

COUNTY JUDGE

Fort Bend County, Texas

Robert E. Hebert
County Judge

July 27, 2012

(281) 341-8608
Fax (281) 341-8609

Mr. Cary Hughes
President
Mastodon Resources, LLC
1770 St. James Place, Suite 205
Houston, Texas 77056

Reference: Account Numbers ML73-00-049-8062-WI; ML73-00-049-8062-WI70460;
MG60-00-049-8062-RI; MG60-00-049-8062-WI; MG60-00-053-9456-RI;
MG60-00-053-9459-RI; and MG60-00-053-9463-RI
Tax Years 2009, 2010, and 2011, Precinct 1

Dear Mr. Hughes:

The County has received your request to waive penalty, interest, and collection fees on Fort Bend County property taxes for tax years 2009, 2010, and 2011 for the referenced accounts. The County is also authorized by Fort Bend Emergency Services District No. 3, and by the City of Orchard to act on their behalf, bringing the total amount requested to \$1,037.12 for tax years 2009 and 2010, and \$93.07 for tax year 2011.

I have enclosed a copy of the recommendation by the Tax Assessor/Collector for Fort Bend County regarding your request, and Commissioners Court is scheduled to consider the matter on Tuesday, August 7, 2012, at 1:00 p.m., during regular session. The Commissioners Court is located at the William B. Travis Building, 301 Jackson Street, Suite 700, in Richmond, Texas. Please contact your Commissioner, Richard Morrison, at telephone 281-344-9400, or by email at richard.morrison@co.fort-bend.tx.us if you wish to discuss your request in further detail. Your presence is not mandatory for the Court to act upon your request.

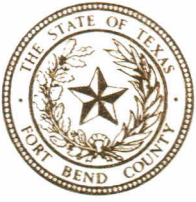
Section 33.011 (a) of the Texas Tax Code provides Commissioners Court with authority to consider a waiver of penalty and interest on property taxes in situations where an error can be proved on the part of either the County Tax Office or the Central Appraisal District.

Sincerely,

A handwritten signature in blue ink that reads "Robert E. Hebert". The signature is fluid and cursive.

Robert E. Hebert

Copy: Richard Morrison, Commissioner Precinct 1



COUNTY TAX ASSESSOR / COLLECTOR

Fort Bend County, Texas

Patsy Schultz, RTA
County Tax Assessor/Collector
1317 Eugene Heimann Circle
Richmond, TX 77469-3623

(281) 341-3710
Fax (281) 341-9267
Email: schulpat@co.fort-bend.tx.us
www.fortbendcountytax.com

DATE: July 19, 2012

TO: County Judge Robert E. Hebert
Commissioner Richard Morrison
Commissioner Grady Prestage
Commissioner Andy Meyers
Commissioner James Patterson
Roy Cordes, County Attorney

FROM: Tammy Staton *T.S.*
Tax Division Supervisor

Re: Waiver of Penalty and Interest – Mastodon Resources LLC; Accounts:

ML73-00-049-8062-WI; Lease L7300 Hammer Miller, Mastodon Operating Co, 338, Thomas Toby, 29.54% Outside City of Orchard 79.960 acres , 72.977400% WI

ML73-00-049-8062-WI70460; Lease L7300-70460 Hammer Miller, Mastodon Operating Co, 338 Thomas Toby, 70.46% inside City of Orchard 79.960 acres, 72.977400% RI

MG60-00-049-8062-RI; Lease G6000 Grigar A 1 (Mastodon Operating Company LLC) Abst 338 Thomas Toby 0.744372 WI, 18.062800%RI

MG60-00-049-8062-WI; Lease #G6000 Grigar A 1 (Mastodon Operating Company LLC) Abst 338 Thomas Toby 0.744372 WI, 74.437200%WI

MG60-00-053-9456-RI; Lease #G6000 Grigar A 1 (Mastodon Operating Company LLC) Abst 338 Thomas Toby 0.744372 WI, 4.000000%RI

MG60-00-053-9459-RI; Lease #G6000 Grigar A 1 (Mastodon Operating Company LLC) Abst 338 Thomas Toby 0.744372 WI, 2.000000% RI

MG60-00-053-9463-RI; Lease #G6000 Grigar A 1 (Mastodon Operating Company LLC) Abst 338 Thomas Toby 0.744372 WI, 1.500000%RI

Precinct 1

Mastodon is requesting waiver of penalty and interest for 2009, 2010 and 2011 tax years, stating they did not receive a statement because our office had the incorrect mailing address.

Tax Office Records Indicate for **2009** and **2010** Tax Years:

- 2009 and 2010 Original Statements, Reminder Notices and 33.07 Notices were sent to Mastodon Operating Company LLC, 17 S Briar Hollow Ln, Ste 1500, Dallas, TX 75240. **These statements were returned by the Post Office, unable to deliver as addressed. --- See Attachment "A"**
- March 5, 2012 – The Tax Office received a letter from Hugh Landrum & Associates, the valuation engineers. Their letter states the initial address was not entered into FBCAD system correctly.
- For **Tax Years 2009 and 2010**, there is evidence of error by the Fort Bend Central Appraisal District.
- Fort Bend ESD #3 and City of Orchard have authorized Fort Bend County Tax Office to handle the processing of the waiver of penalty, interest and collection fees and allow the Fort Bend County Commissioners Court to make the determination based on 33.011 of the State Property Tax Code.

Breakdown of Taxes Paid:

Account ML73-00-049-8062-WI:

2009 Tax Year

Tax Unit	Base	Penalty & Interest	Collection Fees	Total Waiver Request
FB ESD #3	\$0.66	\$0.27	\$0.19	\$0.46
FBC	\$4.19	\$1.68	\$1.17	\$2.85
Total	\$4.85	\$1.95	\$1.36	\$3.31

2010 Tax Year

Tax Unit	Base	Penalty & Interest	Collection Fees	Total Waiver Request
FB ESD #3	\$2.57	\$0.72	\$0.66	\$1.38
FBC	\$15.20	\$4.26	\$3.89	\$8.15
Total	\$17.77	\$4.98	\$4.55	\$9.53

Account ML73-00-049-8062-WI70460:

2009 Tax Year

Tax Unit	Base	Penalty & Interest	Collection Fees	Total Waiver Request
FB ESD #3	\$71.53	\$28.62	\$20.03	\$48.65
City of Orchard	\$358.59	\$143.43	\$75.30	\$218.73
FBC	\$452.53	\$181.00	\$126.69	\$307.69
Total	\$882.65	\$353.05	\$222.02	\$575.07

2010 Tax Year

Tax Unit	Base	Penalty & Interest	Collection Fees	Total Waiver Request
FB ESD #3	\$48.80	\$13.66	\$12.49	\$26.15
City of Orchard	\$226.49	\$63.42	\$43.49	\$106.91
FBC	\$288.27	\$80.72	\$73.80	\$154.52
Total	\$563.56	\$157.80	\$129.78	\$287.58

Account MG60-00-049-8062-RI:

2009 Tax Year - No tax levied for 2009.

2010 Tax Year

Tax Unit	Base	Penalty & Interest	Collection Fees	Total Waiver Request
FB ESD #3	\$26.26	\$7.35	\$6.72	\$14.07
FBC	\$155.12	\$43.43	\$39.71	\$83.14
Total	\$181.38	\$50.78	\$46.43	\$97.21

Account MG60-00-049-8062-WI:

2009 Tax Year

Tax Unit	Base	Penalty & Interest	Collection Fees	Total Waiver Request
FB ESD #3	\$6.80	\$2.72	\$1.90	\$4.62
FBC	\$43.03	\$17.24	\$12.07	\$29.31
Total	\$49.83	\$19.96	\$13.97	\$33.93

2010 Tax Year

Tax Unit	Base	Penalty & Interest	Collection Fees	Total Waiver Request
FB ESD #3	\$4.37	\$1.22	\$1.12	\$2.34
FBC	\$25.83	\$7.23	\$6.61	\$13.84
Total	\$30.20	\$8.45	\$7.73	\$16.18

Account MG60-00-053-9456-RI:

2009 Tax Year - No tax levied for 2009.

2010 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$5.81	\$1.10	\$1.10
FBC	\$34.34	\$6.53	\$6.53
Total	\$40.15	\$7.63	\$7.63

Account MG60-00-053-9459-RI:

2009 Tax Year - No tax levied for 2009.

2010 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$2.91	\$0.55	\$0.55
FBC	\$17.19	\$3.27	\$3.27
Total	\$20.10	\$3.82	\$3.82

Account MG60-00-053-9463-RI:

2009 Tax Year - No tax levied for 2009.

2010 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$2.18	\$0.41	\$0.41
FBC	\$12.90	\$2.45	\$2.45
Total	\$15.08	\$2.86	\$2.86

Total Penalty, Interest & Collection Fees for 2009 and 2010: \$1037.12

I do recommend waiver of penalty, interest and collection fees for **2009** and **2010**. Property Tax Code Section 33.011 (a) (1). "The governing body of a taxing unit: shall waive penalties and may provide for the waiver of interest on a delinquent tax if an act or omission of an officer, employee, or agent of the taxing unit or the appraisal district in which the taxing unit participates caused or resulted in the taxpayer's failure to pay the tax before delinquency..."

Tax Office Records Indicate for **2011** Tax Year:

- October 3, 2011 – Ownership Change Report added owner address 1770 St James PL, Ste 205, Houston, TX 77056. --- See Attachment “B”
- November 9, 2011 – 2011 Original Statements for all accounts were mailed to the **correct** address for Mastodon Resources LLC, 1770 St James Pl, Ste 205, Houston, TX 77056. **These statements were not returned by the Post Office.** --- See Attachment “C”
- February 21, 2012 – 2011 Reminder Notices for all accounts were also mailed to Mastodon Resources LLC, 1770 St James Pl, Ste 205, Houston, TX 77056 and **were not returned by the Post Office.** --- See Attachment “D”
- May 11, 2012 – 2011 33.07 Notices on all accounts were mailed to Mastodon Resources LLC, 1770 St James Pl, Ste 205, Houston, TX 77056 and **were not returned by the Post Office.** -- - See Attachment “E”
- For **2011 Tax Year**, there is no evidence of an error by the Fort Bend Central Appraisal District or the Fort Bend County Tax Office.
- Fort Bend ESD #3 and City of Orchard have authorized Fort Bend County Tax Office to handle the processing of the waiver of penalty, interest and collection fees and allow the Fort Bend County Commissioners Court to make the determination based on 33.011 of the State Property Tax Code.

Breakdown of Taxes Paid:

Account ML73-00-049-8062-WI:

2011 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$2.39	\$0.32	\$0.32
FBC	\$13.14	\$1.70	\$1.70
Total	\$15.53	\$2.02	\$2.02

Account ML73-00-049-8062-WI70460:

2011 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$45.32	\$5.90	\$5.90
City of Orchard	\$211.05	\$27.44	\$27.44
FBC	\$248.88	\$32.34	\$32.34
Total	\$505.25	\$65.68	\$65.68

Account MG60-00-049-8062-RI:

2011 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$18.99	\$2.47	\$2.47
FBC	\$104.30	\$13.56	\$13.56
Total	\$123.29	\$16.03	\$16.03

Account MG60-00-049-8062-WI:

2011 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$3.18	\$0.41	\$0.41
FBC	\$17.45	\$2.28	\$2.28
Total	\$20.63	\$2.69	\$2.69

Account MG60-00-053-9456-RI:

2011 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$4.20	\$0.55	\$0.55
FBC	\$23.09	\$3.00	\$3.00
Total	\$27.29	\$3.55	\$3.55

Account MG60-00-053-9459-RI:

2011 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$2.10	\$0.27	\$0.27
FBC	\$11.54	\$1.50	\$1.50
Total	\$13.64	\$1.77	\$1.77

Account MG60-00-053-9463-RI:

2011 Tax Year

Tax Unit	Base	Penalty & Interest	Total Waiver Request
FB ESD #3	\$1.57	\$0.20	\$0.20
FBC	\$8.65	\$1.13	\$1.13
Total	\$10.22	\$1.33	\$1.33

Total Penalty & Interest for 2011: \$93.07

I **do not** recommend waiver of penalty and interest for 2011. Property Tax Code Section 33.011 (a) (1). "The governing body of a taxing unit: shall waive penalties and may provide for the waiver of interest on a delinquent tax if an act or omission of an officer, employee, or agent of the taxing unit or the appraisal district in which the taxing unit participates caused or resulted in the taxpayer's failure to pay the tax before delinquency..."