

STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

**TAX ABATEMENT AGREEMENT BETWEEN
FORT BEND COUNTY DRAINAGE DISTRICT,
CLAY REAL ESTATE DEVELOPMENT, L.P. AND PGS ONSHORE, INC.**

This Tax Abatement Agreement, hereinafter referred to as “**Agreement**,” is executed by and between the **FORT BEND COUNTY DRAINAGE DISTRICT**, hereinafter referred to as “**District**,” acting by and through its Board of Directors, **CLAY REAL ESTATE DEVELOPMENT, L.P.**, hereinafter referred to as “**Owner**,” and **PGS ONSHORE, INC.**, hereinafter referred to as “**Lessee**” of the tract of land located within the City of Stafford Reinvestment Zone No. 19.

1. **Authorization:**

- a. This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the TEXAS TAX CODE as it exists on the effective date of this Agreement, and;
- b. The Amended Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created by the Fort Bend County Drainage District, which was approved by the District’s Board of Directors on February 3, 2009. The District has determined that the request for Tax Abatement presented by Owner and Lessee conforms with the criteria established in the Guidelines for Tax Abatement.
- c. No official of the District has an interest in the property subject to this Agreement.

2. **Definition:**

As used in this Agreement, the following terms shall have the meanings set forth below:

- a. The “**Certified Appraised Value or Value**” means the value certified as of January 1 of each year of this Agreement regarding the property within City of Stafford Reinvestment Zone No. 19 by the Fort Bend County Central Appraisal District.

- b. **“Improvements”** means buildings and structures and other improvements, containing approximately 42,000 square feet of office space and warehouse space for research and development work, technical repair work, shipping and receiving, and any sidewalks, parking lots, outdoor lighting, landscaping and other related improvements to serve the building, which are erected or expanded by Owner or Lessee on the property after the effective date of this Agreement.
- c. **“Abatement”** means the full or partial exemption from ad valorem taxes of certain property in the City of Stafford Reinvestment Zone No. 19, designated for economic development purposes.
- d. **“Eligible Property”** Abatement may be extended to fixed machinery and equipment, necessary to the operation and administration of the facility. Eligible Property is subject to abatement under the same terms as Improvements only if specifically included in Section 5(c).
- e. **“Ineligible Property”** means land, existing improvements, tangible personal property that the Fort Bend Central Appraisal District classifies as inventory or supplies, real property used primarily to provide retail sales or services to the public, real property used for residential purposes, tangible personal property classified as furnishings, tangible personal property located in the reinvestment zone prior to the execution date of the tax abatement agreement, real property with a productive life of less than 10 years, or any other property for which abatement is not allowed by state law.
- f. **“Real Property”** means the 5.69827 acre tract of land located within City of Stafford Reinvestment Zone No. 19, described in Exhibit A attached hereto and incorporated by reference herein for all purposes.
- g. **“Owner”** means **Clay Real Estate Development, L.P.**, the Owner of the Real Property and Improvements subject to this Agreement, or other person or entity to which this Agreement is assigned, with prior approval of the District’s Board of Directors.
- h. **“Lessee”** means **PGS ONSHORE, INC.**
- i. **“Permitted Transferee”** means Clay #6-13645 N. Promenade, LLC
- j. **“Lease”** means that certain Lease by and between Owner, as Landlord, and Lessee, as Tenant, concerning the Real Property and Improvements the subject hereof, on the terms and conditions and as

more particularly described therein.

- k. “**District**” means the Fort Bend County Drainage District.
- l. “**CAD**” means Fort Bend County Central Appraisal District.

3. Subject Property

City of Stafford Reinvestment Zone No. 19 is an area located in Fort Bend County, Texas, being legally described in Exhibit B attached hereto and incorporated herein for all purposes.

The CAD has established the base year values for the subject property as of January 1, 2007.

4. Responsibility of Owner and Lessee

In consideration of receiving the tax abatement granted herein, the Owner and Lessee represent and agree:

- (a) That construction of the Improvements commenced on or before January 1, 2008.
- (b) That construction of the Improvements was completed on or before December 31, 2008. After such completion, Owner and/or Lessee provided Tax Assessor/Collector a certified statement evidencing a minimum of \$4,000,000 project costs with respect to the Improvements.
- (c) That the combined Certified Appraised Value of the Improvements on January 1, 2009, and on each and every January 1 thereafter during the term of this Agreement will not be less than \$3,800,000. Failure to meet the requirements of this section will invalidate the tax abatement for that year.
- (d) That Lessee shall employ approximately at least 24 employees in Fort Bend County on or before January 1, 2009, and shall maintain that number of employees or greater during the term of this Agreement.
- (e) That the Owner and Lessee have, as of the effective date of this Agreement, the financial resources to implement the above representations.
- (f) That the Lessee will participate in the continuing economic development process in Fort Bend County by becoming a Regular member of the Greater

Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.

