

AMENDED AND RESTATED GROUNDWATER LEASE

THIS AMENDED AND RESTATED GROUNDWATER LEASE (“Lease”) is made and entered into as of _____, 2026 (the “Effective Date”), by and between **Thomas H. Callaway and wife, Maribel Callaway** (“Lessor”) and the **City of La Vernia**, a general law municipality (“Lessee”). Lessor and Lessee may be referred to herein, individually as a “Party” and collectively as the “Parties.”

This Groundwater Lease amends and restates in its entirety that certain Contract Regarding Groundwater by and between the Parties, dated October 28, 2010, (the “Original Groundwater Agreement”) by and between Lessor and Lessee. The Original Groundwater Agreement is recorded as Document No. 57587 in the Official Public Records of Wilson County, Texas.

1. DEFINITIONS

The following terms shall have the meanings set forth below when used in this Lease:

“assignment” is defined in Section 8.1 of this Lease.

“Commercial Quantities” means the ability to produce Groundwater from the Wells developed by Lessee on the Leased Premises in quantities sufficient to meet Lessee’s municipal water supply needs, as determined by Lessee in its reasonable discretion.

“District” means the Evergreen Underground Water Conservation District, and any successor to such agency.

“Environmental Protection Laws” means any and all applicable local, state, and federal environmental laws and any amendments to such statutes; any regulations promulgated under such statutes; or any other environmental statutes or regulations, whether now in force or enacted after the Effective Date of this Lease, administered by the U.S. Environmental Protection Agency, the U.S. Department of Transportation, the U.S. Coast Guard, the U.S. Army Corps of Engineers, the U.S. Fish & Wildlife Service, the National Oceanic and Atmospheric Administration, the Department of Commerce, the Department of the Interior, the Council on Environmental Quality, the Texas Parks & Wildlife Department, the General Land Office, the Texas Water Commission, the Texas Air Control Board, the Railroad Commission of Texas, the Texas Department of Health, the Texas Commission on Environmental Quality, or any successor to any such governmental agency.

“Existing Water Facilities” is defined in Section 11.1 of this Lease.

“Existing Well Site” means the lands described on Exhibit B attached hereto and made a part hereof.

“Groundwater” means the underground, percolating, artesian, and other waters beneath the surface of the earth in any subsurface water-bearing reservoir.

“Lease Payments” is defined in Section 4.1(b) of this Lease.

“Leased Premises” is defined in Section 2.1 of this Lease.

“Pay Period” is defined in Section 4.1(a) of this Lease.

“TCEQ” means the Texas Commission on Environmental Quality, and any successor to such agency.

“Well(s)” means water wells constructed for the purpose of producing Groundwater.

“Well Site” means an area within the Leased Premises not to exceed one acre in size, to be configured to the extent feasible in the shape of a rectangle or square, the location of which has been coordinated with and approved by Lessor, which approval shall not be unreasonably denied or withheld, or delayed, in which Lessee shall be allowed to drill and operate Wells.

2. GRANTING CLAUSE, WELL SITE, WARRANTY OF TITLE, AND RESERVATIONS

2.1 Granting Clause. Lessor, in consideration of Ten and 0/100 Dollars (\$10.00) and other good and valuable consideration in hand paid by Lessee, the receipt of which is hereby acknowledged, and in consideration of the Lease Payments, and the other covenants, agreements and obligations of Lessee herein contained, and upon the conditions and with the limitations hereinafter set forth and contained, hereby grants, leases, and lets unto the said Lessee for the duration of the Lease Lessor’s Groundwater together with the right to use the surface of those certain tracts of land located in Wilson County, Texas, more particularly described on **Exhibit A-1 through Exhibit A-3** attached hereto and made a part hereof for all purposes (the “Leased Premises”) for the following purposes: (a) subject to the reservations set forth in Section 2.4(a), below, exclusive rights in exploring, investigating, conducting geologic, hydrogeologic and geophysical surveys and tests, drilling, operating for, producing, withdrawing, and capturing the Groundwater; (b) rights to construct, maintain, own, operate, repair and replace Wells, pipelines and buried electric lines, and incidental facilities and equipment as may be necessary to produce, treat, store, and transport the Groundwater; (c) non-exclusive rights of access for ingress and egress over the Leased Premises to the extent reasonably necessary to conduct the foregoing activities on the Leased Premises; and (d) rights to submit application(s) for and complete the administrative process necessary for Lessee to obtain the necessary permit(s) to drill for, develop, produce, withdrawal, and capture the Groundwater from beneath the Leased Premises. Lessor also hereby grants, leases, and lets unto said Lessee all of Lessor’s Groundwater beneath the surface of that certain 13.00 acres of land out of the J. M. Balmaseda Survey No. 9, Abstract No. 2, Wilson County, Texas, more particularly described by metes and bounds in Document No. 2021-109179 of the Official Public Records of Wilson County, Texas.

2.2 Well Site. The Parties acknowledge that Lessee previously purchased the Existing Well Site from Lessor. Upon Lessee’s written request, Lessor agrees to sell a fee simple interest in a future Well Site or Well Sites, with such conveyance including all of Lessor’s interest in the Groundwater beneath the Well Site, in exchange for Five Thousand and No/100 Dollars (\$5,000.00) to be paid by Lessee to Lessor. Lessee has the right to clear any and all brush or other

foliage, including trees from the Well Sites, and the areas around the Well Sites along the routes for ingress and egress, pipeline routes and utility access routes, as may be reasonably necessary for Lessee's development of the Groundwater. Lessee may also clear brush, foliage and trees in connection with the construction of roads, pipelines, and/or utilities authorized under the terms of this Lease. Lessee may either remove any such cleared materials or mulch or shred such vegetative material and spread it evenly over the cleared site.

2.3 Special Warranty of Title; Quiet Enjoyment. Lessor warrants and agrees to defend title to the Groundwater underlying the Leased Premises by, through and under Lessor, but not otherwise. Lessor covenants that Lessee shall peaceably and quietly hold and enjoy the Groundwater while this Lease remains in effect without hindrance from Lessor or any party claiming by, through or under Lessor.

