

AI-23057

4.

Set date, time, and place to adopt the 2010 Tax Rate.

DRAINAGE DISTRICT

Date: 09/21/2010

Submitted By: Monica Badillo, EXECUTIVE OFFICE

Department: EXECUTIVE OFFICE

Information

CAPTION

2011 Budget Process:

A. Set date, time, and place to adopt the 2010 Tax Rate

B. Set date, time, and place to adopt the 2011 Annual Budget

BACKGROUND

Fiscal Impact

Attachments

No file(s) attached.

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Budget & Management	Sylvia Solis	09/17/2010 03:33 PM	APRV
2	Perla Lopez	Perla Lopez	09/17/2010 03:36 PM	APRV
3	Final Approval		09/17/2010 04:46 PM	NEW

Form Started By: Monica Badillo
Started On: 09/17/2010 03:21 PM

Final Approval Date: 09/17/2010

AI-23058

5.

**10-007-04-30-PH2 CONST REHAB VARIOUS WEIRS MDS-PAY REQUEST
DRAINAGE DISTRICT**

Date: 09/21/2010

Submitted By: Claudette Cavazos, DRAINAGE DISTRICT

Submitted For: Claudette Cavazos

Department: DRAINAGE DISTRICT

Information

CAPTION

Request approval of Pay Request no. 4-Final & Retainage Release for McAllen Construction, Inc. for Project no. 10-007-04-30-Ph.2 Construction Rehabilitation Improvements & Repairs for Various Weirs on Hidalgo County Drainage District No.1.s Main Floodwater Channel & North Main Drain.

BACKGROUND

Fiscal Impact

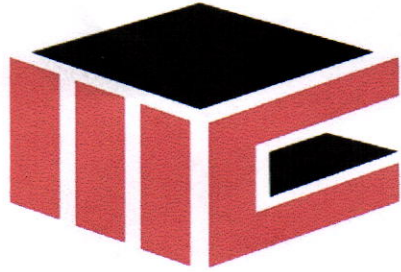
Attachments

Link: [WEIRS PH2](#)

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Budget & Management	Sylvia Solis	09/17/2010 04:18 PM	APRV
2	Perla Lopez	Perla Lopez	09/17/2010 04:30 PM	APRV
3	Final Approval		09/17/2010 04:46 PM	NEW

Form Started By: Claudette Cavazos
Started On: 09/17/2010 04:08 PM
Final Approval Date: 09/17/2010



MCALLEN
CONSTRUCTION
BUILDING WITH INTEGRITY

September 2, 2010

Ms. Sharlotte L. Teague
S & B Infrastructure, LTD.
5408 N 10th Street
McAllen, Texas 78504

Re: Hidalgo County Rehabilitation Improvements & Repairs for Various Weirs Phase II

Dear Madam,

Subj: Warranty

McAllen Construction, Inc. warrants all workmanship for the referenced project for a period of one year from July 16, 2010.

Sincerely,
McAllen Construction, Inc.

Trey Pebley
Vice President

**CONSENT OF
SURETY COMPANY
TO FINAL PAYMENT**

OWNER
ARCHITECT
CONTRACTOR
SURETY
OTHER

AIA DOCUMENT G707

PROJECT: Contract No. 10-007-05-04; Rehabilitation Improvements
(name, address) & Repairs for Various Weirs - Phase II on North Main
TO (Owner) Drain & South Main Floodwater Channel, Hidalgo County, TX

Hidalgo County Drainage District No. 1
1325 W. Pecan Ave
McAllen, TX 78501

ARCHITECT'S PROJECT NO:
CONTRACT FOR:

CONTRACT DATE:

CONTRACTOR: McAllen Construction, Inc.

In accordance with the provisions of the Contract between the Owner and the Contractor as indicated above, the (here insert name and address of Surety as it appears in the bond).

Great American Insurance Company of New York
2435 N. Central Expressway, Ste 600, Richardson, TX 75080 , SURETY COMPANY,
on bond of (here insert name and address of Contractor)

McAllen Construction, Inc.
P.O. Box 3244, McAllen, TX 78502 , CONTRACTOR,
hereby approves of the final payment to the Contractor, and agrees that final payment to the Contractor shall not relieve the Surety Company of any of its obligations to (here insert name and address of Owner)

Hidalgo County Drainage District No. 1
1325 W. Pecan Ave, McAllen, TX 78501 , OWNERS,
as set forth in the said Surety Company's bond.

IN WITNESS WHEREOF,
the Surety Company has hereunto set its hand this 5th day of August 20 10 .

Great American Insurance Company of New York
Surety Company

By: 
Signature of Authorized Representative

David C. Hughston, Attorney-in-fact
Title

Attest:
(Seal):

NOTE: This form is to be used as a companion document to AIA DOCUMENT G706, CONTRACTOR'S AFFIDAVIT OF PAYMENT OF DEBTS AND CLAIMS, Current Edition

GREAT AMERICAN INSURANCE COMPANY OF NEW YORK

New York

Administrative Office: 580 WALNUT STREET • CINCINNATI, OHIO 45202 • 513-369-5000 • FAX 513-723-2740

The number of persons authorized by this power of attorney is not more than FIVE

No. 0 15621

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the GREAT AMERICAN INSURANCE COMPANY OF NEW YORK, a corporation organized and existing under and by virtue of the laws of the State of New York, does hereby nominate, constitute and appoint the person or persons named below its true and lawful attorney-in-fact, for it and in its name, place and stead to execute in behalf of the said Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; provided that the liability of the said Company on any such bond, undertaking or contract of suretyship executed under this authority shall not exceed the limit stated below.

Name	Address	Limit of Power
RAY HUGHSTON	PEGGY GONZALEZ	ALL
CHRIS HUGHSTON	MARY EDWARDS	\$75,000,000.
DAVID C. HUGHSTON		

This Power of Attorney revokes all previous powers issued in behalf of the attorney(s)-in-fact named above.

IN WITNESS WHEREOF, the GREAT AMERICAN INSURANCE COMPANY OF NEW YORK has caused these presents to be signed and attested by its appropriate officers and its corporate seal hereunto affixed this 17TH day of JUNE, 2008.

Attest

GREAT AMERICAN INSURANCE COMPANY OF NEW YORK



Eve Cutler Rosen

David C. Kitchin

DAVID C. KITCHIN (513-412-4602)

STATE OF OHIO, COUNTY OF HAMILTON-ss:

On this 18TH day of JUNE, 2008, before me personally appeared DAVID C. KITCHIN, to me known, being duly sworn, deposes and says that he resides in Cincinnati, Ohio, that he is the Divisional Senior Vice President of the Bond Division of Great American Insurance Company of New York, the Company described in and which executed the above instrument; that he knows the seal; that it was so affixed by authority of his office under the By-Laws of said Company, and that he signed his name thereto by like authority.



KAREN L. GROSHEN
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 02-20-11

Karen L. Groshen

This Power of Attorney is granted by authority of the following resolutions adopted by the Board of Directors of Great American Insurance Company of New York by unanimous written consent dated July 27, 1995.

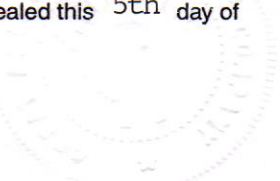
RESOLVED: That the Divisional President, the Divisional Senior Vice President, the several Divisional Vice Presidents and Divisional Assistant Vice Presidents, or any one of them, be and hereby is authorized, from time to time, to appoint one or more Attorneys-in-Fact to execute on behalf of the Company, as surety, any and all bonds, undertakings and contracts of suretyship, or other written obligations in the nature thereof; to prescribe their respective duties and the respective limits of their authority; and to revoke any such appointment at any time.

RESOLVED FURTHER: That the Company seal and the signature of any of the aforesaid officers and any Secretary or Assistant Secretary of the Company may be affixed by facsimile to any power of attorney or certificate of either given for the execution of any bond, undertaking, contract or suretyship, or other written obligation in the nature thereof, such signature and seal when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATION

I, EVE CUTLER ROSEN, Senior Vice President, General Counsel & Assistant Secretary of Great American Insurance Company of New York, do hereby certify that the foregoing Power of Attorney and the Resolutions of the Board of Directors of July 27, 1995 have not been revoked and are now in full force and effect.

Signed and sealed this 5th day of August, 2010.



Eve Cutler Rosen



FORM 1.7
RELEASE AND WAIVER OF CLAIMS BY
SUBCONTRACTORS AND PRODUCT VENDORS

The State of Texas §
§
County of Hidalgo §

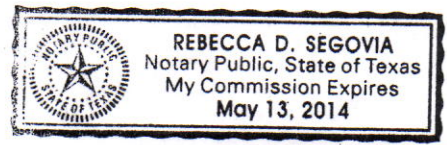
THIS AFFIDAVIT TO BE COMPLETED BY EACH SUBCONTRACTOR AND VENDOR
AND SUBMITTED PRIOR TO FINAL PAYMENT.