- (g) **OWNER, LESSEE AND PERMITTED TRANSFEREE (IF APPLICABLE) SHALL BE RESPONSIBLE FOR NOTIFYING THE DISTRICT OF THE ABATEMENT, INCLUDING FILING WITH THE DISTRICT ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.**
- (h) **EXCEPT FOR A PERMITTED TRANSFER (DEFINED BELOW), OWNER AND LESSEE SHALL BE RESPONSIBLE FOR REQUESTING AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY THE SUBJECT OF THIS AGREEMENT IS SOLD. DISTRICT AGREES THAT UPON ITS RECEIPT OF A WRITTEN REQUEST FOR CONSENT TO A PROPOSED ASSIGNMENT OF THIS AGREEMENT, THE DISTRICT SHALL USE GOOD FAITH, DILIGENT EFFORTS TO EXPEDITE SUCH PROCESS AND GRANT OR REFUSE SUCH CONSENT WITHIN THIRTY (30) DAYS AFTER RECEIPT OF SUCH REQUEST; PROVIDED THAT NO SUCH CONSENT SHALL BE UNREASONABLY WITHHELD OR DELAYED. FAILURE OF OWNER TO NOTIFY THE TAX ASSESSOR-COLLECTOR OF ANY SALE OF THE REAL PROPERTY WITHIN THIRTY (30) DAYS OF THE CLOSING SHALL RESULT IN IMMEDIATE DEFAULT OF THIS AGREEMENT.**

5. Value and Term of Abatement

(a) This Agreement shall be effective on the date executed by the District, Owner and Lessee, whichever is later, but this Agreement shall relate back to periods covered by the Original Agreement as appropriate, and shall terminate (unless earlier terminated in accordance with the terms hereof) on December 31, 2013. In no event shall this Agreement extend beyond December 31, 2013.

This Agreement shall terminate on the completion of the abatement, unless earlier terminated as

provided elsewhere herein. Owner and Lessee's obligation upon default to pay to the District any taxes abated under this Agreement shall not terminate until the abated taxes are paid.

(b) In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the Improvements.

(c) Subject to the limitations imposed by law and conditioned upon the representations outlined in Section 4 herein above, there shall be granted and allowed hereunder a property tax abatement for the following years and in the following amounts on the Value of the Improvements:

<u>Tax Year</u>	<u>Percentage Abatement</u>
2009	65%
2010	65%
2011	65%
2012	65%
2013	65%

TOTAL = 325%

- (1) The abatement granted shall not apply to the Value of the Real Property, increases in the Value of the Real Property, Eligible Property, Ineligible Property, inventory and supplies.
- (2) All Improvements shall be completed in accordance with applicable laws, ordinances, rules or regulations in effect at the time such Improvements are erected.
- (3) The CAD's determination of values shall be used to determine the value of the property subject to this Agreement. If the Owner or Lessee protest the CAD's valuation of the property, the valuation placed on the property after the protest is resolved under State law shall be used.
- (4) On or before September 1 of each year of this Agreement, the Owner and Lessee shall certify in writing to Fort Bend County Tax Assessor/Collector that such respective party is in compliance with each term of this Agreement.

6. **Taxability**

During the period that this tax abatement is effective, taxes shall be payable as follows:

- (a) The Value of Real Property, Eligible Property and Ineligible Property shall be fully taxable, including inventory and supplies;
- (b) The Value of existing Improvements shall be determined annually by the Central Appraisal District.

7. **Event of Default**

- (a) The District may declare the Owner and/or Lessee in default of this Agreement if: (1) the Owner or Lessee fails to comply with any term of this Agreement; (2) the Owner or Lessee allows District ad valorem taxes on the Land, or any property located thereon, to become delinquent; (3) the Owner and Lessee vacate any of the improvements subject to this Agreement before the term of the abatement.
- (b) The District shall notify the Owner and Lessee of any default in writing specifying the default. The Owner and Lessee shall each have thirty (30) days from the date of the notice to cure any default; provided, however, that if such default is not capable of being cured within such thirty (30) day period, such period shall be extended for one (1) additional thirty (30) day period to permit such cure provided that Owner and/or Lessee shall have commenced such curative measures within such thirty (30) day period and thereafter diligently pursue such cure to completion. If the Owner or Lessee fail to cure the default within sixty (60) days from receipt of notice, the District may terminate this Agreement by written notice.
- (c) If this Agreement is terminated by the District, the Owner and Lessee agree that they are liable for and will pay to the District within thirty (30) days of the termination of this Agreement:
 - (1) The amount of all property taxes abated under this Agreement;
 - (2) Interest on the abated amount at the rate provided for in the

Tax Code for delinquent taxes; and

(3) Penalties on the amount abated in the year of default, at the rate provided for in the TAX CODE for delinquent taxes.

(d) The District shall have a lien against the Real Property and Improvements for the taxes and interest owed because of the recapture of taxes under this paragraph.

8. Administration and Inspection

(a) This Agreement shall be administered on behalf of the Fort Bend County Tax Assessor/Collector or her designee. The Owner and Lessee shall allow employees or other representatives of the County Tax Assessor/Collector who have been designated by the Tax Assessor/Collector to have access to the Real Property and Improvements (during normal business hours) during the term of the Agreement. All regular inspections shall be made only after twenty-four (24) hours prior notice and will be conducted in such a manner as not to unreasonably interfere with the construction and/or operation of the facility. A representative of the Owner and Lessee may accompany the inspector.

(b) Upon completion of the Improvements, the District shall annually evaluate the Improvements to ensure compliance with the terms and provisions of this Agreement and shall report possible defaults to the Owner and Lessee.

(c) The Chief Appraiser of the CAD shall annually determine (1) the taxable value under the terms of this abatement of the Improvements subject to this Agreement and (2) the full taxable value without abatement of the Real Property, Eligible Property and Ineligible Property otherwise located at or about the Owner and Lessee's premises. The Chief Appraiser shall record both abatement taxable value and full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that is terminated

in a manner that results in recapture.

(d) The Owner and Lessee shall furnish the Chief Appraiser annually such information as provided for under Chapter 22 of the TEXAS TAX CODE as may be necessary for the administration of the abatement. Such information shall also be provided to the Fort Bend County Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement, including Owner and Lessee's payroll records.