2.4 Reservations. This Lease is granted subject to the following exceptions and reservations:

(a) **Concurrent Groundwater Rights.** Lessor reserves the right to produce Groundwater from existing Well drilled on the Leased Premises by Lessor for exempt domestic and livestock purposes as defined by the rules of the District ("District Rules") or Chapter 36 of the Texas Water Code ("Chapter 36"). Unless otherwise stated herein, Lessor and Lessor's heirs, successors, and assigns shall not drill additional Well(s) on the Leased Premises. Lessor may replace Lessor's existing exempt domestic and livestock Well, as defined by the District Rules or Chapter 36, that is located on the Leased Premises without first obtaining Lessee's written consent. Lessee shall have the right, after providing 24-hours' written notices to Lessor, to enter the Leased Premises and inspect and/or test Lessor's existing Well to confirm Lessor's existing Well meets all requirements for the domestic and livestock exemption pursuant to the District Rules or Chapter 36. Should the District or Lessee determine Lessor's existing Well is not an exempt domestic and livestock Well, Lessor shall have thirty (30) days after receiving written notice from the District or Lessee ("Remedy Period") to bring the existing Well into compliance with the domestic and livestock exemption requirements of the District Rules or Chapter 36. Lessor is prohibited from leasing or selling Groundwater produced from the Leased Premises to third parties, or from contracting in any manner to allow third parties to use Groundwater from the Leased Premises. Lessee shall not authorize or permit any Well to be drilled, registered, or permitted on any surface estate acreage included in this Lease without the agreement of Lessor.

(b) **Surface Uses.** Without destroying the intended purpose of this Lease, Lessor retains the right for the full and complete enjoyment and use of the Leased Premises (excluding the Existing Well Site and any other Well Site(s)) for any and all purposes, except for the uses specifically granted to Lessee pertaining to the Groundwater.

3. TERM

Subject to the other provisions contained herein, this Lease shall continue in full force and effect so long as Groundwater is being produced in Commercial Quantities. Notwithstanding the foregoing in this Section 3, this Lease shall continue in full force and effect when production in Commercial Quantities is not possible due to (i) drought conditions, (ii) a lawful order limiting or

curtailing production issued by a court of competent jurisdiction or governmental entity with jurisdiction over the production of groundwater, (iii) Lessee is in the process of obtaining or renewing necessary governmental approval or authority, including without limitation any license or permit, authorizing Groundwater production, or (iv) Lessee is in the process of repairing, redrilling or deepening a well for the purpose of continuing groundwater production. Lessee must exercise reasonably due diligence when repairing, redrilling or deepening a well.

4. LEASE PAYMENTS

4.1 Lease Payments.

(a) The Lease Payments will be made on a semi-annual basis. The semi-annual Lease Payments will be made within thirty (30) days following March 31st and September 30th of each year (each a “Pay Period”).

(b) The Lease Payment for each Pay Period will be established at the beginning of the Pay Period and will be calculated based on the price per acre-foot charged at that time by the Guadalupe-Blanco River Authority for water it releases from Canyon Lake for delivery to its long term down-stream water supply contract holders multiplied by a factor of 83.30% (0.833) (“Lease Payment”). For example, if the Guadalupe-Blanco River Authority charges One Hundred Five and 0/100 Dollars (\$105.00) per acre-foot for water released from Canyon Lake, the Lease Payment will be calculated as follows: $105 \times 0.833 = \$87.46$ per acre-foot.

4.2 Minimum Lease Payment.

(a) Lessee shall pay Lessor on a take-or-pay basis (a payment made whether or not Lessee takes or uses Groundwater) for 100 acre-feet for each of the semi-annual pay periods (“Minimum Payment”). As an example: if during the first semi-annual Pay Period Lessee produces less than 100 acre-feet of Groundwater from the Leased Premises, Lessee shall pay Lessor for 100 acre-feet of Groundwater on the take-or-pay basis.

(b) Lessee shall produce at least forty percent (40%) of the total Groundwater used for its public water supply (the “Supply Minimum”) from the Leased Premises. If Lessee fails to produce the Supply Minimum from the Leased Premises during a Pay Period, Lessee shall pay to Lessor the greater of: (i) the amount that would be paid had Lessee produced the Supply Minimum (“Supply Minimum Payment”) or (ii) the Minimum Payment. Notwithstanding the foregoing of this Section 4.2(b), Lessee shall not be responsible for paying for the Supply Minimum Payment if producing the Supply Minimum is not possible due to (i) a lawful order limiting or curtailing production issued by a court of competent jurisdiction or governmental entity with jurisdiction over the production of groundwater or (ii) Lessee is in the process of repairing, redrilling or deepening a well for the purpose of continuing groundwater production. Lessee must exercise reasonably due diligence when repairing, redrilling, or deepening a well. Additionally, Lessee shall not be responsible for paying the Supply Minimum Payment if Lessee’s demand for Groundwater increases such that the Supply Minimum exceeds the amount of Groundwater Lessee is authorized to produce pursuant to a

permit issued by the District.

4.3 Measurement. Lessee shall accurately meter and measure all Groundwater removed from the Leased Premises. Upon Lessor's written request, Lessee agrees to furnish Lessor copies of any and all water analyses, gauge reports, meter tests, and any other information reasonably requested by Lessor associated with the measurement, testing, sampling, or other analysis of Groundwater production from the Leased Premises within thirty (30) days from Lessee's receipt of Lessor's written request.

4.4 Default, Cure, and Termination. In the event for any reason Lessee fails to timely pay Lessor a Lease Payment due hereunder, Lessor may deliver written notice of default to Lessee. Lessee will have a period of thirty (30) days from receipt of such notice within which to cure such default by tendering payment to Lessor of all Lease Payments then due. In the event for any reason Lessee fails to cure the Lease Payment default in the manner provided for herein within such thirty (30) day period, Lessor may terminate this Lease by filing an affidavit of termination in the Official Public Records of Wilson County, Texas.

4.5 Right to Inspect Records. Lessor, at Lessor's sole cost, expense, and risk, shall have the right at all reasonable times, upon reasonable notice, personally or by representative, to inspect, audit and copy the books, accounts, contracts, records and data of Lessee pertaining to the exploration, development, production, operation, saving, transportation, and sale of Groundwater from the Leased Premises.

4.6 Lessee's Reporting Requirements. Lessee shall furnish Lessor with monthly production reports detailing the volume of Groundwater produced from Lessee's Existing Well Site (the "Monthly Report"). The Monthly Report shall be delivered to Lessor no later than fifteen (15) business days following the end of each calendar month. Additionally, Lessee shall provide Lessor with an annual report detailing the total volume of water used to supply Lessee's public water system for the preceding year (the "Annual Report"). The Annual Report shall be submitted to Lessor by March 1st of each year.

5. TERMINATION

5.1 Release upon Termination. Upon termination of this Lease for any reason, Lessee shall execute, record and deliver to Lessor a release of this Lease.

5.2 Voluntary Release. Lessee may at any time or from time to time execute, place of record, and deliver to Lessor a release or releases of this Lease as to all or any part of the Leased Premises and thereby be relieved from all obligations as to the released acreage except as to obligations and liability then accrued.

6. TAXES, FEES AND OTHER ASSESSMENTS

Lessee shall pay when due any user fees, well registration fees, or other like fees when due to applicable governmental authority having jurisdiction, including any District fees and assessments for its interest in the Groundwater. Lessor will remain responsible for payment of ad

valorem and similar taxes assessed against Lessor's interest in the Leased Premises. Lessee shall have the right, but not the obligation, to initiate and prosecute any administrative proceedings relating to the Groundwater rights leased herein, including, but not limited to, (i) contesting any fees assessed to or levied upon the Leased Premises pursuant to Groundwater withdrawal rights, or (ii) protesting, defending or preserving the rights to withdraw Groundwater.

7. COMPLIANCE WITH LAWS

All authorized activities conducted pursuant to this Lease will be at the sole risk and cost of Lessee. Lessee shall conduct its operations on the Leased Premises in compliance with all applicable laws (including Environmental Protection Laws), permitting requirements, rules, and regulations of local, state and federal agencies, regulatory commissions, and other governmental or regulatory authorities having jurisdiction over Lessee's operations, including without limitation those of the TCEQ and the District.

8. ASSIGNMENT

8.1 Assignment. The rights hereby granted to Lessee under this Lease shall be assignable by Lessee to any third party provided Lessor has given written consent to the binding assignment. Any assignee of Lessee shall, by acceptance of such assignment, be bound by all terms and provisions hereof. The term "assignment", as used herein, shall include, without limitation, any sublease, farmout, operating agreement, assignment, or any other agreement by which any share of the operating rights granted by this Lease are assigned or conveyed, or agreed to be assigned or conveyed, to any other party.

8.2 "Lessee" Includes Successors. It is expressly agreed that all references to "Lessee" in this Lease shall mean, include, and apply to the named Lessee and all parties claiming any interest or interests in this Lease by, through or under said original Lessee.

9. GROUNDWATER CONSERVATION DISTRICT

9.1 Evergreen Underground Water Conservation District. The Parties acknowledge that the Leased Premises is located within the jurisdictional boundaries of, and subject to the regulatory jurisdiction of, the Evergreen Underground Water Conservation District (the "District").

9.2 District Regulation. Both Lessor and Lessee are subject to the lawful exercise of the jurisdiction and regulatory powers of the District, including pursuant to (i) Chapter 36, Texas Water Code, (ii) the District's enabling legislation codified as Chapter 8863, Texas Special District Local Laws Code, and (iii) the District's lawfully adopted Rules and Management Plan, all as the same may be amended from time-to-time.

9.3 Permits. Prior to drilling any non-exempt Well(s) or producing any groundwater for a non-exempt purpose, pursuant to this Agreement, Lessee agrees to obtain any and all permits and authorizations required by the District, and to pay all fees, payments and expenses associated with such permits and authorizations. Lessor agrees to cooperate with Lessee in its applications

for, and hearings relating to, any governmental approval or authority necessary to acquire any and all permits and authorizations required to produce the Groundwater from the Leased Premises. Lessee shall furnish Lessor with a copy of any permit application and such application's supporting documents pertaining to the Leased Premises prior to submitting such application to the District. Lessor shall have ten (10) days from receipt of the application to provide comments to Lessee. Lessee shall consider any comments provided by Lessor in good faith before finalizing and submitting the application to the District. Notwithstanding the foregoing of this Section 9.3, Lessee shall have the sole discretion to determine the Leased Premises that will be subject to a permit application in order to maximize the amount of Groundwater production authorized by the permit. Lessee shall not seek a production permit with EUWCD per Rule 7.5 Aggregation of Withdrawal unless agreed in writing by Lessor. In the event that any necessary governmental approval or authority, including without limitation any license or permit, cannot be procured by Lessee after reasonable efforts, Lessee in its sole and absolute discretion, may terminate this Lease.

10. SANITARY CONTROL EASEMENT

Lessor does hereby grant unto Lessee the right to designate sanitary control easements around each Well drilled and operated by Lessee in its development of the Groundwater. Each sanitary control easement shall consist of a tract in the form of a circle having a radius of one hundred fifty feet (150') surrounding and centered on each completed Well located within the Well Site. Any sanitary control easement will contain then applicable restrictions on use as set out by TCEQ at the time of the request. Upon request by Lessee, Lessor agrees to execute a separate instrument entitled "Sanitary Control Easement" with content required by TCEQ. The Parties further agree that (i) the Sanitary Control Easement may extend beyond the perimeter of the Well Site where the Well is located and (ii) the Sanitary Control Easements may be enlarged from time-to-time if required to comply with any applicable law, rule or regulation of any governmental authority with jurisdiction over Lessee's development of the Groundwater. Lessor and Lessee have previously agreed to an easement per this Section with their "Extension of Contract Regarding Groundwater Between the City of La Vernia and Thomas H. Callaway and Wife, Maribel Callaway" entered on the 15th day of May 2015.