Nancy Cuellar, the undersigned Principal of Terra Firma Materials, Sub-Contractor / Vendor, personally appeared before me, the undersigned Notary Public in and for Hidalgo County, Texas, who being duly sworn by me states on oath that all bills for labor and products, subcontractors, payrolls, sales tax, privilege tax or license, old age benefits tax, state and federal unemployment insurance, and other liabilities in the performance of subcontract for furnishing labor or products in the construction of **Contract Number 10-007-04-30 “PHASE II CONSTRUCTION OF REHABILITATION IMPROVEMENTS AND REPAIRS FOR VARIOUS WEIRS ON HIDALGO COUNTY DRAINAGE DISTRICT NO. 1’s MASTER DRAINAGE SYSTEM – MAIN FLOODWATER CHANNEL AND NORTH MAIN DRAIN”**, Project, have been paid in full or that funds are in hand to discharge such liabilities when due, and that the above named Sub-Contractor / Vendor waives any claims and releases to Hidalgo County Drainage District No. 1, Owner, and M. Allen Const. Inc., Contractor, from any rights or claims (including lien rights) for debts due and owing by virtue of the furnishing of any labor, products, and supplies furnished for the Project.

SUB-CONTRACTOR OR VENDOR: Terra Firma Materials
Signature: [Signature] Date: 8/4/2010
Name / Title: Nancy Cuellar - member
Address: PO Box 4737 Edinburg, TX 78540
(Street, City, State, Zip)

Subscribed and sworn to before me this 4 day of August, 2010.

By: [Signature], Notary Public in and for
Hidalgo County, Texas.
My commission expires 5/13/14.



HIDALGO COUNTY
SEP 03 2010
PREPARED BY



FORM I.7
RELEASE AND WAIVER OF CLAIMS BY
SUBCONTRACTORS AND PRODUCT VENDORS

The State of Texas §
§
County of Hidalgo §

THIS AFFIDAVIT TO BE COMPLETED BY EACH SUBCONTRACTOR AND VENDOR
AND SUBMITTED PRIOR TO FINAL PAYMENT.

Nancy Cuellar, the undersigned Principal of IOC Trucking,
Sub-Contractor / Vendor, personally appeared before me, the undersigned Notary Public in and for Hidalgo
County, Texas, who being duly sworn by me states on oath that all bills for labor and products, subcontractors,
payrolls, sales tax, privilege tax or license, old age benefits tax, state and federal unemployment insurance,
and other liabilities in the performance of subcontract for furnishing labor or products in the construction of
**Contract Number 10-007-04-30 "PHASE II CONSTRUCTION OF REHABILITATION IMPROVEMENTS
AND REPAIRS FOR VARIOUS WEIRS ON HIDALGO COUNTY DRAINAGE DISTRICT NO. 1'S
MASTER DRAINAGE SYSTEM - MAIN FLOODWATER CHANNEL AND NORTH MAIN DRAIN"**, Project,
have been paid in full or that funds are in hand to discharge such liabilities when due, and that the above
named Sub-Contractor / Vendor waives any claims and releases to Hidalgo County Drainage District No. 1,
Owner, and Malen Cont. Inc Contractor, from any rights or claims (including lien rights) for
debts due and owing by virtue of the furnishing of any labor, products, and supplies furnished for the Project.

SUB-CONTRACTOR OR VENDOR: IOC Trucking

Signature: [Signature] Date: 8/4/2010

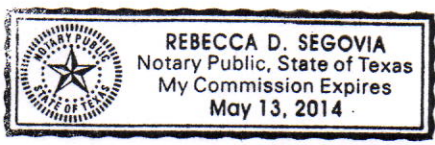
Name / Title: Nancy Cuellar - ~~owner~~ office manager

Address: PO Box 4737 Edinburg TX 78540
(Street, City, State, Zip)

Subscribed and sworn to before me this 4 day of August, 2010.

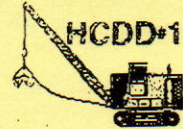
By: [Signature], Notary Public in and for
Hidalgo County, Texas.

My commission expires 5/13/14.



HIDALGO COUNTY
SEP 0 8 2010
DRAINAGE DISTRICT NO.

REHABILITATION IMPROVEMENTS AND REPAIRS FOR VARIOUS WEIRS - PHASE II
ON MAIN FLOODWATER CHANNEL AND NORTH MAIN DRAIN, HIDALGO COUNTY, TEXAS
Bid Number: 10-007-04-30



FORM 1.7
RELEASE AND WAIVER OF CLAIMS BY
SUBCONTRACTORS AND PRODUCT VENDORS

The State of Texas §
§
County of Hidalgo §

THIS AFFIDAVIT TO BE COMPLETED BY EACH SUBCONTRACTOR AND VENDOR
AND SUBMITTED PRIOR TO FINAL PAYMENT.

Ann Hacker, the undersigned Principal of Black Rose Steel & Trading,
Sub-Contractor / Vendor, personally appeared before me, the undersigned Notary Public in and for Hidalgo
County, Texas, who being duly sworn by me states on oath that all bills for labor and products, subcontractors,
payrolls, sales tax, privilege tax or license, old age benefits tax, state and federal unemployment insurance,
and other liabilities in the performance of subcontract for furnishing labor or products in the construction of
**Contract Number 10-007-04-30 "PHASE II CONSTRUCTION OF REHABILITATION IMPROVEMENTS
AND REPAIRS FOR VARIOUS WEIRS ON HIDALGO COUNTY DRAINAGE DISTRICT NO. 1's
MASTER DRAINAGE SYSTEM - MAIN FLOODWATER CHANNEL AND NORTH MAIN DRAIN"**, Project,
have been paid in full or that funds are in hand to discharge such liabilities when due, and that the above
named Sub-Contractor / Vendor waives any claims and releases to Hidalgo County Drainage District No. 1,
Owner, and McAven (cont. Inc), Contractor, from any rights or claims (including lien rights) for
debts due and owing by virtue of the furnishing of any labor, products, and supplies furnished for the Project.

SUB-CONTRACTOR OR VENDOR: Black Rose Steel & Trading

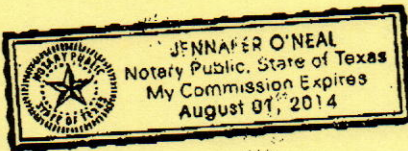
Signature: Ann Hacker Date: 9-01-2010

60" OD Pipe

Name / Title: Ann Hacker, President

Address: PO Box 876, League City TX 77574
(Street, City, State, Zip)

Subscribed and sworn to before me this 1 day of Sept, 2010.



By: Jennifer O'Neal, Notary Public in and for
Hidalgo County, Texas Galveston County, TX
My commission expires 8/01/2014



FORM 1.7
RELEASE AND WAIVER OF CLAIMS BY
SUBCONTRACTORS AND PRODUCT VENDORS

The State of Texas §
§
County of Hidalgo §

THIS AFFIDAVIT TO BE COMPLETED BY EACH SUBCONTRACTOR AND VENDOR
AND SUBMITTED PRIOR TO FINAL PAYMENT.

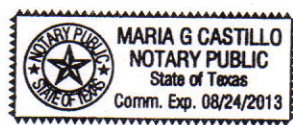
Tommy L. Freeman, the undersigned Principal of Southern Star Transport Inc.,
Sub-Contractor / Vendor, personally appeared before me, the undersigned Notary Public in and for Hidalgo
County, Texas, who being duly sworn by me states on oath that all bills for labor and products, subcontractors,
payrolls, sales tax, privilege tax or license, old age benefits tax, state and federal unemployment insurance,
and other liabilities in the performance of subcontract for furnishing labor or products in the construction of
**Contract Number 10-007-04-30 "PHASE II CONSTRUCTION OF REHABILITATION IMPROVEMENTS
AND REPAIRS FOR VARIOUS WEIRS ON HIDALGO COUNTY DRAINAGE DISTRICT NO. 1's
MASTER DRAINAGE SYSTEM - MAIN FLOODWATER CHANNEL AND NORTH MAIN DRAIN"**, Project,
have been paid in full or that funds are in hand to discharge such liabilities when due, and that the above
named Sub-Contractor / Vendor waives any claims and releases to Hidalgo County Drainage District No. 1,
Owner, and McAllen Const. Inc., Contractor, from any rights or claims (including lien rights) for
debts due and owing by virtue of the furnishing of any labor, products, and supplies furnished for the Project.

