners of CLCND entered in the minutes of said Commission, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration and in the capacity as the said **CLCND's/Lessor's** act and deed therein expressed. Given under my hand and seal of office this **15th** day of **April 2014**.

 **Guy R Jackson**  
Notary Public State of Texas  
Commission Expires:  
05/16/2017

[Signature]  
Notary Public in and for the State of Texas

THE STATE OF TEXAS §  
COUNTY OF CHAMBERS §

Before me the undersigned notary public personally appeared **Tracy Woody, as the Manager and authorized representative of Sustainable Texas Oyster Resource Management, LLC**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes and consideration and in the capacity as the said **Lessee's** act and deed therein expressed. Given under my hand and seal of office this **15th** day of **April 2014**.

 **Guy R Jackson**  
Notary Public State of Texas  
Commission Expires:  
05/16/2017

[Signature]  
Notary Public in and for the State of Texas

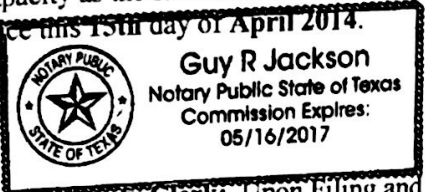
CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT



HEATHER H. HAWTHORNE, County Clerk, Chambers County, Texas  
Page 14 of 15

COUNTY OF CHAMBERS §

Before me the undersigned notary public personally appeared **Ben H. Nelson**, as the **Manager** and authorized representative of **Sustainable Texas Oyster Resource Management, LLC**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes and consideration and in the capacity as the said Lessee's act and deed therein expressed. Given under my hand and seal of office this 15th day of April 2014.



*[Signature]*  
Notary Public in and for the State of Texas

Notice to County Clerk: Upon Filing and Recording this Lease, Return to Lessee.

FILED FOR RECORD IN:

Chambers County

ON: APR 15, 2014 AT 02:07P

AS A(N) Public Records

Heather H. Hawthorne, COUNTY CLERK

CLERK NUMBER 93230 PAGES 15

AMOUNT: 82.00

RECEIPT NUMBER 14294538

BY REDMONDS  
STATE OF TEXAS  
AS STAMPED HEREON BY ME. APR 15, 2014

Heather H. Hawthorne, COUNTY CLERK  
Recorded: *[Signature]*

I CERTIFY THIS AS A TRUE COPY  
Witness my Hand and Seal of Office  
Heather H. Hawthorne, County Clerk  
Chambers County, Texas

JUL 03 2014

*[Signature]*  
by: Christy Gobert, Deputy

15 of 15