11. PROTECTION OF SURFACE

11.1 Existing Water Facilities. As of the effective date of this Lease, the following facilities and equipment are presently located on the Existing Well Site (collectively the "Existing Water Facilities"): (i) one (1) active Well located on the Existing Well Site and (ii) various surface and subsurface facilities and equipment used in the production, treating and/or storage of Groundwater. While this Lease remains in effect, Lessee will be exclusively responsible for maintaining and operating the Existing Water Facilities, together with all additional water facilities that may be constructed or brought onto the Leased Premises, including without limitation any additional water wells that may be drilled and completed thereon.

11.2 Notice of Operations. Prior to commencing drilling operations for any new Well on the Leased Premises, Lessee shall notify Lessor of such operations. Such notice will be given at least fourteen (14) days prior to entry onto the Leased Premises for purposes of such drilling operations. Lessee agrees to cooperate and consult with Lessor in all its operations on the surface

estate of the Leased Premises so that Lessee's operations will interfere as little as possible with the use of the surface and to avoid any adverse impacts to the ongoing or future surface developments by Lessor or its assigns. Further, Lessee shall consult with Lessor, or Lessor's representative prior to designating the locations of drill sites, flowlines, and other lease facilities to be placed at any locations other than the Existing Well Site, taking into consideration Lessor's use of the surface in designating such locations. In addition, Lessee will use its best efforts, consistent with current practices and available drilling technologies, to locate drill sites in accordance with a plan that will minimize the amount of surface acreage that must be used and occupied by Lessee in its drilling on and development of the Leased Premises.

11.3 Care in Operations. Lessee shall at all times use reasonable care in all of Lessee's operations on the Leased Premises, to prevent injury or damage to grass, crops, wildlife, livestock, buildings, or other property thereon, or to existing water wells or tanks located thereon. Lessee understands that the protection of wildlife on the Leased Premises is of paramount importance to Lessor, and Lessee shall take reasonable measures and precautions in order to ensure the protection of wildlife and cattle that could be adversely affected by Lessee's operations.

11.4 Roads. Lessee agrees that it will use routes mutually agreeable to Lessor for entering upon, traveling across, and exiting the Leased Premises, unless Lessor consents to the use and/or construction of any additional roads on the Leased Premises. Lessee must obtain Lessor's prior written consent to the location of any new roads to be constructed on the Leased Premises, which consent will not be unreasonably withheld. Should Lessor not agree with Lessee's proposed placement of additional roads, Lessor shall propose an alternate approach. Lessee agrees to maintain all roads used by Lessee in Lessee's operations on the Leased Premises in good condition and repair during the period of Lessee's operations on the Leased Premises.

11.5 Restoration of Surface; Fencing and Maintenance of Equipment. Within a reasonable time after cessation of any drilling, reworking, or production operation on the Leased Premises conducted by Lessee after the effective date, not to exceed six (6) months, Lessee shall remove all debris and all of Lessee's equipment and material not reasonably necessary for existing production, and restore the surface of the earth as nearly as reasonably practicable to the same condition as it was before the commencement of such operations. A fence surrounds Lessor's Well as of the Effective Date, and Lessee has the obligation to maintain such fencing during the term of this Lease.

11.6 Wells. All or any portion of the Existing Water Facilities, together with any additional Well(s) drilled by Lessee and/or other water facilities placed by Lessee on the Leased Premises shall remain the property of Lessee upon the termination of this Lease, except for any and all components of the Well that are beneath the surface and otherwise not retrievable for salvage, re-use, or repurposing, which will become the property of Lessor upon the time the Well Site reverts to Lessor per the warranty deed filed with Wilson County . This includes any pipelines installed per Section 11.8.

11.7 Plugging. Unless otherwise agreed to in writing by the Parties, within a reasonable time after cessation of any drilling or reworking operations on a Well that will not be put into use,

not to exceed ninety (90) days, Lessee shall properly plug the Well in compliance with applicable laws, rules and regulations.

11.8 Pipelines/Flowlines. Lessor grants Lessee the right to construct underground water transportation pipelines, as reasonably necessary to transport water from the well(s) to a location outside of the Leased Premises. Unless otherwise agreed to by Lessor, all pipelines constructed by Lessee on the Leased Premises shall be buried below ordinary plow depths on actively cultivated lands. Lessee agrees to coordinate proposed pipeline locations and burial depths with Lessor prior to initiating construction. Lessor shall not unreasonably deny or delay responding to Lessee's request to construct any such pipelines.

12. Lessor's Unauthorized Drilling or Production of Groundwater. If Lessor or Lessor's heirs, successors, or assigns drill or operate any Well(s) on the Leased Premises other than Lessor's existing domestic and livestock Well, Lessee shall have the right to exercise any or all of the following remedies:

(a) **Immediate Injunctive Relief.** Lessee may seek immediate injunctive relief from a court of competent jurisdiction to halt drilling operations and prevent further unauthorized production of Groundwater from the Leased Premises.

(b) **Monetary Damages.** Lessee shall be entitled to recover from Lessor any and all damages incurred as a result of the unauthorized drilling and production, including but not limited to, the value of the Groundwater extracted, costs of litigation, and any diminution in value of the Leased Premises.

(c) **Termination of Lease.** In the event that Lessor fails to cease the unauthorized drilling activities and remedy any violations within thirty (30) days following receipt of written notice from Lessee, Lessee may elect to terminate this Lease by providing written notice to Lessor, effective immediately upon delivery.

(d) **Reimbursement of Legal Costs.** Lessee shall be entitled to full reimbursement of all reasonable attorneys' fees, court costs, and other legal expenses incurred in enforcing its rights under this Lease in response to Lessor's unauthorized drilling activities.

These remedies are cumulative and not exclusive, and the exercise of any one remedy shall not preclude the exercise of any other remedy available to Lessee under this Lease or applicable law.

13. MISCELLANEOUS

13.1 Choice of Law and Venue. This Lease shall be governed by and construed under the Laws of the State of Texas. The rights and obligations of the parties hereunder shall be performable in the county in which the Leased Premises are located, and any suit brought as a result of or arising out of this Lease must be filed in the state district courts of such county, the parties hereto having irrevocably chosen such county as the exclusive venue for all suits.

13.2 Payments. All payments required under this Lease to be made to Lessor may be paid directly to Lessor.

13.3 Notices. Any notice to be given hereunder by either Party to the other Party shall be in writing and may be affected by personal delivery, by facsimile, or by sending said notices by registered or certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given when received by facsimile or e-mail, if available, or by personal delivery, or three days after deposited with the United States Postal Service with sufficient postage affixed.

Any notice mailed to Lessor shall be addressed:

Thomas H. Callaway
P.O. Box 954
La Vernia, Texas 78121

Any such notice mailed to Lessee shall be addressed:

City of La Vernia
P.O. Box 225
102 E. Chihuahau St.
La Vernia, Texas 78121

Either Party may change the address or facsimile number for notice to it by giving notice of such change in accordance with the provisions of this paragraph.

13.4 Attorneys' Fees. Should either party be required to resort to legal action to enforce any of its rights under this Lease, the prevailing party in any such dispute shall be entitled to reimbursement from the other party for reasonable attorneys' fees, court costs, and other legal expenses actually incurred in enforcing such rights.

13.5 Binding on Successors and Assigns. All the terms, provisions, agreements and obligations of this Lease shall be binding upon and shall inure to the benefit of the parties hereto, their successors, sublessees and permitted assigns. The masculine pronoun, as used herein, shall include the feminine and neuter, and vice versa; and, when appropriate, the singular shall include the plural, and vice versa.

13.6 Multiple Counterparts. This Lease may be executed in multiple counterparts, all of which shall be construed together as an original instrument to the same extent and with like effect as though all the parties hereto had executed each counterpart. The parties specifically agree that the execution and acknowledgment pages from the several counterparts may be aggregated into one counterpart for recordation and other purposes.

13.7 Memorandum of Lease. Lessor and Lessee will execute a Memorandum of Lease in the form set forth on Exhibit C attached hereto for recording in the records of the county in which the Leased Premises are situated, to give record notice of this Lease.

13.8 Notice of Default. Except as otherwise provided herein, in the event of Default by

either Party, the non-defaulting Party must give the defaulting Party written notice specifying the event of Default (the “Notice”). If the defaulting Party fails to commence efforts to cure the default within sixty (60) calendar days after receipt of the Notice, and thereafter to diligently pursue such cure until complete, then the non-defaulting Party may terminate this Lease, or pursue all legal or equitable remedies against the defaulting Party. Notwithstanding the foregoing of this Section 12.8, if the nature of the default is such that it cannot reasonably be cured within sixty (60) days, the defaulting Party shall not be deemed to be in default if it commences the cure within such period and diligently pursues the cure to completion.

13.9 Headings. The headings of sections and paragraphs in this Lease are for convenience only and shall not be considered a part of this Lease or considered in interpretation or construction of any provision of this Lease.

13.10 Savings. In the event any one or more covenants, clauses or provisions of this Lease shall be held invalid or illegal, such invalidity or unenforceability shall not affect any other provisions of this Lease.

13.11 Time. Time is of the essence with respect to all obligations under this Lease. All deadlines set out herein shall be strictly construed without considering weekends or legal holidays.

13.12 Entire Agreement. This writing, together with the exhibits hereto, represents the entire understanding and agreement between Lessor and Lessee regarding the subject matter hereof and all prior communications between such parties regarding such subject matter are superseded by this Lease. This Lease may only be amended by a subsequent writing executed by both Lessor and Lessee.

[Signatures on following page]

LESSOR:

Thomas H. Callaway

Maribel Callaway

LESSEE:

City of La Vernia

By: _____

Name: _____

Title: _____

EXHIBIT A-1

BEING 217.44 acres of land out of the J. M. Balmaseda Survey No. 9, Abstract No. 2, Wilson County, Texas and being a part of the same land described in conveyances to Earl C. Davis and Martha A. Davis in deeds being of record in Volume 406, Page 327 and Volume 750, Page 333 of the Deed Records of Wilson County, Texas, said 217.44 acres being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2" found iron rod in the easterly right-of-way of County Road No. 342 for the southwest corner of the James L. Marshall, et ux land as described in Volume 734, Page 389 of the Deed Records of Wilson County, Texas and the northwest corner of the parent tract and of this tract;

THENCE: North 61-00-00 East (the record bearing for this survey per the deed), a distance of 2819.97 feet, with the southern line of said Marshall land and of the Carolyn Nelson Gauthier land as described in Volume 640, Page 777 of the Deed Records of Wilson County Texas and generally with a fence, to a found 1/2" iron rod for an angle point;

THENCE: North 61-09-08 East, with the southerly line of said Gauthier land and of the Sue B. O'Hern land as described in Volume 552, Page 41 of the Deed Records of Wilson County Texas, passing a Live Oak Tree at 3088.46 feet, in all a distance of 3231.48 feet to a point on the westerly bank of the Cibolo Creek for the southeast corner of said O'Hern land and the northeast corner of the parent tract and of this tract;

THENCE: with the meanders of the Cibolo Creek as follows:

South 05-48-27 West, a distance of 95.07 feet
South 22-36-05 West, a distance of 247.67 feet
South 05-36-31 West, a distance of 106.57 feet
South 01-44-04 West, a distance of 120.10 feet
South 03-25-54 East, a distance of 127.20 feet
South 73-16-30 West, a distance of 43.40 feet
South 48-36-58 West, a distance of 101.78 feet
South 87-27-10 West, a distance of 77.67 feet
South 79-09-46 West, a distance of 142.07 feet
North 87-37-08 West, a distance of 129.61 feet
North 68-16-27 West, a distance of 154.71 feet
North 88-22-51 West, a distance of 49.99 feet
South 46-27-52 West, a distance of 128.08 feet
South 35-38-15 West, a distance of 190.76 feet
South 06-33-19 West, a distance of 394.06 feet
South 34-02-42 East, a distance of 103.18 feet
South 19-46-55 East, a distance of 65.96 feet
South 10-57-20 West, a distance of 147.85 feet
South 15-59-01 West, a distance of 82.84 feet
South 34-42-16 West, a distance of 100.56 feet
South 60-25-43 West, a distance of 86.28 feet
North 58-26-47 West, a distance of 102.33 feet
North 49-17-23 West, a distance of 129.24 feet
North 45-19-01 West, a distance of 52.39 feet
North 52-02-32 West, a distance of 125.87 feet
North 72-54-51 West, a distance of 56.70 feet
North 40-54-01 West, a distance of 62.37 feet
North 57-52-02 West, a distance of 135.09 feet
South 64-00-59 West, a distance of 171.07 feet
South 25-39-09 West, a distance of 17.85 feet
South 08-02-13 East, a distance of 403.00 feet
South 11-53-07 East, a distance of 156.39 feet
South 42-10-41 East, a distance of 110.29 feet

South 34-06-40 East, a distance of 70.86 feet
South 16-45-27 East, a distance of 48.78 feet
South 03-47-05 East, a distance of 117.16 feet
South 52-07-23 East, a distance of 212.06 feet
South 59-55-15 East, a distance of 88.98 feet
South 53-43-40 East, a distance of 125.38 feet
South 47-19-03 East, a distance of 106.19 feet
South 31-56-22 East, a distance of 116.30 feet
South 13-08-10 East, a distance of 100.91 feet
South 07-32-31 East, a distance of 34.71 feet
South 24-44-17 West, a distance of 60.56 feet
South 53-38-18 West, a distance of 48.64 feet
South 87-21-10 West, a distance of 72.72 feet
South 54-54-49 West, a distance of 448.83 feet
South 52-36-39 West, a distance of 163.54 feet
South 37-48-54 West, a distance of 124.26 feet
South 15-11-51 West, a distance of 75.84 feet
South 01-05-53 West, a distance of 47.02 feet to a point for the northeast corner of the Louis Reddoch, et al land as described in Volume 773, Page 32 of the Deed Records of Wilson County, Texas and the southeast corner of the parent tract and of this tract;

THENCE: South 66-49-17 West, a distance of 2835.11 feet, with the northerly line of said Reddoch land and generally with a fence, to a corner post for the lower southwest corner of this tract;

THENCE: North 10-12-19 West, a distance of 60.73 feet, into the parent tract and generally with a fence, to a corner post for an angle point;

THENCE: North 22-26-51 East, a distance of 53.78 feet, into the parent tract and generally with a fence, to a corner post for an angle point;

THENCE: North 38-50-35 West, a distance of 69.98 feet, into the parent tract and generally with a fence, to a corner post for an angle point;

THENCE: North 57-51-42 East, a distance of 34.55 feet, into the parent tract and generally with a fence, to a corner post for an angle point;

THENCE: North 21-34-32 West, a distance of 54.22 feet, into the parent tract and generally with a fence, to a corner post for an interior corner of this tract;

THENCE: South 71-29-29 West, a distance of 393.99 feet to a corner post in the aforementioned easterly right-of-way of County Road No. 342 for the upper southwest corner of this tract;

THENCE: North 16-39-29 West, a distance of 1294.47 feet, with said right-of-way, to a found 1/2" iron rod for an angle point;

THENCE: North 13-25-01 West, a distance of 484.11 feet to the POINT OF BEGINNING and containing 217.44 acres of land, more or less, in Wilson County, Texas.

SAVE AND EXCEPT:

1. THE SURFACE ESTATE ONLY 16.00 acres of land out of the J. M. Balmaseda Survey No. 9, Abstract No. 2, Wilson County, Texas, more particularly described by metes and bounds in Document No. 2022-123306 of the Official Public Records of Wilson County, Texas.

2. 1.00 acre of land out of the J. M. Balmaseda Survey No. 9, Abstract No. 2, Wilson County, Texas, more particularly described by metes and bounds in Document No. 2016-56101 of the Official Public Records of Wilson County, Texas.
3. THE SURFACE ESTATE ONLY of 13.00 acres of land out of the J. M. Balmaseda Survey No. 9, Abstract No. 2, Wilson County, Texas, more particularly described by metes and bounds in Document No. 2021-109179 of the Official Public Records of Wilson County, Texas.
4. 2.00 acres of land out of the J. M. Balmaseda Survey No. 9, Abstract No. 2, Wilson County, Texas, more particularly described by metes and bounds in Document No. 2021-109179 of the Official Public Records of Wilson County, Texas.
5. THE SURFACE ESTATE ONLY 26.99 acres of land out of the J. M. Balmaseda Survey No. 9, Abstract No. 2, Wilson County, Texas, more particularly described by metes and bounds in Document No. 2024-140039 of the Official Public Records of Wilson County, Texas.
6. 11.00 acres of land out of the J. M. Balmaseda Survey No. 9, Abstract No. 2, Wilson County, Texas, more particularly described by metes and bounds in Document No. 2023-132735 of the Official Public Records of Wilson County, Texas.

EXHIBIT A-2

All those certain tracts or parcels of land lying and being situated in the Jose Maria Balmaseda Survey, Abstract 2 of Wilson County, Texas, containing, in the aggregate, 8.51 acres, said tracts of land being taken out of those tracts of land described in two separate deeds to Eugene Alfred Lenz and Martha J. Lenz, the first being from Kenneth Ray Nelzon dated January 23, 1989, recorded as Vol. 714, Page 641 of the Deed Records of Wilson County, Texas, and the second being from Steven Alan Nelson dated January 23, 1989, recorded at Vol. 714, Page 650 of the Deed Records of Wilson County, Texas, said two tracts of land being more particularly described by metes and bounds as follows:

7.56 Acre Tract

BEING 7.56 acres of land out of the Jose Maria Balmaseda Survey, Abstract 2 of Wilson County, Texas, and being a part of portion of the Eugene Alfred Lenz, et ux, lands described in Volume 714, Page 641 and Volume 714, page 650 of the Deed Records of Wilson County, Texas, and being more particularly described as follows:

BEGINNING at a set 1/2" rebar with cap for the southwest corner of this tract; northwest corner of the Marilyn Nelson Shaw land described in Volume 640, Page 780, Wilson County Deed Records, on the west line of the Carolyn Nelson Gauthier land (formerly railroad right-of-way) described in Volume 749, Page 251, Wilson County Deed Records.

THENCE North 29° 55' 46" West, with the common line of the Gauthier land and of this tract, 140.79 feet to a set 1/2" rebar cap for the northwest corner of this tract and a southwest corner of the Carolyn Gauthier land described in Volume 651, page 831, Wilson County Deed Records.

THENCE North 60° 28' 18" East, with the common line of this tract and the last said Carolyn Gauthier land, 2358.00 feet to a set 1/2" rebar with cap for a common corner of the southwest line of the Sue B. O'Hern land described in Volume 552, Page 41, Wilson County Deed Records.

THENCE North 29° 38' 25" East, with the common line of the O'Hern land and of this tract, 138.60 feet to a set 1/2 inch rebar for the northeast corner of the Carolyn Nelson Gauthier land as escribed in Volume 640, Page 777, Wilson County Deed Records, and the southeast corner of this tract.

THENCE South 60° 25' 07" West, (the record bearing for this survey per the deed), with the common line of said Gauthier land and of the aforementioned Shaw land a distance of 2357.28 feet to the POINT OF BEGINNING containing 7.56 acres of land.

2.5 Acre Tract

All that certain 2.51 acres of land out of the Jose Maria Balmaseda Grant, Survey No. 9, Abstract No. 2, Wilson County, Texas, and being a part or portion of the Eugene Alfred Lenz, et ux, lands described in Volume 714, Page 641 and Volume 714, page 650 of the Deed Records of Wilson County, Texas, and being more particularly described as follows:

BEGINNING at a set 1/2" rebar with cap in the southwest line of the Carolyn Nelson Gauthier land (formally the railroad right-of-way) described in Volume 749, Page 251, Wilson County Deed Records, for the northeast corner of the Marilyn Nelson Saw land described in Volume 736, Page 269, Wilson County Deed Records, and the southeast corner of this tract.

THENCE South 60° 28' 16" West, with the common line of said Shaw land, a distance of 788.86 feet to a set 1/2" rebar with cap for the southeast corner of this tract.

THENCE North 29° 55' 46" West, into the parent tract, a distance of 138.51 feet to a set 1/2" rebar with cap in the southeast line of the Carolyn Gauthier land described in Volume 651, page 831, Wilson County Deed Records, for the northwest corner of this tract.

THENCE North 60° 28' 18" East, with the common line of the Gauthier land and of this tract, a distance of 788.86 feet to a set 1/2" rebar with cap in the aforementioned southwest line of the Gauthier land (formally the railroad right-of-way) for the southeast corner of said Gauthier land and the northeast corner of this tract.

THENCE South 29° 55' 46" East, with the common line of this tract and of the former railroad land, a distance of 138.50 feet to the POINT OF BEGINNING containing 2.51 acres of land.

EXHIBIT A-3

All those certain tracts or parcels of land containing, in the aggregate, 7.11 acres, more or less, out of the J. M. Balmaseda Survey, Abstract No. 2 of Wilson County, Texas said tracts or parcels of land being more particularly described as follows:

6.48 Acre Tract

All that certain 6.48 acres of land out of the Jose Maria Balmaseda Survey, Abstract 2, Wilson County, Texas, and being a part or portion of the land described in a conveyance to Carolyn Nelson Gauthier of record in Volume 640, Page 777, and Volume 629, Page 304, Deed Records of Wilson County, Texas, said tract of land being more particularly described as follows:

BEGINNING at a found steel pin at the south corner of the Sue B. O'Hern land described in Volume 552, Page 41, Wilson County Deed Records; the east corner of this tract on the northwest line of the Thomas Callaway land described in Volume 985, Page 161, Wilson County Official Public Records.

THENCE: South 60° 34' 29" West, with the common line of the Callaway land and of this tract, distance of 2029.20 feet to a set 1/2 inch rebar for the south corner of the Marilyn Nelson Shaw land described in Volume 640, Page 780, Wilson County Deed Records.

THENCE: North 31° 01' 40" West, with the common line of the Shaw land and of this tract, distance of 136.22 feet a set 1/2 inch rebar for a common corner on the southeast line of the Eugene A. Lenz, et ux, land described in Volume 714, Page 641, and Volume 714, Page 650, Wilson County Deed Records.

THENCE: North 60° 25' 07" East, (record bearing per the deed) with the common line of the Lenz land and of this tract, distance of 2032.48 feet to a set 1/2 inch rebar for a common corner of the southwest line of the aforementioned Sue B. O'Hern land.

THENCE: South 29° 38' 25" East, with the common line of the O'Hern land and of this tract, distance of 141.70 feet to the POINT OF BEGINNING , containing 6.48 acres of land.

0.63 Acre Tract

All that certain 0.63 acres of land out of the Jose Maria Balmaseda Survey, Abstract 2, Wilson County, Texas, and being a part or portion of the land described in a conveyance to Carolyn Nelson Gauthier of record in Volume 749, Page 251, Wilson County Deed Records, and being more particularly described as follows:

BEGINNING at a found steel pin for the east corner of this tract; south corner of the Marilyn Nelson Shaw land described in Volume 640, Page 780, Wilson County Deed Records, on the northwest line of the Thomas Callaway land described in Volume 985, Page 161, Wilson County Official Public Records.

THENCE South 60° 57' 20" West, with the common line of the Callaway and Gauthier lands, distance of 100.29 feet to a found pin for the south corner of this tract and east corner of the Marilyn Nelson Shaw land described in Volume 736, Page 269, Wilson County Deed Records.

THENCE North 29° 55' 46" West, with the southwest line of this tract; northeast line of the Shaw land and the Eugene A. Lenz, et ux, land described in Volume 714, Page 641; Volume 714, Page 650, Wilson County Deed Records, total distance of 275.23 feet to a set ½ inch rebar for a common corner of the Lenz land and of this tract.

THENCE North 60° 28' 21" East, across the Carolyn Nelson Gauthier land described in Volume 749, Page 251, Wilson County Deed Records, distance of 100.28 feet to a set 1/2 inch rebar for the north corner of this tract and west corner of the aforementioned Eugene A. Lenz land.

THENCE North 29° 55' 46" East, with the northeast line of this tract; west line of the Lenz land and the Marilyn Nelson Shaw land described in Volume 640, Page 780, Wilson County Deed Records, total distance of 276.07 to the POINT OF BEGINNING, containing 0.63 acres of land.

EXHIBIT B

Description of Existing Well Site

All that certain 1.000 acre of land, more or less, out of the J. M. Balmaseda Survey No. 9, Abstract 2, Wilson County, Texas, and also being out of a 217.44 acre tract described in Volume 985, Page 161 of the Official Records of Wilson County, Texas, said 1.000 acre tract of land being more particularly described by metes and bounds as follows:

BEGINNING at an iron rod found in the existing east R.O.W. line of County Road 342 for the northwest corner of this tract and the corner of a 15.000 acre tract described in Volume 1190, Page 881 of the Official Records of Wilson County, Texas, said point also being S 13° 50' 57" E, 483.49 feet and S 17° 11' 49" E, 80.94 feet from a fence corner post found for the northwest corner of the above referenced 217.44 acre tract;

THENCE, N 79° 25' 20" E, 209.40 feet along the common line with said 15.000 acre tract to an iron rod set in same for the northeast corner of this tract;

THENCE, S 17° 11' 49" E, 209.41 feet to an iron rod set for the southeast corner of this tract;

THENCE S 79° 25' 20" W, 209.40 feet to an iron rod set in the existing R.O.W. line of County Road 342 for the southwest corner of this tract;

THENCE, N 17° 11' 49" W, (Ref. Brg.) 209.41 feet along said east R.O.W. line to the POINT OF BEGINNING and containing 1.000 acre of land, more or less.

EXHIBIT C

Form Memorandum of Amended and Restated Groundwater Lease

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER’S LICENSE NUMBER.

MEMORANDUM OF AMENDED AND RESTATED GROUNDWATER LEASE

This Memorandum of Amended and Restated Groundwater Lease (the “Memorandum”) is made on this ____ day of _____, 2026 (“Effective Date”), by and between **Thomas H Callaway and wife, Maribel Callaway** (“Lessor”), whose address is P.O. Box 954, La Vernia, Texas 78121 and the **City of La Vernia**, a general law municipality (“Lessee”), whose address is 102 E. Chihuahua St., La Vernia, Texas 78121.

RECITALS

WHEREAS, Lessor and Lessee entered into that certain Amended and Restated Groundwater Lease, dated _____, 2026 (the “Lease”) regarding that certain ____ acres of land located in Wilson County, Texas, more particularly described on **Exhibit A** attached hereto and made a part hereof for all purposes (“Property”); and

WHEREAS, the Parties agreed to give notice to the public of the Lease by filing this memorandum of record in lieu of recording the full Lease; and

WHEREAS, both Lessor and Lessee are in possession of a fully executed copy of the full Lease; and

WHEREAS, by way of example only, the Lease addresses such rights of Lessee, including the following:

- (i) Rights of ingress and egress;
- (ii) Location, construction, maintenance, and operation, and spacing of wells, and related facilities, including pipelines, pumps, and storage tanks; and
- (iii) Lessor’s limited use of groundwater and prohibition against drilling groundwater wells after the Effective Date.

NOW, THEREFORE, in consideration of the mutual benefits to accrue to the Parties, Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby confessed and acknowledged, the Parties Agree as follows:

AGREEMENT

1. This Memorandum shall be filed of record in the Official Public Records of Wilson County, Texas;

2. The provisions of the Lease are covenants running with the land;
3. Copies of the Lease may be obtained from the Parties.
4. This Memorandum does not alter, amend, or modify the terms of the Lease, but is executed solely for the purpose of giving notice of the existence of the Lease and the general nature of the terms and conditions therein, which Lease is incorporated herein by reference for all purposes to the same extent and with the same effect as if set forth herein in full.

Executed to be effective as of the Effective Date.

[Signatures of following pages]

LESSOR:

Thomas H. Callaway

Maribel Callaway

STATE OF TEXAS §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2026, by Thomas H. Callaway.

Notary Public, State of Texas
Notary No. _____
My Commission Expires: _____

[SEAL]

STATE OF TEXAS §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2026, by Maribel Callaway.

Notary Public, State of Texas
Notary No. _____
My Commission Expires: _____

[SEAL]

LESSEE:

City of La Vernia

By: _____

Name: _____

Title: _____

STATE OF TEXAS §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2026, by _____, acting in the capacity of _____ of the City of La Vernia, on behalf of the City.

Notary Public, State of Texas

Notary No. _____

My Commission Expires: _____

[SEAL]

EXHIBIT A

Description of the Property