9. **Assignment**

(a) This Agreement may not be assigned without the prior written consent of the District; provided, however, that (i) Owner shall be permitted to assign this Agreement together with the sale or conveyance of title to the Real Property to the Permitted Transferee, defined in Section 2(i) above, within ninety (90) calendar days after the effective date of this Agreement and (ii) Owner shall be permitted to assign this Agreement to Lessee, as defined in Section 2(h) above, together with title to the Real Property and Improvements in connection with Lessee's exercise of any right or option held by Lessee under the Lease to purchase the Leased Premises, each without the District's prior consent (each a "**Permitted Transfer**"). On or before the expiration of thirty (30) days after any such Permitted Transfer, Owner shall notify the District in writing of the occurrence of any Permitted Transfer. No assignment shall be effective or approved if either the District has declared a default hereunder which has not been cured or the new Owner, Lessee, or Permitted Transferee (if applicable) are delinquent in the payment of ad valorem taxes owed to the District. District agrees that upon its receipt of a written request for consent to a proposed assignment of this Agreement, the District shall use good faith, diligent efforts to expedite such process and grant or refuse such consent within thirty (30) days after receipt of such request; provided that no such consent shall be unreasonably withheld or delayed.

(b) Any and all assignments shall contain the same terms and conditions as set out in this Abatement Agreement and shall be granted for the remaining term of the original tax Abatement Agreement only.

(c) Any Assignment of this Agreement other than a Permitted Transfer, defined above, shall result in the execution of an Agreement containing terms similar to this Agreement; provided, however, District shall not be obligated to include any specific terms regarding assignment in any future agreement.

10. Indemnity

It is understood and agreed between the parties that Owner and Lessee in performing their obligations hereunder, are acting independently, and the District assumes no responsibilities or liabilities in connection therewith to third parties. **OWNER AND LESSEE AGREE TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE DISTRICT AND THE CENTRAL APPRIASAL DISTRICT FROM ANY AND ALL CLAIMS, SUITS, AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ARISING OUT OF OWNER'S AND LESSEE'S OBLIGATIONS HEREUNDER EXCEPT THAT THE INDEMNITY SHALL NOT APPLY TO THAT PORTION OF RESPONSIBILITIES AND LIABILITIES RESULTING FROM THE FAULT OR NEGLIGENCE OF THE DISTRICT OR TAXING UNITS, THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES. OWNER'S AND LESSEE'S INDEMNIFICATION OBLIGATIONS INCLUDE THE PAYMENT OF REASONABLE ATTORNEYS' FEES AND EXPENSES INCURRED IN THE DEFENSE OF (AND DISTRICT AGREES TO COOPERATE IN THE DEFENSE OF) ANY SUCH CLAIMS, SUITS, AND CAUSES OF ACTION. OWNER AND LESSEE SHALL BE RESPONSIBLE FOR ALL FEES INCURRED BY THE DISTRICT IN THE DEFENSE OF**

ANY SUCH CLAIMS, SUITS, OR CAUSES OF ACTION SO LONG AS DEFENSE COUNSEL AND COURSES OF ACTION ARE DETERMINED SOLELY BY OWNER AND LESSEE. NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROHIBIT DISTRICT FROM INCURRING REPRESENTATION OF ANY SUCH CLAIM, SUIT OR CAUSE OF ACTION AND OWNER AND LESSEE SHALL NOT BE RESPONSIBLE FOR ANY SUCH COSTS AND OR FEES SO INCURRED.

11. Force Majeure

If by reason of force majeure, the Owner or Lessee is unable to perform any obligation of this Agreement, it shall give notice of the force majeure to the District in writing within ten (10) calendar days of the occurrence relied upon. The obligation of Owner and Lessee, to the extent and for the period of time affected by the force majeure, shall be suspended. Owner and Lessee shall endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, “force majeure” shall include, but not be limited to acts of God, landslides, lightning, earthquakes, hurricanes, storms, floods, or other natural occurrences; strikes, lockouts, insurrections, riots, wars or other civil or industrial disturbances; orders of any kind of the Federal or State government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure of the system or water supply system; or any other cause not reasonably within the control of the Owner and/or Lessee.

12. Board of Directors Approval

This Agreement is conditioned entirely upon the approval of the Board of Directors of the District by the affirmative vote of a majority of the members present at a duly scheduled meeting of the District.

13. Compliance with State and Local Regulations

(a) This Agreement shall not be construed to alter or affect the obligations of Owner and/or Lessee to comply with any city ordinance or federal or state law or regulation.

(b) Owner and Owner's successors, executors, administrators, assigns branches, divisions and departments certify that they do not and will not knowingly employ an undocumented worker. This Agreement requires Owner to repay the total amount of the public benefit received with interest at the rate and according to the terms of the Agreement if Owner is convicted of a violation under 8 U.S.C. Section 1324a (f). Repayment will be due no later than the 120th day after the date the District notifies Owner of the violation as provided in the agreement.

14. Changes in Tax Laws

The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement.

15. Miscellaneous

(a) This Agreement and the rights and obligations of each party shall be construed and enforced under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Fort Bend County, Texas.

(b) In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

(c) The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach.

(d) Any amendments of this Agreement shall be of no effect unless in writing and

signed by both parties hereto.

16. Notices

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the District, Owner, Lessee and Permitted Transferee (if applicable) at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to the Owner, Lessee or the District at the following addresses:

To the Tax Assessor/Collector: The Honorable Patsy Schultz
Fort Bend County Tax Assessor-Collector
500 Liberty, Suite 101
Richmond, Texas 77469

To Owner: Clay Real Estate Development, L.P.
5599 San Felipe, Suite 1440
Houston, TX 77056
Attention: Al Clay or Robert Clay

To Lessee: PGS Onshore, Inc.
13645 N. Promenade Blvd.
Stafford, TX 77477
Attention: Wayne Millice

To Permitted Transferee: Clay #6-13645 N. Promenade, LLC
5599 San Felipe, Suite 1440
Houston, TX 77056
Attention: Al Clay or Robert Clay

To District: Fort Bend County Judge
301 Jackson, Suite 719
Richmond, Texas 77469

Copy to: Fort Bend County Attorney
301 Jackson, Suite 728
Richmond, Texas 77469

Either party may designate a different address by giving the other parties ten (10) days prior written notice thereof. **Failure of Owner or Lessee, or Permitted Transferee (if applicable) to provide the County Tax Assessor/Collector thirty (30) days notice of a change of address may result in termination of this Agreement.**

17. Entire Agreement; Ordinance and Economic Impact Statement

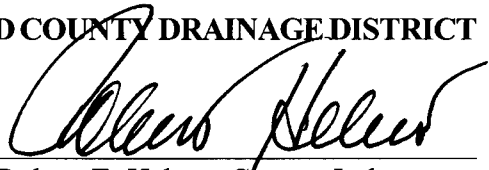
This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns.

Attached hereto are (a) Exhibit A – Description of Real Property, (b) Exhibit B – Description of City of Stafford Reinvestment Zone No. 19, (c) Exhibit C – Resolution No. 872 designating Reinvestment Zone No. 19 and (d) Exhibit D – Economic Impact Statement/Application for Value Added Tax Abatement, which are made part of this Agreement.


18. Execution

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the District, Owner and Lessee as of the dates below stated. Owner and Lessee warrant and represent that the individuals executing this agreement on behalf of Owner and Lessee have full authority to execute this Agreement and respectively bind Owner and Lessee to the same.

FORT BEND COUNTY DRAINAGE DISTRICT

By: 
Robert E. Hebert, County Judge

Date: June 23, 2009

ATTEST: 
Dianne Wilson, County Clerk

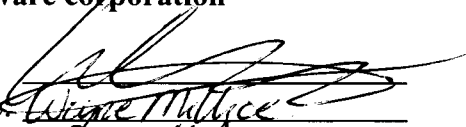
**OWNER:
CLAY REAL ESTATE
DEVELOPMENT, L.P., a Texas limited
partnership**

By: Clay Real Estate Development GP,
LLC., a Texas limited liability
company, its general partner


By: _____
Albert W. Clay III, President

Date: _____

**LESSEE:
PGS ONSHORE, INC., a
Delaware corporation**

By: 
Name: Wayne Mullice
Title: VP North America
Date: 6/16/09

Date: 6/16/09

ATTEST:


18. Execution

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the District, Owner and Lessee as of the dates below stated. Owner and Lessee warrant and represent that the individuals executing this agreement on behalf of Owner and Lessee have full authority to execute this Agreement and respectively bind Owner and Lessee to the same.

FORT BEND COUNTY DRAINAGE DISTRICT

By: _____
Robert E. Hebert, County Judge

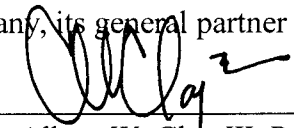
Date: _____

ATTEST:

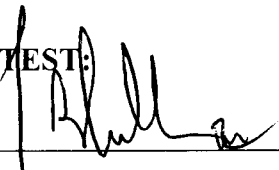
Dianne Wilson, County Clerk

OWNER:
CLAY REAL ESTATE DEVELOPMENT, L.P., a Texas limited partnership

By: Clay Real Estate Development GP, LLC., a Texas limited liability company, its general partner

By:  _____
Albert W. Clay III, President

Date: 6/16/09

ATTEST:


LESSEE:
PGS ONSHORE, INC., a Delaware corporation

By: _____
Name: _____
Title: _____
Date: _____

ATTEST:

Date: _____

EXHIBIT A

Tax Abatement- Stafford

**NOTICE OF PUBLIC HEARING
ON PROPOSAL TO CREATE CITY OF STAFFORD, TEXAS,
REINVESTMENT ZONE NO. 19**

Notice is hereby given that the City Council of the City of Stafford, Texas, will hold a public hearing on _____, at 7:30 p.m, in the Council Chambers, City Hall, 2610 South Main, Stafford, Texas, regarding a proposal to adopt an ordinance creating Reinvestment Zone No. 19, including a tract of land containing 5.7 acres, more or less, at 13653 Promenade Boulevard, Stafford, Texas. Pursuant to the terms of the proposed ordinance, improvements constructed, erected, or placed on the property within the proposed Reinvestment Zone No. 19 will be eligible to receive commercial-industrial tax abatement. All persons desiring to address Council regarding the adoption of the proposed ordinance creating Reinvestment Zone No. 19 will be given the opportunity to do so.

Dated: _____

/s/Bonnie Baiamonte, City Secretary

ORDINANCE NO. 872

AN ORDINANCE CREATING CITY OF STAFFORD, TEXAS, REINVESTMENT ZONE NO. 19, INCLUDING A 5.7 ACRE TRACT OF LAND, MORE OR LESS, AT 13653 NORTH PROMENADE BOULEVARD WITHIN THE CITY OF STAFFORD, FORT BEND COUNTY, TEXAS; MAKING CERTAIN FINDINGS; REPEALING ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS, on October 18, 2006, the City Council has passed and approved "Guidelines and Criteria of the City of Stafford for Granting Tax Abatement in Reinvestment Zones Created Within the City of Stafford;" and

WHEREAS, pursuant to those Guidelines, the City Council has received an application for creation of a reinvestment zone and the granting of tax abatement; and

WHEREAS, after the giving of proper notice, as required by law, the City Council held a public hearing where all interested persons were given an opportunity to speak and present evidence for and against the creation of Reinvestment Zone No. 19; and

WHEREAS, notice was given to all taxing entities where the proposed zone is to be located; and

WHEREAS, the City Council has determined that the improvements sought to be located in proposed Reinvestment Zone No. 19 are feasible and practical and would be a benefit to the land to be included in the Zone and to the City after the expiration of the tax abatement agreement; and

WHEREAS, the creation of Reinvestment Zone No. 19 will be reasonably likely, as a result of its creation, to contribute to the retention or expansion of primary employment or to attract major investment into the Zone that would benefit the property located therein and that will contribute to the economic development of the City of Stafford; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STAFFORD, TEXAS:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. Reinvestment Zone No. 19 is hereby created for the purpose of encouraging economic development through tax abatement. A description of the property which comprises said Reinvestment Zone No. 19 is attached hereto as Exhibit "A" and made a part hereof for all purposes. Improvements constructed, erected, or placed within Reinvestment Zone No. 19 as created hereby shall be eligible for commercial-industrial tax abatement.

Section 3. This designation shall be effective for a period of five (5) years, commencing on the date of adoption hereof.

Section 4. All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict, hereby repealed.

Section 5. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Stafford, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

PASSED, APPROVED, AND ADOPTED this _____ day of _____, 2007.

LEONARD SCARCELLA
Mayor

ATTEST:

Bonnie Baiamonte
City Secretary



GREATER FORT BEND
ECONOMIC DEVELOPMENT
COUNCIL

EXHIBIT B

ECONOMIC IMPACT STATEMENT QUESTIONNAIRE

PGS Onshore, Inc.

Proposed Facility at the City of Stafford, Fort Bend County, Texas

Based on the information you provide below, the Greater Fort Bend Economic Development Council (GFBEDC) will begin prequalification of your project. The information you provide will allow the GFBEDC to begin to develop your application and economic impact statement for presentation to the taxing entities for consideration of economic incentives. The following factors will be considered as a whole to determine the entire economic impact of the company: location of project, type of business, is the company in one of the city's target industries, number of jobs, skill level of each job, average salary, investment in building improvements or new building, value of taxable inventory, value of taxable personal property and equipment, sales tax revenue generated for the city, impact on local infrastructure, and impact (good or bad) on existing businesses in the County.

- Please provide a detailed summary statement about your company (its history, type of business and industry, etc.) and clearly describe its operations at the proposed facility in Fort Bend.**

PGS offers seismic acquisition in the onshore and transition zone environments through the Onshore business unit. Our high channel count crews, modern equipment and experienced technical staff secure the highest efficiency combined with the best data quality.

PGS Onshore, Inc. has an extensive multi-client data library which covers a wide range of terrain. PGS Onshore operates land base crews worldwide and is committed to providing clients with superior seismic services.

The proposed facility in Fort Bend will meet the projected increase activities in the coming years for Onshore to carry out Research & Development work, technical repair works on specialized equipment and cables besides maintaining inventory and heavy traffic of shipping and receiving.

- Information About Your Company**

Company Name: <i>PGS Onshore, Inc.</i>	
Contact Person: <i>Wayne Millice</i>	Title: <i>Vice President, North America</i>
Current Address: <i>Head Office: 15150 Memorial Drive, Houston TX 77079</i>	
Office #: <i>281.509.8000</i>	Mobile #:
Fax #: <i>281.509.8038</i>	Website: <i>www.pgs.com</i>
Email Address: <i>wayne.millice@pgs.com</i>	
The Company's Primary SIC Code: <i>541990 (Professional Scientific and technical Services)</i>	

3. Type of project (check all that apply):
 Existing business in Fort Bend County
 New business to Fort Bend County
 Expansion of existing facility
 Construction of new facility
 Company will lease facility, or
 Company will own facility at a later date of the 10 year lease.
 Corporate/Regional Headquarters
4. If the company will lease the facility, who will be the owner:
CDC Development & Construction, Inc.
5. Location of proposed site(s) in Fort Bend (street address, name of Business Park or other development, city, or name of area if unincorporated):
13653 N. Promenade Blvd. Stafford, Tx 77477
6. Scope of project:

Size of new facility/expansion:	<i>New Facility - 43K Square Feet</i>
Size of existing facility (if applicable):	<i>N/A</i>
Size of lease space in existing facility (if applicable):	<i>N/A</i>
Number of acres at facility site:	<i>5.7 acres New Site</i>
Type of Construction (tilt wall, metal, concrete, etc.):	<i>Pre-engineered steel frame with tilt panels</i>

7. Please give detailed breakdown of operations within the proposed facility (i.e., 20% office; 25% distribution; 15% metal fabrication; 40% warehouse, etc.):
15% Office
20% Warehousing (technical inventory, shipping & Receiving)
65% Electronics & Mechanical Repairs, Technical, Research & Development
8. Truck traffic to be generated (# daily or weekly): *5 Trucks Daily*
9. Targeted start of construction: *May 2007*
10. Targeted start of operations: *December 2007*
11. Market value (taxable assets) of the firm's property that would be located at the facility in Fort Bend (new property to Fort Bend):

Land	Construction Costs of Building Improvements	Furniture & Fixtures	Equipment	Inventory	Total
<i>\$ 869K</i>	<i>\$ 4.85M</i>	<i>\$ 500K</i>	<i>\$ 500K</i>	<i>\$ 2M</i>	<i>\$ 8.719M</i>

12. **Estimated percent of inventory that would be Freeport qualified:** 85 %
Freeport goods are inventories (raw materials, goods-in-process, and finished products) acquired by a business and held for no more than 175 days before being shipped out of state.

13. **Employment information:**

Number of new jobs to Fort Bend County	Number of existing jobs to be retained (if company currently located in Fort Bend)	Total Number of Jobs
28	24	52

14. **Average salary (before benefits):** \$40K - Existing Positions
 \$34K - New Positions
15. **Amount of initial, annual local payroll to be created:** \$1M initially with existing staff and \$2M annually when fully staffed.
16. **The firm's estimated annual amount of taxable sales (that generate sales taxes) if the site will be located within the city limits of a Fort Bend County city:** 0%
17. **Does the company own a corporate airplane that would be housed at a local corporate airport in Fort Bend (i.e., Sugar Land Regional Airport or Houston Southwest Airport)? If so, what is the plane's value:** No
18. **Will the company's local business practices necessitate business travel that will bring clients or employees to the Fort Bend facility, resulting in hotel/motel bookings? If so, what is the estimated number of hotel/motel stays per year that will be booked locally:** Yes - We are estimating that there could be up to 1000 room nights for land crews assisting in the various tasks and activities in this new facility.
19. **If your company currently has operations elsewhere in the State of Texas, please list the name of the communities:**
- | | |
|---|---|
| <i>Petroleum Geo-Services, Inc.
15150 Memorial Drive
Houston Texas 77079, USA</i> | <i>Marine Technology Group
Petroleum Geo-Services - Park Row
15730 Park Row, Suite 200
Houston, Texas 77084</i> |
| <i>Data Processing Center
Petroleum Geo-Services
10550 Richmond Ave., Suite 150
Houston, TX 77042</i> | <i>Production Facility
Petroleum Geo-Services, Inc.
Marine Technology Division
12555 Harris Branch Parkway, Ste. 108
Austin, TX 78653</i> |
20. **Employee benefit burden (percent of employee's salary that is invested by the company into the employee's benefits):**
Estimated 25%

21. **Current owner of real property (land/building) at the time of application:**
CDC Development & Construction, Inc.
22. **Have you received or are you currently receiving tax abatement in Fort Bend:**
 Yes X No
23. **Is this land currently under Agriculture Exemption:** Yes X No
24. **If so, what will be the increase in taxes paid annually to taxing authorities:** *To be answered by GFBEDC*
25. **What is the value of roll back taxes to be collected as a result of being taken out of Ag Exemption:** *To be answered by GFBEDC*
26. **What is the expected increase in value of the land once it is sold? (to be answered by GFBEDC)**
27. **Productive life of proposed improvements and/or initial term of lease:**
10 year lease term
28. **Time of day activities will be taking place (i.e, # of shifts):**
Normal Operations between 7am and 7pm. Due to the nature of our business we provide support to our clients on a 24/7 basis.
29. **The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements:**
Explain any costs for development or depletion of infrastructure the city and/or water district are being asked to absorb, if any. N/A
30. **If located in the city limits, do you (or your construction company) agree to declare "situs" for construction sales taxes at the construction site:**
When purchasing construction materials for the new facility from a company that is situated outside the city where the new facility will be located, the builder agrees to declare the situs (point of sale) of the materials as the construction site address so the local city receives the sales tax revenue. N/A.
31. **Please provide wastewater information, including activities, facilities, plant processes, products, services, chemicals, materials, and hazardous substances that may be used or that may result from the activities to be conducted within the proposed improvements:**
N/A
32. **Explain any proposed pretreatment of wastewater prior to discharge into the sanitary sewer system:**
N/A

33. Will there be any proposed monitoring of wastewater discharge into the sanitary sewer system:
N/A
34. Public improvements to be made by the Company in which the public may benefit (please list if any):
N/A
35. Will this business compete with existing businesses in the county? If so, please list local companies providing the same services:
No
36. Are there possibilities for local businesses to become suppliers? Any new retail opportunities? Please explain.
Yes - for office supplies, landscaping, janitorial, and light industrial.
37. Do you anticipate your relocation to attract other new businesses to the area? Please explain:
N/A
38. Does the business produce any type of emissions or are there any other environmental matters for the city/county to consider:
No
39. The company agrees to participate in the continuing economic development process in Fort Bend County by becoming a Regular member (\$2,000/yr. dues) of the GFBEDC for a minimum period coinciding with the term of any abatement granted by the County: Yes No
The County Commissioners' Court has placed this requirement in their evaluation process to require new companies to join in the continuance of the economic development process)

Please provide the additional information as an addendum to the EIS Questionnaire:

- A. **Site Plans & Legal Description of the Property:** City Council and Commissioners Court will not place a value-added tax abatement request on their agenda without first having a copy of the project site plan, including a metes and bounds description of the site to be designated as the reinvestment zone.
See attachment A for a site plan of the project. The metes and bounds will be forthcoming and we anticipate providing this information by April 9, 2007.

B. Five year projection of planned improvements and employment, to be provided by the applicant.

Employment:

Year	Number of New Jobs
1	4
2	9
3	8
4	5
5	2

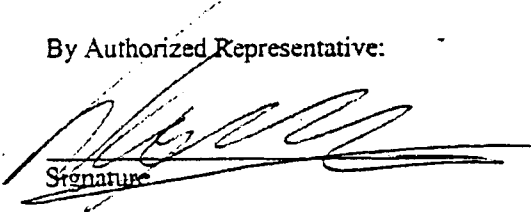
Improvements:

Year	Description	Amount
1	Building	\$4.85M
2		
3		
4		
5		

CERTIFICATION:

1. (Name of company) does hereby certify that all statements and representations made herein are accurate to the best of their knowledge and agree to comply with these terms.

By Authorized Representative:



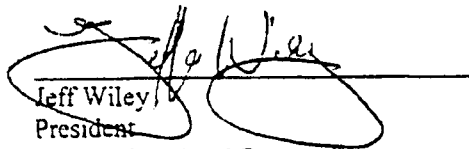
Signature

3/30/07
Date

Print Name: Wayne Millice

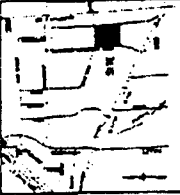
Title: Vice President, North America
Company: PGS Onshore, Inc.

2. The Greater Fort Bend Economic Development Council certifies that PGS Onshore, Inc. has met the standard requirements and is qualified for value added tax abatement in Fort Bend County.



Jeff Wiley
President
Greater Fort Bend Economic
Development Council

4-11-07
Date



THE STATE OF TEXAS, COUNTY OF DALLAS, BEFORE ME, the undersigned authority, on this 15th day of August, 1954, personally appeared William Clappard, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 15th day of August, 1954.

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

THIS INSTRUMENT IS SUBJECT TO THE MORTGAGE DEED RECORDED IN THE PUBLIC RECORDS OF THE COUNTY OF DALLAS, TEXAS, BOOK 10, PAGE 100.

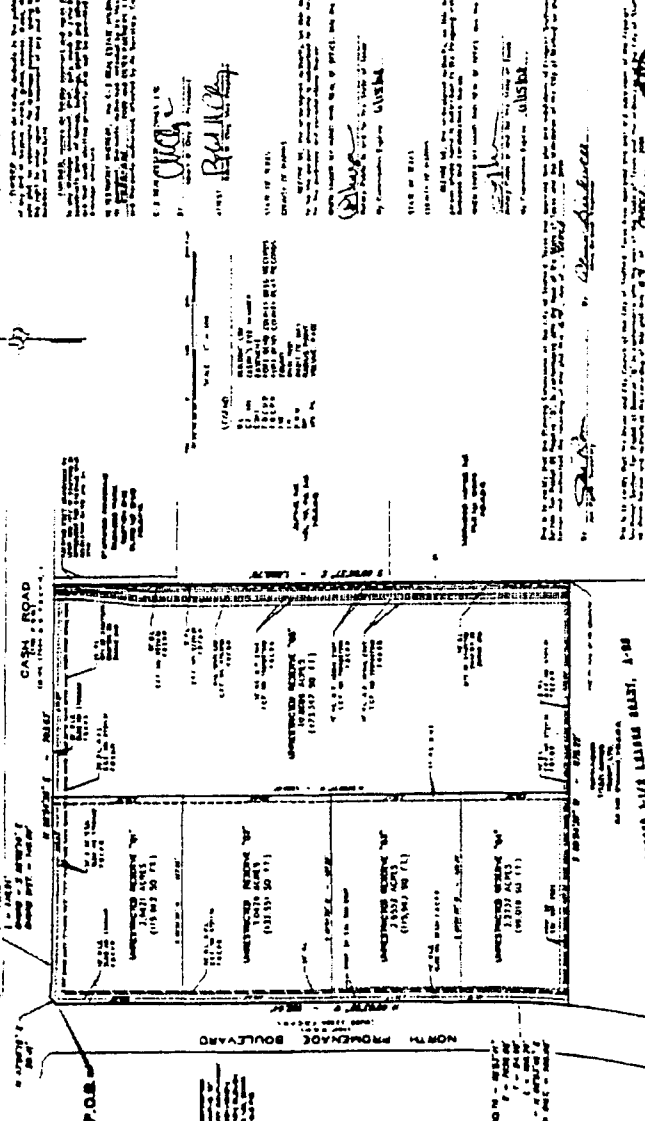
WITNESSED BY ME this 15th day of August, 1954, at Dallas, Texas.

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

THE STATE OF TEXAS, COUNTY OF DALLAS, BEFORE ME, the undersigned authority, on this 15th day of August, 1954, personally appeared William Clappard, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 15th day of August, 1954.

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



SECTION 10, T. 10N. R. 10E. S. 10W. 40th DISTRICT, DALLAS COUNTY, TEXAS.

BEING A 21,000 ACRE (936.42 TO 11) TRACT OF LAND BEING ALL OF UNINCORPORATED RESERVE "O" IN FREIGHT STATION SECTION TEN, RE-PLAT OF TRACT NO. 2252A, FILED IN THE WILLIAM CLAPPARD 1952 (LEASE) TRACT, A 20, CITY OF DALLAS, TEXAS, PUBLIC RECORDS, BOOK 10, PAGE 100.

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**PGS Onshore, Inc.
Tax Analysis - Fort Bend County**



Annual Taxes Collected with 75% Abatement for 6 Year Term

(Based on assumption of 5-year, 37.5% total abatement on New Improvements only from Ft. Bend County only.
Location: 13653 N. Promenade Blvd., Stafford, Tx 77477)

	Est. Value	City	County	SMSD	WCID #2	HCClg
Land	\$869,000	\$0.00	\$0.51674	\$1,68660	\$0.18	\$0.095769
New Improvements (80% of Construction Cost)	\$3,880,000	\$0	\$4,490	\$14,657	\$1,564	\$832
Personal Property & Equipment	\$1,000,000	\$0	\$5,012	\$65,440	\$6,984	\$3,716
Inventory	\$2,000,000	\$0	\$5,167	\$16,866	\$1,800	\$958
Totals	\$7,749,000	\$0	\$10,335	\$5,060	\$540	\$1,915
			\$25,005	\$102,022	\$10,888	\$7,421

Total Taxes Collected Annually During Abatement \$146,337

- Based on 2006 tax rates
- Abatement on new property improvements only (County).
- This analysis is for illustrative purposes only. Tax abatement terms & conditions must be approved by each taxing jurisdiction. Includes Freeport Tax Exemption based on 85% of inventory qualified for exemption

Annual Taxes Collected After Expiration of Abatement

Location: 13653 N. Promenade Blvd., Stafford, Tx

	Est. Value	City	County	SMSD	WCID #2	HCClg
Land	\$869,000	\$0.00	\$0.51674	\$1,68660	\$0.18	\$0.095769
New Improvements (80% of Construction Costs)	\$3,880,000	\$0	\$4,490	\$14,657	\$1,564	\$832
Personal Property & Equipment	\$1,000,000	\$0	\$20,050	\$65,440	\$6,984	\$3,716
Inventory	\$2,000,000	\$0	\$5,167	\$16,866	\$1,800	\$958
Totals	\$7,749,000	\$0	\$10,335	\$5,060	\$540	\$1,915
			\$40,042	\$102,022	\$10,888	\$7,421

Total Taxes Collected Annually After Expiration of Abatement \$160,374

- Based on 2006 tax rates
- Includes Freeport Tax Exemption for SMSD & FBWC&ID #2

Total Annual Value of Abatement and Freeport

\$15,037	Annual Savings on County Taxes
\$28,672	Annual Savings from SMSD Freeport
\$3,060	Annual Savings from FBWC&ID #2 Freeport
\$46,769	Total Savings

EXHIBIT C

Description of Real Property

**METES AND BOUNDS DESCRIPTION
5.6982 ACRE TRACT
LOCATED IN THE
THE WILLIAM STAFFORD 1-1/2 LEAGUE GRANT, A-89
FORT BEND COUNTY, TEXAS**

Being a tract or parcel of land containing 5.6982 acre of land or 248,215 square feet, located in the William Stafford 1-1/2 League Grant, Abstract 89, Fort Bend County, Texas, Said 5.6982 acre tract being all of Reserves Q2 and Q3 of Freeport Southwest Section Ten, Replat of Reserve "Q", a subdivision duly of record in File Number 2006026494 of the Official Public Records of Fort Bend County, Texas; Said 5.6982 acre tract being more particularly described as follows (bearings based on the Texas State Plane Coordinate System South Central Zone):

COMMENCING at a 5/8 inch iron rod found at the southwest end of Right-of-Way (R.O.W.) transition from the south R.O.W. line of Cash Road (100 feet wide) to the east R.O.W. line of North Promenade Boulevard (100 feet wide), being the lower northwest corner of Reserve Q1 of aforesaid subdivision;

THENCE, coincident the east R.O.W. line of aforesaid North Promenade Boulevard, South 02 Degrees 32 Minutes 58 Seconds East, a distance of 262.09 feet to a 5/8 inch iron rod with cap set for the northwest corner and **POINT OF BEGINNING** of the herein described tract, said corner being the northwest corner of aforesaid Reserve Q2 and the southwest corner of aforesaid Reserve Q1;

THENCE, coincident the north line of aforesaid Reserve Q2, North 87 Degrees 24 Minutes 46 Seconds East, a distance of 427.66 feet to a 5/8 inch iron rod with cap found for the northeast corner of both the herein described tract and said Reserve Q2;

THENCE, coincident the east line of aforesaid Reserves Q2 and Q3, respectively, South 02 Degrees 36 Minutes 30 Seconds East, at a distance of 309.83 feet pass a 5/8 inch iron rod with cap found for the southeast corner of said Reserve Q2 and the northeast corner of said Reserve Q1, and continue for an overall distance of 580.00 feet to a 5/8 inch iron rod with cap found for the southeast corner of both said Reserve Q3 and the herein described tract, being the northeast corner of Reserve Q4 of aforesaid subdivision;

THENCE, coincident the south line of aforesaid Reserve Q3 and the north line of aforesaid Reserve Q4, South 87 Degrees 24 Minutes 46 Seconds West, a distance of 428.26 feet to a 5/8 inch iron rod with cap set for the southwest corner of both said Reserve Q3 and the herein described tract, being the northwest corner of aforesaid Reserve Q4;

THENCE, coincident the east R.O.W. line of aforesaid North Promenade Boulevard and the west line of Reserve Q3 and Q2, respectively, North 02 Degrees 32 Minutes 58 Seconds West, at a distance of 270.17 feet pass the northwest corner of said Reserve Q3 and the southwest corner of aforesaid Reserve Q2, and continue for an overall distance of 580.00 feet to the **POINT OF BEGINNING** and containing 5.6982 acres of land.

Reno & Associates
May 14, 2007
Job 36-0705