SUB-CONTRACTOR OR VENDOR: Southern Star Transport
Signature: Tommy L. Freeman Date: 8/5/10
Name / Title: Tommy L. Freeman Partner
Address: 22614 N. FULSBY ELKH, TX 78573
(Street, City, State, Zip)

Subscribed and sworn to before me this 5th day of August, 2010.

By: Maria G. Castillo, Notary Public in and for
Hidalgo County, Texas

My commission expires 8/24/13



TK9W



FORM 1.8
CONTRACTOR'S AFFIDAVIT AS TO STATUS OF LIEN

The State of Texas §
§
County of Hidalgo §

THIS AFFIDAVIT TO BE COMPLETED AND SUBMITTED UPON ACCEPTANCE
OF COMPLETED PROJECT BY OWNER AND PRIOR TO FINAL PAYMENT.

TREY PERLEY, the undersigned Principal of McAllen Construction, Inc., Contractor, personally appeared before me, the undersigned Notary Public in and for Hidalgo County, Texas, who being duly sworn by me states on oath that to the best of his knowledge and belief, except as listed below, the Releases and Waivers of Claim attached hereto include all subcontractors and vendor of labor, products, and equipment provided by all persons who may have liens against the property of Hidalgo County Drainage District No. 1, Owner, arising out of the construction of **Contract Number 10-007-04-30 "PHASE II CONSTRUCTION OF REHABILITATION IMPROVEMENTS AND REPAIRS FOR VARIOUS WEIRS ON HIDALGO COUNTY DRAINAGE DISTRICT NO. 1's MASTER DRAINAGE SYSTEM - MAIN FLOODWATER CHANNEL NORTH MAIN DRAIN"** Project.

Exceptions: (If none, write "None".) Any exception listed shall be bonded by the Contractor to indemnify the Owner, and a copy of each bond shall be attached hereto.

- 1.
- 2.
- 3.

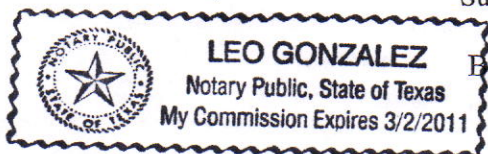
CONTRACTOR: McALLEN CONSTRUCTION, INC.

Signature: [Signature] Date: 8/4/10

Name / Title: TREY PERLEY / VICE PRESIDENT

Address: 4700 N. WARE ROAD, McALLEN, TX. 78504
(Street, City, State, Zip)

Subscribed and sworn to before me this 4th day of August, 2010.



By: LEO GONZALEZ, Notary Public in and for Hidalgo County, Texas.

My commission expires 3/2/11.



FORM 1.6
AFFIDAVIT AND WAIVER OF LIEN
CONTRACTOR

The State of Texas §
§
County of Hidalgo §

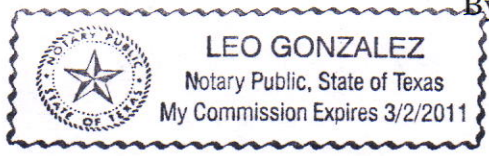
THIS AFFIDAVIT TO BE COMPLETED AND SUBMITTED UPON ACCEPTANCE
OF COMPLETED PROJECT BY OWNER AND PRIOR TO FINAL PAYMENT.

TREY PEBLEY, the undersigned Principal of MCALLEN CONSTRUCTION, INC., Contractor, personally appeared before me, the undersigned Notary Public in and for Hidalgo County, Texas, who being duly sworn by me states on oath that all product suppliers, subcontractors, payrolls, sales tax, privilege tax or license, old age benefits tax, state and federal unemployment insurance, and other liabilities in the performance of **Contract Number 10-007-04-30 "PHASE II CONSTRUCTION OF REHABILITATION IMPROVEMENTS AND REPAIRS FOR VARIOUS WEIRS ON HIDALGO COUNTY DRAINAGE DISTRICT NO. 1's MASTER DRAINAGE SYSTEM - MAIN FLOODWATER CHANNEL AND NORTH MAIN DRAIN"**, Project, have been paid in full, and that the above named Contractor waives any claims and releases to Hidalgo County Drainage District No. 1, Owner, from any rights or claims (including lien rights) for debts due and owing by virtue of the furnishing of any labor, products, and supplies furnished for the Project.

The above named Contractor agrees to indemnify the Owner and save him harmless on account of any loss Contractor may sustain in reliance upon this Affidavit and Waiver of Lien including the amount of any lien Contractor may be compelled to pay all costs relating thereto and a reasonable attorney's fee.

CONTRACTOR: MCALLEN CONSTRUCTION, INC.
Signature: [Signature] Date: 8/4/10
Name / Title: TREY PEBLEY / VICE PRESIDENT
Address: 4700 N. WARD ROAD, MCALLEN, TX. 78504
(Street, City, State, Zip)

Subscribed and sworn to before me this 4th day of August, 2010.



By: LEO GONZALEZ, Notary Public in and for Hidalgo County, Texas.

My commission expires 3/2/11.

AI-23059

6.

**09-25-12-17-PH1-CONST REHAB VARIOUS WEIRS MDS-PAY REQUEST NO.
6-RETAINAGE RELEASE
DRAINAGE DISTRICT**

Date: 09/21/2010

Submitted By: Claudette Cavazos, DRAINAGE DISTRICT

Submitted For: Claudette Cavazos

Department: DRAINAGE DISTRICT

Information

CAPTION

Request approval of Pay Request No. 6-Retainage Release for McAllen Construction, Inc. for Project No. 09-25-12-17-Ph.1 Construction Rehabilitation Improvements & Repairs for Various Weirs on Hidalgo County Drainage District No. 1.s MDS-North & South Main Drains.

BACKGROUND

Fiscal Impact

Attachments

Link: [WEIRS PH1](#)

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Budget & Management	Sylvia Solis	09/17/2010 04:24 PM	APRV
2	Perla Lopez	Perla Lopez	09/17/2010 04:34 PM	APRV
3	Final Approval	Angela Garcia	09/17/2010 04:46 PM	APRV

Form Started By: Claudette Cavazos
Started On: 09/17/2010 04:17 PM
Final Approval Date: 09/17/2010

Submitted:

(Contractor)

Recommended:

(Engineer)

Approval:

(Owner)

Submitted: [Signature]
 Recommended: [Signature]
 Approval: [Signature]

Original Amount of Contract:	\$743,117.67
Approved Change Order #1	\$116,936.84
Approved Change Order #3	(\$96,101.36)
Total Amount of Contract:	\$763,953.15
Total Amount of Work Completed:	\$763,953.15
Less Amount Retained:	\$0.00
	0%
Net Amount Due on Contract:	\$763,953.15
Less Amount of Previous Invoices:	\$762,172.57
Balance Due This Estimate:	\$1,780.58

HIDALGO COUNTY

SEP 14 2010

DRAINAGE DISTRICT #1

Project Memorandum

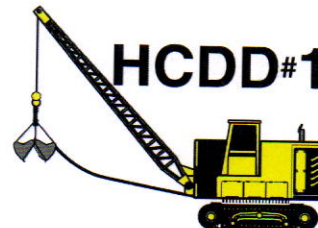
S&BI Project No. U1195

September 14, 2010

TO: Hidalgo County Drainage District No. 1
902 N. Doolittle Road, Edinburg, TX 78539

FROM: *Sharlotte L. Teague, PE*
S&B Infrastructure, Ltd. - McAllen

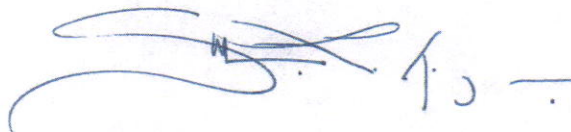
SUBJECT: **McAllen Construction, Inc. HCDD1 Contract No. 10-007-05-04, 09-25-12-17**
"Rehabilitation Improvements & Repairs for Various Weirs – Phase I & II"
Pay Request #4 – Phase II
Pay Request #6 – Phase I



Claudette – Attached is original above-referenced pay requests from McAllen Construction, Inc. (MCI).

S&B Infrastructure, Inc. recommends payment to be issued to MCI for work performed.

If you have any questions, please call me at your convenience.



attachments: as identified above

cc: project files

**Extension on Agreement Stone Rip Rap
DRAINAGE DISTRICT**

Date: 09/21/2010
Submitted By: Jaime Salazar, DRAINAGE DISTRICT
Submitted For: Jaime Salazar
Department: DRAINAGE DISTRICT

Information

CAPTION

Requesting approval to exercise the District's option to renew the following agreements for one (1) year under same rates, terms and conditions.

- A. Agreement No. 09-019A-10-06 "Stone Rip Rap 3INCH to 6INCH" (Avila Stone)
- B. Agreement No. 09-019-10-06 "Stone Rip Rap 3INCH to 6INCH" (Border Pacific Railroad Company)

BACKGROUND

Fiscal Impact

Attachments

- Link: [Extension Agreement](#)
- Link: [extension letter](#)

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Budget & Management	Sylvia Solis	09/15/2010 01:52 PM	APRV
2	Perla Lopez	Perla Lopez	09/17/2010 04:36 PM	APRV
3	Final Approval		09/17/2010 04:46 PM	NEW

Form Started By: Jaime Salazar
Started On: 09/15/2010 10:17 AM

Final Approval Date: 09/17/2010

HIDALGO COUNTY DRAINAGE DISTRICT NUMBER ONE

902 NORTH DOOLITTLE

EDINBURG, TEXAS 78542

(956) 292-7080

FAX (956) 292-7089



GODFREY GARZA, JR.
MANAGER

September 15, 2010

Avila Stone LLC.
Attn: Mike Avila
501 South Ave.
Donna, Texas 78537

Re: Agreement No. 09-019A-10-06 "Stone Rip Rap 3 inch to 6 inch" Extension on Agreement

Dear Mr. Avila,

The Hidalgo County Drainage District No.1 will request approval by the Board of Directors on Tuesday, September 21, 2010, to exercise the option to extend Agreement No. 09-019A-10-06 for one (1) year as stated on "Exhibit A". Effective date (if approved) will be October 7, 2010 under the same rates, terms and conditions and will expire on October 8, 2011.

Please acknowledge receipt of this notice of intent to extend by signing below. Please fax signed copy to (956) 292-7089 Attn: Jaime J. Salazar. Mail original to Hidalgo County Drainage District No. 1 902 N. Doolittle Edinburg, TX. 78542.

Yes, I hereby agree to extend the contract one (1) year under the same rates, terms and conditions as stated in the specifications of the current contract.

No, I do not agree to the one (1) year extension of the current contract under the same rates, terms, and conditions as stated in the specifications of the current contract.

By: Miguel A. Avila

Date: 9/15/10

Should you have any questions please contact me at (956) 292-7080.

Sincerely,

Jaime J. Salazar

HIDALGO COUNTY DRAINAGE DISTRICT NO.1

RFB NO: 09-019-09-09

“STONE RIP RAP 3 INCH TO 6 INCH”

EXHIBIT “A”

INSTRUCTION TO BIDDERS

Bidder shall supply, (on an “as needed basis”) 3 Inch to 6 Inch Stone Rip Rap to the Hidalgo County Drainage District No.1.

Bid information will be furnished to Hidalgo County Drainage District No.1 requiring “Stone Rip Rap 3 Inch to 6 Inch and pick up will involve the bidders / vendors staging site or stockpile location.

I. **LOCATIONS:** Hidalgo County Drainage District No. 1 project sites requiring Stone Rip Rap 3 Inch to 6 Inch.

II. **DELIVERY INSTRUCTIONS:** Pick up hours will be arranged by the Hidalgo County Drainage District No.1. Bidder / Vendor shall have the amount of Stone Rip Rap 3 Inch to 6 Inch requested and be ready for pick up by the Hidalgo County Drainage District within 24hrs or earlier if requested. Bidder(s) / Vendor(s) agree(s) that, to the extent the Stone Rip Rap 3 Inch to 6 Inch is unavailable from bidders / vendors own inventory; bidder(s) / vendor(s) will be responsible for locating an alternative supplier and providing the Stone Rip Rap 3 Inch to 6 Inch to the Hidalgo County Drainage District No.1 for the bid price.

III. **BID AWARD:**

1.) Initial term of contract will be for one (1) year with the Hidalgo County Drainage District No 1 option to extend the contract for an additional one (1) year under the same rates, terms and conditions.

2.) Hidalgo County Drainage District No. 1 reserves the right to continue this bid for an additional sixty (60) day grace period at the end of the contract term for unforeseen delay in award of new bid for next contract term.

3.) Insurance Certificates (Exhibit C) must be submitted to the Hidalgo County Drainage District No.1 for approval prior to any services being performed by the awarded bidder.

4.) The bidder awarded the contract **cannot** engage the services of a **subcontractor without prior written consent of the Hidalgo County Drainage District No.1** for the retention of a subcontractor to perform services hereunder. The successful bidder must present evidence that the proposed subcontractor possess all the necessary licenses and permits to perform the services and the subcontractor has obtained the required insurance which names the contractor as an additional insured. Requesting authorization for subcontracting does not constitute compliance with the primary specification contained herein which state the minimum number vendor owned vehicles required.

5.) The District reserves the right to reject any or all bids, to waive any or all formalities, or to accept the bid considered the best and most advantageous to the District.

6.) After bid is awarded and low bidder defaults in meeting the general instructions to bidders and or comply with contractual agreement, Hidalgo County Drainage District No. 1 reserves the right to seek

services from the next low bidder(s). In such event, Hidalgo County Drainage District No.1 shall charge the successful bidder the difference for any additional cost of such item(s).

7.) Any contract award to successful bidder will be in effect until (a.) contract expires, (b.) delivery and acceptance of products, and or performance of services ordered, or (c.) terminated by Hidalgo County Drainage District No.1 with thirty (30) days written notice prior to cancellation.

8.) All costs and expenses associated with the preparation and submission of proposals shall be the responsibility of the submitter and no reimbursements for such charges or expenses shall be passed onto the District.

ADDITIONAL INFORMATION:

Further information required for this project can be addressed through the Hidalgo County Drainage District No. 1 through Jaime J. Salazar. The Hidalgo County Drainage District No.1 is also requesting that any and all questions, inquiries and clarifications regarding quotes, bids, proposal or statement or qualification be addressed to Jaime J. Salazar, Buyer, at 902 N. Doolittle, Edinburg, Texas 78542.

TELEPHONE INQUIRIES WILL NOT BE ACCEPTED.

All written inquiries will be accepted via facsimile no later than, Wednesday September 2, 2009 at 5:00 P.M., at (956) 292-7089. Responses to said inquiries will be sent to all applicants via facsimile by no later than 5:00 P.M., Friday, September 4, 2009.

HIDALGO COUNTY DRAINAGE DISTRICT NUMBER ONE

902 NORTH DOOLITTLE

EDINBURG, TEXAS 78542

(956) 292-7080

FAX (956) 292-7089



GODFREY GARZA, JR.
MANAGER

September 15, 2010

Border Pacific Railroad Company
Attn: S.F. Vale, President
P.O. Box 156
Rio Grande City, TX 78582

Re: Agreement No. 09-019-10-06 "Stone Rip Rap 3 inch to 6 inch" Extension on Agreement

Dear Mr. Vale,

The Hidalgo County Drainage District No.1 will request approval by the Board of Directors on Tuesday, September 21, 2010, to exercise the option to extend Agreement No. 09-019-10-06 for one (1) year as stated on "Exhibit A". Effective date (if approved) will be October 7, 2010 under the same rates, terms and conditions and will expire on October 8, 2011.

Please acknowledge receipt of this notice of intent to extend by signing below. Please fax signed copy to (956) 292-7089 Attn: Jaime J. Salazar. Mail original to Hidalgo County Drainage District No. 1 902 N. Doolittle Edinburg, TX. 78542.

Yes, I hereby agree to extend the contract one (1) year under the same rates, terms and conditions as stated in the specifications of the current contract.

No, I do not agree to the one (1) year extension of the current contract under the same rates, terms, and conditions as stated in the specifications of the current contract.

By: 

Date: 09-17-10

Should you have any questions please contact me at (956) 292-7080.

Sincerely,



Jaime J. Salazar

HIDALGO COUNTY DRAINAGE DISTRICT NO.1
RFB NO: 09-019-09-09
“STONE RIP RAP 3 INCH TO 6 INCH”

EXHIBIT “A”

INSTRUCTION TO BIDDERS

Bidder shall supply, (on an “as needed basis”) 3 Inch to 6 Inch Stone Rip Rap to the Hidalgo County Drainage District No.1.

Bid information will be furnished to Hidalgo County Drainage District No.1 requiring “Stone Rip Rap 3 Inch to 6 Inch and pick up will involve the bidders / vendors staging site or stockpile location.

I. **LOCATIONS:** Hidalgo County Drainage District No. 1 project sites requiring Stone Rip Rap 3 Inch to 6 Inch.

II. **DELIVERY INSTRUCTIONS:** Pick up hours will be arranged by the Hidalgo County Drainage District No.1. Bidder / Vendor shall have the amount of Stone Rip Rap 3 Inch to 6 Inch requested and be ready for pick up by the Hidalgo County Drainage District within 24hrs or earlier if requested. Bidder(s) / Vendor(s) agree(s) that, to the extent the Stone Rip Rap 3 Inch to 6 Inch is unavailable from bidders / vendors own inventory; bidder(s) / vendor(s) will be responsible for locating an alternative supplier and providing the Stone Rip Rap 3 Inch to 6 Inch to the Hidalgo County Drainage District No.1 for the bid price.

III. **BID AWARD:**

1.) Initial term of contract will be for one (1) year with the Hidalgo County Drainage District No 1 option to extend the contract for an additional one (1) year under the same rates, terms and conditions.

2.) Hidalgo County Drainage District No. 1 reserves the right to continue this bid for an additional sixty (60) day grace period at the end of the contract term for unforeseen delay in award of new bid for next contract term.

3.) Insurance Certificates (Exhibit C) must be submitted to the Hidalgo County Drainage District No.1 for approval prior to any services being performed by the awarded bidder.

4.) The bidder awarded the contract cannot engage the services of a subcontractor without prior written consent of the Hidalgo County Drainage District No.1 for the retention of a subcontractor to perform services hereunder. The successful bidder must present evidence that the proposed subcontractor possess all the necessary licenses and permits to perform the services and the subcontractor has obtained the required insurance which names the contractor as an additional insured. Requesting authorization for subcontracting does not constitute compliance with the primary specification contained herein which state the minimum number vendor owned vehicles required.

5.) The District reserves the right to reject any or all bids, to waive any or all formalities, or to accept the bid considered the best and most advantageous to the District.

6.) After bid is awarded and low bidder defaults in meeting the general instructions to bidders and or comply with contractual agreement, Hidalgo County Drainage District No. 1 reserves the right to seek

services from the next low bidder(s). In such event, Hidalgo County Drainage District No.1 shall charge the successful bidder the difference for any additional cost of such item(s).

7.) Any contract award to successful bidder will be in effect until (a.) contract expires, (b.) delivery and acceptance of products, and or performance of services ordered, or (c.) terminated by Hidalgo County Drainage District No.1 with thirty (30) days written notice prior to cancellation.

8.) All costs and expenses associated with the preparation and submission of proposals shall be the responsibility of the submitter and no reimbursements for such charges or expenses shall be passed onto the District.

ADDITIONAL INFORMATION:

Further information required for this project can be addressed through the Hidalgo County Drainage District No. 1 through Jaime J. Salazar. The Hidalgo County Drainage District No.1 is also requesting that any and all questions, inquiries and clarifications regarding quotes, bids, proposal or statement or qualification be addressed to Jaime J. Salazar, Buyer, at 902 N. Doolittle, Edinburg, Texas 78542.

TELEPHONE INQUIRIES WILL NOT BE ACCEPTED.

All written inquiries will be accepted via facsimile no later than, Wednesday September 2, 2009 at 5:00 P.M., at (956) 292-7089. Responses to said inquiries will be sent to all applicants via facsimile by no later than 5:00 P.M., Friday, September 4, 2009.

**Nomination for Lease of Land for Mineral Development
DRAINAGE DISTRICT**

Date: 09/21/2010
Submitted By: Jaime Salazar, DRAINAGE DISTRICT
Submitted For: Jaime Salazar
Department: DRAINAGE DISTRICT

Information

CAPTION

A. Requesting approval to accept and award bid from sole bidder (Dewbre Petroleum Corporation) for Bid No.: 10-009-09-15"Nomination of Intention to Lease land for Mineral Development" project property described as:

Tract II: 1.54 acres land, more or less, out of Lot 8, A. Wayne Wood Subdivision, Hidalgo County, Texas, as per map or plat thereof recorded in Volume1, Page 59, Map Records, Hidalgo County, Texas, and being more particularly described by metes and bounds.

B. Requesting approval to execute "Paid-up Oil, Gas and Mineral Lease" document from Dewbre Petroleum Corporation for the property described herein with a term of three years.

BACKGROUND

Fiscal Impact

Attachments

Link: [Lease Dewbre Petroleum](#)

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Budget & Management	Sylvia Solis	09/16/2010 01:04 PM	APRV
2	Perla Lopez	Perla Lopez	09/17/2010 08:16 AM	APRV
3	Final Approval		09/17/2010 04:46 PM	NEW
Form Started By: Jaime Salazar			Started On: 09/16/2010 11:19 AM	
Final Approval Date: 09/17/2010				

Dewbre Petroleum

CORPORATION

September 1, 2010

Hidalgo County Drainage District No. 1
Jaime J. Salazar, Buyer
902 N. Doolittle
Edinburg, Texas 78542

Re: Bid No. 10-009-09-15
1.54 gross acres/1.54 net mineral acres
DeGoche Prospect
Hidalgo County, Texas

Dear Mr. Salazar:

Dewbre Petroleum Corporation ("Dewbre") would like to bid/lease the HCDD's interest in the following described acreage in Hidalgo County, Texas:

1.54 acres of land, more or less, out of Lot 8, A. Wayne Wood Subdivision, of the Agostodero Del Gato Grant, Hidalgo County, Texas, as shown by the Map or Plat of said Subdivision of record in Vol. 1, Page 59, Map Records of Hidalgo County, Texas.

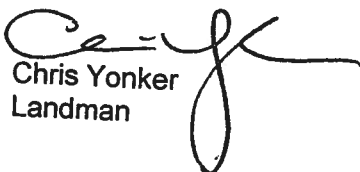
For the following terms:

Term: Three (3) years
Bonus: Two Hundred Seventy Seven Dollars (\$277.00) per net mineral acre
Royalty: One Fourth (1/4th)

Dewbre Petroleum has already completed a well and intends to unitize the subject lands (once leased) in order to join in the production from the DeGoche #1 well, we feel our offer should be given additional consideration. It is HCDD's best interest to lease to Dewbre in order to participate in said existing well. Leasing to any other entity would ensure that HCDD would NOT participate in the production unit for this well, and would have very little chance of getting a well drilled within a legal location from our lease and on an existing levee.

If you should have any questions regarding the above bid, please feel free to give me a call at the number listed below.

Sincerely,
DEWBRE PETROLEUM CORPORATION


Chris Yonker
Landman

802 N. Carancahua, Suite 1800 ■ Corpus Christi, Texas 78470
(361) 888-7978 ■ Fax (361) 888-7980
email: info@dewbre.com



AmericanBank

ABC 4024 (5/04)

CORPUS CHRISTI, TEXAS 78466-6469
361 / 992-9911

Cashier's Check

Date: 09/07/2010 **278239**

Pay
Exactly

\$277.00
DOLLARS TWO SEVEN SEVEN AND 00/100 ZERO ZERO

Two Hundred Seventy-Seven Dollars and Zero Cents

PAY

TO THE **Hidalgo Co. Draining Dist**
ORDER OF

Remitter: **Dewbre Petroleum Corporation**

Void If Over: \$277.00

C. G.
Authorized Signature

NOTICE TO CUSTOMER: Texas State Law requires a 90 day waiting period before the bank can accept a Declaration of Loss on a Cashier's Check without an Indemnity Bond. American Bank retains the right to require the remitter or payee to purchase an Indemnity Bond at any time.

⑈ 278239⑈ ⑆⑆⑆⑆903284⑆ ⑈⑈00004006⑈

This document is printed on white paper with colored ink and contains document protective watermark on reverse side.

PAID UP OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made and entered into this 1st day of September, 2010, between **Hidalgo County Drainage District No. 1**, hereinafter called "Lessor" (whether one or more), whose address is 2802 S. Bus. Hwy 281, New Administration Building, Edinburg, Texas 78539 and **DEWBRE PETROLEUM CORPORATION**, hereinafter called "Lessee", whose address is 802 N. Carancahua, Suite 1800, Corpus Christi, Texas 78401-0033.

1. Lessor, in consideration of Ten & no/100's, and other valuable consideration Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets, exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, gas and all other minerals, injecting gas, waters and other fluids, air and other gaseous substances into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, electric transmission lines, telephone lines and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land in Hidalgo County, Texas, to-wit:

1.54 acres tract of land, more or less, out of Lot 8, A. Wayne Wood Subdivision, of the Agostodero Del Gato Grant, Hidalgo County, Texas, as shown by the Map or Plat of said Subdivision of record in Vol. 1, Page 59, Map Records of Hidalgo County, Texas.

Notwithstanding any particular description, it is nevertheless the intention of Lessor to include this lease, and Lessor does not hereby lease, not only the land described but also any and all other land owned or claimed by Lessor in the herein named survey or surveys, or in adjoining surveys, the herein described land up to the boundaries of the abutting landowners, the lease lands being hereinafter referred to as "said land". For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 1.54 acres, whether actually containing more or less. Lessor agrees to execute any supplemental instrument(s) requested by Lessee for a more complete or accurate description of said land or instrument(s) to perfect title deficiencies.

2. Subject to other provisions herein contained, this lease shall remain in force for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said physical land or land with which said land or any part thereof is pooled, or this lease is maintained by virtue of some other provision hereof.
3. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term.
4. The royalties to be paid by Lessee are: (a) deliver in kind to Lessor, at the well, or to the credit of Lessor into the pipeline or storage tank to which the well may be connected, the 1/4th part of all oil (including condensate) produced and saved from the leased premises. In lieu thereof, Lessee shall have the option, at any time, to sell lessor's oil, in which case Lessor's royalty shall be based on lessee's net proceeds at the lease, or to purchase lessor's oil for the value of such oil at the lease. In any event, lessor's interest shall be free of all costs of production, but shall bear its proportionate part of production and similar taxes, and shall share proportionately with Lessee in any costs to market, transport, or condition the oil; (b) to pay Lessor for gas (including casing head gas, all gaseous substances, and all other constituents thereof) produced and sold from the leased premises, 1/4th part of the net proceeds at the lease from the sale of such gas, after deducting lessor's proportionate part of the production, and other similar taxes: lessor's interest to be free of all costs of production, but to bear proportionately with lessee any costs incurred by lessee to market the gas, to deliver the gas to market off the leased premises, or to dehydrate, compress, process, treat, or otherwise place such gas marketable condition; (c) on gas, including casing head gas and all gaseous substances, produced from said land and used of said land by Lessee and not benefiting Lessor, the market at the mouth of the well of 1/4th of the gas so used of said land; (d) on all minerals mined and marketed, 1/4th, either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be one dollar (\$1.00) per long ton; and (e) if at any time while there is a gas well or wells on the said land or land pooled therewith (for the purpose of this clause (e) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any

governmental authority) and such well or wells are shut-in, and this lease is not being maintained otherwise as provided herein, this lease shall nevertheless remain in force and effect following the shutting in of the well(s), whether it be during or after the primary term (unless released by Lessee), and it shall be considered that gas is being produced from the land covered by this lease. When the lease is continued in force in this manner and the well or wells are shut-in for a period of at least ninety (90) consecutive days. Lessee shall pay or tender as advanced annual royalty to the parties who at the time of such payment would be entitled to receive royalty hereunder if the well were producing, or deposit to their credit in the SEND DIRECTLY TO LESSOR'S ADDRESS Bank (Account No. _____) Dollars \$0.00 per net acre for the acreage then held under this lease by the party making such payment or tender. The first payment of sum shall be made on or before either (1) ninety (90) days from the date such well or wells are shut-in; (2) ninety (90) days from the effective date for inclusion of said land or a portion thereof within a unit on which is located a shut-in gas well; or (3) ninety (90) days from the date this lease ceases to be otherwise maintained as provided herein, whichever is the late date, and it shall be considered that gas is being produced from said land in paying quantities within the meaning of Paragraph 2 hereof for one (1) year from the date of such payment, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered that gas is being produced from said land in paying quantities within the meaning of said Paragraph 2 during any annual period for which such royalty is so paid or tendered; such advanced annual royalty payment shall be credited against any royalty accruing to the owners thereof any production from said land during any annual period for which such advanced annual payment has been made. Lessee's failure to pay or tender or to pay or tender properly or timely any such sum as royalty shall render Lessee liable for the amount but it shall not operate to terminate this lease. All royalty interest, whether or not owned by the undersigned, shall be paid out of the royalty as provided for in said lease.

5. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interest, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee at its sole discretion deems it necessary or proper to do in order to develop or operate prudently the lease premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir is at least one hundred (100) feet. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling, completion, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling, completion, or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, so long as the total acreage therein or produced therefrom, may from time to time be enlarged and extended by Lessee to include additionally any other formation or formations and any other mineral or minerals therein or produced therefrom. In making such a revision, Lessee shall file or record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. Lessee may place and use on each unit created hereunder common measuring and reworking tanks for production from such unit. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.
6. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in operations for drilling, mining or reworking of any well or mine thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as operations on said well or for the drilling or reworking of an additional well are commenced and prosecuted (whether on the same or successor wells) with no cessation of more than ninety (90) consecutive days, and, if the result in the production, so long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or land pooled therewith, production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days after the cessation of such production,

but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in or adjacent land and within two hundred (200) feet of and draining said land, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purpose of this lease shall be conclusive.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder including re-pressuring, pressure maintenance, cycling and secondary recovery operations, and the royalty shall be computed after deducting any so used. Any structures and facilities placed on said land by Lessee for operations hereunder and any well or wells on said land drilled or used for the injection of salt water or other fluids may also be used for Lessee's operations on other lands in the same area. Lessee shall have the right at any time during this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or bam now on said land without Lessor's consent.
8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, representatives, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land or royalties shall be binding upon Lessee for any purposes until such person acquiring any interest has furnished Lessee with the instrument or instruments or certified copies thereof, constituting the chain of title from the original Lessor. An assignment of this lease, in whole, or in part, shall, to the extent of such assignment, relive and discharge Lessee of any obligations thereunder, and if, Lessee or assignees of part or parts hereof shall fail to comply with any provision of this lease, such default shall not affect this lease insofar as it covers a part of said land upon which Lessee or any assigns thereof shall not be in default. Should more than six parties become entitled to royalties hereunder, Lessee may require the appointment of a single agent to receive payment for all and may withhold payment until such appointment has been made.
9. When drilling or other operations are delayed or interrupted by storm, flood, or other act of God, fire, war, rebellion, insurrection, riot strikes, differences with workmen, unavailability of material or equipment, failure of carriers to transportation, some order, requisition or necessity of the government or as a result of any cause whatsoever beyond the control of the Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State Laws. Executive order, rules or regulations and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation. If from such causes Lessee is prevented from conducting drilling or reworking operations on, or producing oil or gas from said land or land pooled therewith, the time while Lessee is so prevented shall not be counted against Lessee, and this lease shall be extended for a period of time equal to that during which such Lessee is so prevented from conducting drilling or reworking operations on or producing oil or gas from said land or land pooled therewith, not withstanding any other provision hereof.
10. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default shall have sixty (60) days after receipt of notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said land, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one (1) well per forty (40) acres, plus an acreage tolerance not to exceed ten percent (10%) of forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one (1) well per six hundred forty (640) acres, plus an acreage tolerance not to exceed ten percent (10%) of six hundred forty (640) acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.
11. Lessor hereby warrants and agrees to defend the title to said land, and agrees that Lessee, at its option, may discharge any tax, mortgage or other lien upon said land in the event of default of payment by Lessor, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, whether stated herein above as a whole or partial interest, then the royalties to be paid Lessor shall be reduced proportionately. All royalty interest covered by this

HIDALGO COUNTY DRAINAGE DISTRICT NUMBER ONE

802 NORTH DOOLITTLE

EDINBURG, TEXAS 78542

(956) 292-7080

FAX (956) 292-7089



GODFREY GARZA, JR.
MANAGER

August 21, 2010

Re: **HIDALGO COUNTY DRAINAGE DISTRICT NO.1**
Request For Bids -"Notice of Intention to Lease Land for Mineral Development"
Bid No: 10-009-09-15

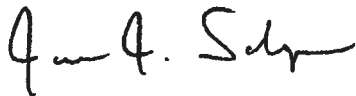
Dear Respondents:

Enclosed please find a Request for Bids (RFB) packet for you review and consideration.

Hidalgo County Drainage District No.1 welcomes and appreciates your participation in the RFB process.

If any further assistance is required, please do not hesitate to call the Drainage District at (956) 292-7080.

Sincerely,



Jaime J. Salazar, Buyer
Hidalgo County Drainage District No.1

GG/jjs

Enclosures

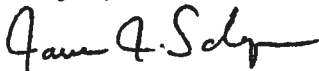
REQUEST FOR BID (RFB) CHECKLIST

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 "NOTICE OF INTENTION TO LEASE LAND FOR MINERAL DEVELOPMENT" BID No. 10-009-09-15

1. Request for Bid Letter, consisting of 1 page.
2. Request for Bid, Checklist, consisting of 1 pages.
3. Request for Bid, "Order Authorizing Notice of Intent to Lease for Mineral Development" consisting of 5 pages.
4. Exhibit "A" Mineral Acreage Descriptions, consisting of 2 pages.
5. Exhibit "B", Paid-Up Oil, Gas and Mineral Lease Form, consisting of 6 pages.
6. Exhibit "C"- "Notice of Intention to Lease Land for Mineral Development, consisting of 1 page.
7. Exhibit "D" Conflict of Interest Questionnaire, consisting of 1 page.
8. Vendor / Bidder Application/ HUB Declaration and W-9 form consisting of 6 pages.

The above mentioned items shall be found in the Request for Bid (RFB) packet that is attached herewith. Should you find that any of the items are not attached in its entirety please contact Hidalgo County Drainage District No.1 by calling (956) 292-7080.

Thank you,



Jaime J. Salazar, Buyer
Hidalgo County Drainage District No.1

08-21-2010
Date

RFB No: 10-009-09-15	Buyer: Jaime J. Salazar	Tel. No: (956) 292-7080
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REQUEST FOR BIDS

**Hidalgo County Drainage District No.1
Edinburg, Texas**

**“Notice of Intention to Lease of Land for Mineral Development”
September 15, 2010**

Contact Person:

**Jaime J. Salazar, Buyer
Hidalgo County Drainage District No. 1
902 N. Doolittle
Edinburg, Texas 78542**

(956) 292-7080

Form HCDD1-04

ORDER AUTHORIZING NOTICE OF INTENT TO LEASE FOR MINERAL DEVELOPMENT OF LAND, WHICH PARCELS AS LISTED AND MORE PARTICULARLY DESCRIBED IN NOMINATION/BID PACKETS (EXHIBIT A), SITUATED IN HIDALGO COUNTY, TEXAS.

THE STATE OF TEXAS §
HIDALGO COUNTY §

On this the 29th day of June 2010, the Hidalgo County Drainage District No.1 Board of Director's, being duly convened at a regular meeting of the Hidalgo County Drainage District No.1 Board of Director's, a quorum being present, upon motion of Commissioner Palacios, and seconded by Commissioner Garza, duly put and carried, the following was adopted:

WHEREAS, Hidalgo County Drainage District No.1, owns the hereinafter described land (also being part of) and

WHEREAS, the Hidalgo County Drainage District No.1 Board of Directors, has determined, and hereby determines, that it is advisable to lease the hereinafter described land for mineral development.

NOW, THEREFORE, BE IT ORDERED, ADJUDGED AND DECREED by the Hidalgo County Drainage District No.1 Board of Directors, Hidalgo County, Texas.

1. That the matters recited in the preamble hereof are true and correct.
2. That Jaime J. Salazar, Hidalgo County Drainage District No.1 Buyer, be, and he is hereby, authorized to give public notice of intent to lease for mineral development the following described land, (and more particularly described in Exhibit A) situated in the County of Hidalgo and the State of Texas, to-wit:

Tract II: ^{1.54}~~2.154~~ acre tract of land, more or less, out of Lt Eight (8), A Wayne Wood Subdivision, Hidalgo County, Texas, as per map or plat thereof recorded in Volume 1, Page 59, Map Records, Hidalgo County, Texas, and being more particularly described by metes and bounds.

3. That said notice of intent to lease said land for mineral development be given by publication of such notice in a newspaper published in Hidalgo County, Texas, having general circulation therein, once a week for a period of three (3) consecutive weeks, designating the 15th of September 2010, at 9:30 A.M., as the said time at Hidalgo County Drainage District No.1 office, 902 N. Doolittle, Edinburg, Texas 78542, as the place where Bids received for such lease will be opened. ALL BIDS WILL BE IN WRITING AND WILL BE ACCOMPANIED BY A CASHIER'S CHECK PAYABLE TO: HIDALGO COUNTY DRAINAGE DISTRICT NO.1, HIDALGO COUNTY, TEXAS IN THE AMOUNT OF THE CONSIDERATION OFFERED. One (1) original and three (3) copies of RFB's must be enclosed in a sealed envelope and/or package with vendor's name and return address clearly typed/printed on the upper left hand corner and the proper notation clearly typed/printed on the lower left-hand corner: "REQUEST FOR BIDS No.: 10-009-09-15-NOTICE OF INTENT TO LEASE OF LAND FOR MINERAL DEVELOPMENT-

HIDALGO COUNTY DRAINAGE DISTRICT NO.1” AND WILL BE DELIVERED TO THE HIDALGO COUNTY DRAINAGE DISTRICT NO.1 OFFICE, 902 N. DOOLITTLE, EDINBURG, TEXAS 78542. NO LATER THAN 9:30 A.M., WEDNESDAY, SEPTEMBER 15, 2010. NO FACSIMILES OR LATE ARRIVALS WILL BE ACCEPTED. ANY RFB’S RECEIVED AFTER THAT TIME WILL NOT BE OPENED AND WILL BE RETURNED. OVERNIGHT MAIL MUST ALSO BE PROPERLY LABELED ON THE OUTSIDE OF EXPRESS ENVELOPE OR PACKAGE IN REFERENCE TO RFB NO.: 10-009-09-15-“NOTICE OF INTENT TO LEASE OF LAND FOR MINERAL DEVELOPMENT-HIDALGO COUNTY DRAINAGE DISTRICT NO.1”. WRITTEN QUESTIONS WILL BE ACCEPTED NO LATER THAN Wednesday, September 8, 2010 at 5:00 p.m. Responses will be sent to all applicants via facsimile by Friday, September 10, 2010 by 5:00 P.M. TELEPHONE INQUIRIES WILL NOT BE ACCEPTED. Each BID will identify the proposer and state the amount of consideration BID.

4. That no bid with a bonus money consideration of less than \$200.00 per mineral acre will be considered. Said minimum bid amount will be based on Hidalgo County Drainage District No.1 having a full interest in and to the minerals in and under said acre tracts of land described herein in Item 2 and no reduction or adjustment in said amount will be made by reason of Hidalgo County Drainage District No.1 ownership of a lesser interest in the minerals.
5. That the lease will be paid-up lease in substantially the form attached hereto as Exhibit “B”, with a royalty on oil, gas and other minerals, and such other terms, as therein provided.
6. Bids received which are in proper form and accompanied by the appropriate attachments will be considered at a public hearing to be held during the Hidalgo County Drainage District No.1 Board of Directors session occurring at 8:30 A.M. on September 28, 2010.
7. That Hidalgo County Drainage District No.1, acting through its Board of Directors reserves the right to reject any and all bids, to take new bids, to waive irregularities, and to accept the bid most advantageous.
8. All costs and expenses associated with the preparation and submission of (bids, proposals and/or quotes) shall be the responsibility of the bidder and no reimbursements for such charges or expenses shall be passed onto Hidalgo County Drainage District No.1.

9. Disclosure of Conflict of Interest

Effective January 1, 2006, Chapter 176 of the Texas Local Government Code requires that any vendor, person, consultant, or contractor considering doing business with Hidalgo County Drainage District No.1 (the County) to disclose in the Conflict of Interest Questionnaire (the CIQ) attached as Exhibit D, the vendor, person, consultant or contractor's affiliation or business relationship that might cause a conflict of interest with the County. By law, the CIQ must be filed with the Hidalgo County Drainage District No.1 clerk's Office no later than the seventh business day after the date the person becomes aware of facts that require that statement to be filed. The disclosure requirement applies to a person or business who contracts or seeks to contract with Hidalgo County Drainage District No.1 for the sale or purchase of property, goods or service. Any purchase order or contract resulting from this process shall be considered null and void if the

successful bidder fails to comply with Texas Local Government Code Chapter 176. Vendors, consultants, contractors and others who are to conduct business with Hidalgo County Drainage District No.1 are encouraged to refer to Texas Local Government Code Chapter 176 for the details of this law. An offense under Texas Local Government Code Chapter 176 is a Class C Misdemeanor.

Please Submit completed CIQ forms to the Hidalgo County Drainage District No.1 Clerk's Office located at 100 N. Clesner, Edinburg, Texas 78539 Hidalgo County Drainage District No.1 Courthouse

COMPLETION AND SUBMISSION OF FORM CIQ IS THE SOLE RESPONSIBILITY OF THE PROSPECTIVE BIDDER.

RFB
for
Hidalgo County Drainage District No.1
RFB No: 10-009-09-15
September 15, 2010

To: Jaime J. Salazar, Buyer
Hidalgo County Drainage District No.1
902 N. Doolittle
Edinburg, Texas 78542

In accordance with the Requirements, and subject to all laws and regulations of the United States and state and local laws, the undersigned Bidder proposes and commits to furnish all labor, equipment, material, software and services as set forth in the documents hereinbefore mentioned. The undersigned Bidder further agrees, upon acceptance of its bids, to execute a contract and/or Purchase Order issued by Hidalgo County Drainage District No.1 for performing and completing the work described in the Requirements within the time stated and for the prices proposed in the documents attached hereto and made a part hereof.

Bidder acknowledges receipt of all of the pages of the documents referenced in the Invitation to Bid Checklist presented in connection with this procurement. Bidder understands that Hidalgo County Drainage District No.1 reserves the right to reject any or all bids and further reserves the right to design the evaluation criteria to be used in selecting the lowest and best bids.

Bidder agrees that this bid shall be good and may not be withdrawn for a period of ninety (90) calendar days after the scheduled closing time for receiving bids, as contained in the Requirements.

Respectfully submitted,

Bidder: Dewbre Petroleum Corporation

Address: 802 N. Carancahua, Suite 1800, Corpus Christi, Texas 78401

By: 

Printed Name: Chris Yonker

Title: Landman

EXHIBIT "A"

MINERAL ACREAGE DESCRIPTIONS

**HIDALGO COUNTY DRAINAGE DISTRICT NO.1
REQUEST FOR BIDS**

**"NOTICE OF INTENTION TO LEASE LAND
FOR MINERAL DEVELOPMENT"**

RFB No: 10-009-09-15

Exhibit “A”

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1 RFB-“NOTICE OF INTENTION TO LEASE LAND FOR MINERAL DEVELOPMENT RFB NO: 10-009-09-15

Hidalgo County Drainage District No. 1 Mineral Acreage Descriptions:

1.54 acre tract of land, more or less, out of Lot 8, A. Wayne Wood Subdivision, of the Agostodero Del Gato Grant, Hidalgo County, Texas, as shown by the Map or Plat of said Subdivision of record in Volume 1, Page 59, Map Records, Hidalgo County, Texas.

EXHIBIT "B"

**PAID-UP
OIL, GAS AND MINERAL LEASE**

**HIDALGO COUNTY DRAINAGE DISTRICT NO.1
REQUEST FOR BIDS**

**"NOTICE OF INTENTION TO LEASE LAND
FOR MINERAL DEVELOPMENT"**

RFB No.: 10-009-09-15

Exhibit "B"
PAID UP
OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made and entered into this 1st day of September, 2010, between Hidalgo County Drainage District No. 1, hereinafter called "Lessor" (whether one or more), whose address is 2802 S. Bus. Hwy 281, New Administration Building, Edinburg, Texas 78539 and DEWBRE PETROLEUM CORPORATION, hereinafter called "Lessee", whose address is 802 N. Carancahua, Suite 1800, Corpus Christi, Texas 78401-0033.

1. Lessor, in consideration of Ten & no/100's, and other valuable consideration Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets, exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, gas and all other minerals, injecting gas, waters and other fluids, air and other gaseous substances into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, electric transmission lines, telephone lines and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land in Hidalgo County, Texas, to-wit:

1.54 acres tract of land, more or less, out of Lot 8, A. Wayne Wood Subdivision, of the Agostodero Del Gato Grant, Hidalgo County, Texas, as shown by the Map or Plat of said Subdivision of record in Vol. 1, Page 59, Map Records of Hidalgo County, Texas.

Notwithstanding any particular description, it is nevertheless the intention of Lessor to include this lease, and Lessor does not hereby lease, not only the land described but also any and all other land owned or claimed by Lessor in the herein named survey or surveys, or in adjoining surveys, the herein described land up to the boundaries of the abutting landowners, the lease lands being hereinafter referred to as "said land". For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 1.54 acres, whether actually containing more or less. Lessor agrees to execute any supplemental instrument(s) requested by Lessee for a more complete or accurate description of said land or instrument(s) to perfect title deficiencies.

2. Subject to other provisions herein contained, this lease shall remain in force for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said physical land or land with which said land or any part thereof is pooled, or this lease is maintained by virtue of some other provision hereof.
3. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term.
4. The royalties to be paid by Lessee are: (a) deliver in kind to Lessor, at the well, or to the credit of Lessor into the pipeline or storage tank to which the well may be connected, the 1/4th part of all oil (including condensate) produced and saved from the leased premises. In lieu thereof, Lessee shall have the option, at any time, to sell lessor's oil, in which case Lessor's royalty shall be based on lessee's net proceeds at the lease, or to purchase lessor's oil for the value of such oil at the lease. In any event, lessor's interest shall be free of all costs of production, but shall bear its proportionate part of production and similar taxes, and shall share proportionately with Lessee in any costs to market, transport, or condition the oil; (b) to pay Lessor for gas (including casing head gas, all gaseous substances, and all other constituents thereof) produced and sold from the leased premises, 1/4th part of the net proceeds at the lease from the sale of such gas, after deducting lessor's proportionate part of the production, and other similar taxes: lessor's interest to be free of all costs of production, but to bear proportionately with lessee any costs incurred by lessee to market the gas, to deliver the gas to market off the leased premises, or to dehydrate, compress, process, treat, or otherwise place such gas marketable condition; (c) on gas, including casing head gas and all gaseous substances, produced from said land and used of said land by Lessee and not benefiting Lessor, the market at the mouth of the well of 1/4th of the gas so used of said land; (d) on all minerals mined and marketed, 1/4th, either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be one dollar (\$1.00) per long ton; and (e) if at any time while there is a gas well or wells on the said land or land pooled therewith (for the purpose of this clause (e) the term "gas well" shall include wells capable

of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, and this lease is not being maintained otherwise as provided herein, this lease shall nevertheless remain in force and effect following the shutting in of the well(s), whether it be during or after the primary term (unless released by Lessee), and it shall be considered that gas is being produced from the land covered by this lease. When the lease is continued in force in this manner and the well or wells are shut-in for a period of at least ninety (90) consecutive days. Lessee shall pay or tender as advanced annual royalty to the parties who at the time of such payment would be entitled to receive royalty hereunder if the well were producing, or deposit to their credit in the SEND DIRECTLY TO LESSOR'S ADDRESS Bank (Account No.) Dollars \$.00 per net acre for the acreage then held under this lease by the party making such payment or tender. The first payment of sum shall be made on or before either (1) ninety (90) days from the date such well or wells are shut-in; (2) ninety (90) days from the effective date for inclusion of said land or a portion thereof within a unit on which is located a shut-in gas well; or (3) ninety (90) days from the date this lease ceases to be otherwise maintained as provided herein, whichever is the late date, and it shall be considered that gas is being produced from said land in paying quantities within the meaning of Paragraph 2 hereof for one (1) year from the date of such payment, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered that gas is being produced from said land in paying quantities within the meaning of said Paragraph 2 during any annual period for which such royalty is so paid or tendered; such advanced annual royalty payment shall be credited against any royalty accruing to the owners thereof any production from said land during any annual period for which such advanced annual payment has been made. Lessee's failure to pay or tender or to pay or tender properly or timely any such sum as royalty shall render Lessee liable for the amount but it shall not operate to terminate this lease. All royalty interest, whether or not owned by the undersigned, shall be paid out of the royalty as provided for in said lease.

5. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interest, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee at its sole discretion deems it necessary or proper to do in order to develop or operate prudently the lease premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir is at least one hundred (100) feet. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling, completion, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling, completion, or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, so long as the total acreage therein or produced therefrom, may from time to time be enlarged and extended by Lessee to include additionally any other formation or formations and any other mineral or minerals therein of produced therefrom. In making such a revision, Lessee shall file or record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. Lessee may place and use on each unit created hereunder common measuring and reworking tanks for production from such unit. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.
6. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in operations for drilling, mining or reworking of any well or mine thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as operations on said well or for the drilling or reworking of an additional well are commenced and prosecuted (whether on the same or successor wells) with no cessation of more than ninety (90) consecutive days, and, if the result in the production, so long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or land pooled therewith, production thereof should cease from any cause, this lease shall not terminate if

Lessee commences operations for drilling or reworking within ninety (90) days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in or adjacent land and within two hundred (200) feet of and draining said land, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purpose of this lease shall be conclusive.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder including re-pressuring, pressure maintenance, cycling and secondary recovery operations, and the royalty shall be computed after deducting any so used. Any structures and facilities placed on said land by Lessee for operations hereunder and any well or wells on said land drilled or used for the injection of salt water or other fluids may also be used for Lessee's operations on other lands in the same area. Lessee shall have the right at any time during this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.
8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, representatives, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land or royalties shall be binding upon Lessee for any purposes until such person acquiring any interest has furnished Lessee with the instrument or instruments or certified copies thereof, constituting the chain of title from the original Lessor. An assignment of this lease, in whole, or in part, shall, to the extent of such assignment, relive and discharge Lessee of any obligations thereunder, and if, