

**OPTION CONTRACT**

**THE STATE OF TEXAS   §**  
**§**  
**COUNTY OF HIDALGO   §**

THIS OPTION CONTRACT (the "Option Contract") is made by and between **Betty M. Eyhorn**, a resident of Coeur d' Alene, Kootenai County, Idaho, hereinafter referred to as "**OWNER**"; and **Hidalgo County, Texas**, hereinafter referred to as "**PURCHASER**," upon the terms and conditions set forth herein.

**WHEREAS**, OWNER owns real property in Hidalgo County being more particularly described in Exhibit "A", which is attached hereto and made a part hereof for all purposes and made a part of this **Option Contract**; and

**WHEREAS**, PURCHASER desires to acquire the exclusive right and **Option to Purchase**, without becoming obligated to purchase, the property at an agreed price and under specified terms and conditions.

OWNER and PURCHASER, for good and valuable consideration, and in consideration of the mutual promises hereinafter set forth, agree as follows:

**I.     OPTION FOR PURCHASE AND SALE**

1.1    Property. OWNER, subject to the terms, provisions and conditions hereinafter set forth, hereby gives and grants to PURCHASER an exclusive Option to Purchase that certain tract of land and improvements located thereon in Hidalgo County, Texas, containing approximately One Thousand Two Hundred and Eighty (1,280) acres, more or less, and being more particularly described in Exhibit "A", together with all and singular the rights and appurtenances pertaining to the property, including any right, title or interest of OWNER in and to adjacent roads, easements, or rights-of-way, **save and except** all oil, gas and other minerals relating to the Property (all of such real property, rights and appurtenances, being hereinafter referred to as the "**Property**"). The Property is to be conveyed "AS IS" without any warranty other than title.

1.2    Option Term and Exercise of Option to Purchase. OWNER, subject to PURCHASER'S payment of the **Initial Option Payment** (defined below) hereby grants this Option to Purchase to PURCHASER, for the period of one (1) year beginning on December 15, \_\_\_\_\_, 2004 (the "**Effective Date**") through December 15, \_\_\_\_\_ 2005 (the "**Option Term**"). This Option to Purchase shall be deemed validly and effectively exercised if notice of the exercise hereof is given in the manner provided in Section 13.3 hereof. In the event the Option to Purchase herein granted is exercised as aforesaid, the purchase and sale of the Property shall be subject to the terms and conditions set forth herein.

1.3. This Option to Purchase is granted in consideration of the PURCHASER's payment to OWNER of the sum of Ten Thousand Dollars (\$10,000.00) for the period described in paragraph 1.2 above.

1.4. Extension of Option to Purchase Term. Provided neither party is in default hereunder, PURCHASER is granted the option to extend the Option Term for three (3) consecutive one (1) year terms. PURCHASER shall give OWNER written notice of its intent to exercise its option to extend this Option Contract at least sixty (60) days prior to the expiration of any Option Term together with the Option Payments (as hereinafter defined) for the Option Term so extended. Purchaser agrees to pay Owner at its mailing address the following annual option payments for the Option Term hereinafter designated the "Option Payments":

Year Two: 12-15-, 2005 through 12-15- 2006 the sum of Ten Thousand Dollars (\$10,000.00) due on or before \_\_\_\_\_.

Year Three: 12-15-, 2006 through 12-15- 2007 the sum of Ten Thousand Dollars (\$10,000.00) due on or before \_\_\_\_\_.

Year Four: 12-15-, 2007 through 12-15- 2008 the sum of Ten Thousand Dollars (\$10,000.00) due on or before \_\_\_\_\_.

All Option Contract payments made from PURCHASER to OWNER shall be nonrefundable by OWNER and are considered to be payment for the rights granted PURCHASER under this Agreement.

1.5. Termination of Option Contract. PURCHASER, in its sole discretion, may terminate this Option to Contract at any time by providing written notice to OWNER at OWNER'S notification address in the manner provided in Section 13.3 hereof. The Option shall terminate as of 11:59 P.M. on the last calendar day of the month in which PURCHASER elects to terminate the Option to Purchase.

OWNER is also granted a limited right to terminate this Option as provided in Articles VI (Survey) and VII (Representations and Warranties/Limitations) hereof.

1.6. Failure to Exercise Option to Purchase. If PURCHASER fails to exercise the Option to Purchase in accordance with the terms of this Option Contract within an Option Term or any extension thereof, then the Option to Purchase granted by this Option Contract, and the rights thereunder of PURCHASER, shall automatically and immediately terminate without notice. The consideration paid for the Option to Purchase shall be retained by OWNER and neither party shall have any further rights or claims against the other party by reason of this Option Contract.

## II. DEFINITIONS OF CERTAIN STANDARD VARIABLES

These terms shall be understood to have the following meanings, respectively, wherever they appear in this Option Contract:

13.5 Parties Bound. This Option Contract shall inure to the benefit of PURCHASER and OWNER, and their respective heirs, executors, administrators, legal representatives, successors, and assigns (to the extent assignment is permitted in this Option Contract). The provisions of this Agreement are intended to be for the sole benefit of the parties hereto, and their respective successors and assigns (to the extent assignment is permitted in this Option Contract), and none of the provisions of this Agreement are intended to be, nor shall they be construed to be, for the benefit of any third party.

13.6 Legal Construction. In case any one or more of the provisions contained in this Option Contract 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 Option Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

13.7 Prior Agreements Superseded. This Option Contract constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

13.8 Time of the Essence. Time is of the essence in performance of obligations and covenants and duties under this Option Contract.

13.9 Gender and Number. Words of any gender used in this Option Contract shall be held and construed to include any other gender; and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

13.10 Headings. The headings above the various provisions of this Option Contract have been included only in order to make it easier to locate the subject covered by each provision and are not to be used in construing this Option Contract.

13.11 Compliance. In accordance with the requirements of Section 28 of the Texas Real Estate License Act, PURCHASER is hereby advised that it should be furnished with or obtain a policy of title insurance or have the abstract covering the Property examined by an attorney of its own selection.

13.12 Counterparts. A counterpart hereof may be executed by any party or parties and, taken together - all counterparts so executed shall be considered as one original instrument.

13.13 Time Limit and Effective Date. In the event a copy of this Option Contract, duly executed by all parties, has not been returned to each party by the Effective Date, this Option Contract shall terminate and be of no further force and effect, and neither party shall be bound hereby.

13.14 No Recordation. This Option Contract shall not be recorded in whole or in part.


Executed and Effective as of the 15<sup>th</sup> day of DECEMBER, 2004.

**PURCHASER:**

**HIDALGO COUNTY, TEXAS**

By:   
Ramon Garcia, County Judge

**ATTEST:**

  
J. D. Salinas III, County Clerk

APPROVED BY  
COMMISSIONERS' COURT  
ON: DEC 14 2004

**OWNER:**

Betty M. Eyhorn  
Betty M. Eyhorn

## **EXHIBIT "A"**

### **DESCRIPTION OF THE PROPERTY**

All those lots, parcels or tracts of land situated in Hidalgo County, Texas, save and except all oil, gas and other minerals relating to the Property described as follows, to-wit:

**Tract 1:** Section Thirty-two (32), Las Guages and Los Maguelles Grants, Hidalgo County, Texas, as per amended map or plat thereof recorded in Volume 10, Page 4, of the Map Records of Hidalgo County, Texas.

**Tract II:** The East One-half (1/2) of Section Thirty Nine (39) and the West One-half (1/2) of Section Forty (40) , Los Guages and Los Maguelles Grants, Hidalgo County, Texas.