

## FERC Encroachment-Removal Escrow Agreement Addendum

Re Property: \_\_\_\_\_

This is an addendum to the attached FERC Encroachment-Removal Escrow Agreement executed by the undersigned ("Leaseholder(s)"). It is agreed that the following described encroachments are "Prohibited Encroachments" (herein so called) that must be removed by Leaseholder(s):

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The foregoing Prohibited Encroachments are located on land retained by the Authority, which may include the FERC Project Area or FERC Buffer, or other Authority retained land. Regardless of the location of the Prohibited Encroachment, it is subject to the terms of the Agreement, as amended by this Addendum.

To purchase their Property from PKLLP prior to the removal of the Prohibited Encroachments, Leaseholder(s) must escrow funds for the removal of such Prohibited Encroachments as set forth in the attached Agreement. Leaseholder(s) agree that all such Prohibited Encroachments must be removed by Leaseholder on or before 30 days from Leaseholder's resale purchase closing with PKLLP (but no later than March 15, 2011) rather than the one year time period which is otherwise allowed for any of the other encroachments described in the attached Agreement. Leaseholder(s) will notify the Authority once the removal is complete so that the Authority can inspect the Property to verify removal. The Authority has the right to require the Leaseholder(s), at Leaseholder(s) expense, to obtain an updated survey showing the removal of the Prohibited Encroachment.

Leaseholder(s) acknowledges receipt of a copy of a letter agreement attached hereto by and between PPKLP and the Brazos River Authority dated 12/03/2010 wherein PPKLP obligates itself to the Brazos River Authority to cure any Prohibited Encroachments not timely removed by Leaseholder(s). Leaseholder(s) consents to same.

\_\_\_\_\_  
Leaseholder

\_\_\_\_\_  
Leaseholder



Brazos River Authority



November 30, 2010

Michael H. Patterson  
Patterson PK Land Partnership, Ltd.  
2310 W. Interstate 20, Suite 100  
Arlington, Texas 76017-1668

Re: Contract for Sale of Real Property at Possum Kingdom Lake (as amended, the "**Contract**") between Brazos River Authority (the "**Authority**") and Patterson PK Land Partnership, Ltd. ("**PPKLP**"); Resale of Lots with Prohibited Encroachments

Dear Mr. Patterson:

As you know, PPKLP has been unable to resale certain leased lots ("**Lots**") that were conveyed to PPKLP by the Authority pursuant to the Contract because the applicable Lots have improvements encroaching onto Authority Retained Land [which may include the FERC Buffer or FERC Project Area ("**FERC Area**") that are required to be removed (the "**Prohibited Encroachments**") prior to the conveyance of such Lot to the Lessee. PPKLP and certain leaseholders of the affected Lots have expressed an interest in completing the resale of the Lot to such leaseholder as quickly as possible. The Authority will consent to the transfer of the Lot prior to the removal of the Prohibited Encroachments on the terms and conditions set forth below.

In consideration of the mutual covenants to be bound hereby, and for other good and valuable consideration, the receipt and sufficiency of which being acknowledged by both parties hereto, PPKLP and the Authority agree as follows:

1. Prior to closing on the affected Lot, (a) PPKLP shall enter into the form Escrow Agreement with the leaseholder along with the Addendum, as attached hereto, (b) the leaseholder shall place 150% of the cost to remove the Prohibited Encroachment into escrow, and (c) all other requirements that must be met prior to closing must be fulfilled (including, without limitation, all other encroachments must be cured and the resale survey must be approved).

2. PPKLP shall cause the leaseholder purchasing the Lot (along with any successors and assigns, the "**New Owner**") to remove the Prohibited Encroachment on or before 30 days after the date PPKLP conveys the Lot to the New Owner (but no later than March 15, 2011) (the "**Removal Date**"). Except as specifically set forth herein regarding the timeframes for removal, PPKLP's obligation to remove or cause the

removal of encroachments (including the Prohibited Encroachments) located in the FERC Area, as set forth in Paragraph 9.d.iv. of the Contract, shall continue in full force and effect.

3. In the event the New Owner fails to remove the Prohibited Encroachments on or before the Removal Date, PPKLP will be responsible, at PPKLP's sole cost and expense (subject to reimbursement from the escrowed funds), for removing such Prohibited Encroachments within 60 days after the Removal Date. It is understood that, even though the Authority will have the right to use such escrowed funds to remove the Prohibited Encroachments pursuant to the Escrow Agreement, PPKLP is assuming all responsibility to remove such Prohibited Encroachments, whether located in the FERC Area or on other Authority Retained Land. PPKLP's agreement to remove the Prohibited Encroachments is material consideration for the Authority entering into the Letter Agreement and permitting the conveyance of the Lot prior to the removal of such Prohibited Encroachments.

4. The Prohibited Encroachments to be removed are located on Authority Retained Land. PPKLP, for itself, its legal representatives and assigns does hereby release, acquit, and forever discharge the Authority, its successors, assigns, directors, agents and employees from any and all manner or actions, causes of action, suits, claims, demands, judgments, damages, liabilities, and claims for damages of every kind and character, known and unknown, past, present, and future, including, but not limited to claims in connection with, resulting from or arising out of PPKLP's access to Authority Retained Land. Further, PPKLP shall save, hold harmless, defend, and indemnify the Authority, its agents, employees and independent contractors from any and all actions, liabilities, losses, damages, judgments, costs and expenses, including reasonable attorney's fees, arising out of any act, error or omission by PPKLP, its agents, employees, and independent contractors, and/or on account of any bodily injury, death, or property damage, or claims for bodily injury, death, or property damage of any nature whatsoever, and by whomsoever made, in connection with, resulting from or arising out of PPKLP's access to Authority Retained Land. PPKLP assumes full responsibility for all damages, however caused, that may hereafter occur to any Authority Retained Land resulting from PPKLP's operations on and/or use of such Authority Retained Land and PPKLP agrees to replace, repair or restore such property and/or to remedy such damage to the property to the satisfaction of the Authority, or at the election of the Authority, to compensate the Authority for such damage in an amount sufficient to repair, replace, or restore such property or improvements. PPKLP shall comply with the requirements of all applicable laws, rules and regulations and shall exonerate, indemnify and hold the Authority harmless from any and all liability or damages resulting from failure to do so.

5. To the extent of a conflict between the terms of this letter and the terms of the Contract, the terms of this letter shall control. Terms that are not defined herein have the meaning as set forth in the Contract.

Mr. Mike Patterson  
November 30, 2010  
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6. This letter agreement may be executed in separate counterparts, all of which when taken together will constitute a single agreement. Facsimile or electronically transmitted copies of this letter agreement shall be treated as originals for all purposes.

If you agree with the foregoing, please so indicate by countersigning the enclosed duplicate original in the space provided, and returning a fully-executed original to me.

Sincerely,




Phil Ford  
General Manager/CEO  
Brazos River Authority

All of the terms, conditions, and provisions of this  
letter agreement are hereby agreed to by PPKLP:

PATTERSON PK LAND PARTNERSHIP, LTD.,  
a Texas limited partnership

By: Patterson PK Land Management GP, LLC,  
a Texas limited liability company, its General Partner

By:   
Michael H. Patterson, Manager

Date signed by PPKLP:

December 3, 2010