

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 PUCHASER 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:

PURCHASER:

HIDALGO COUNTY, TEXAS

By: *Ramon Garcia*
Ramon Garcia, County Judge

ATTEST:

J. D. Salinas III
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.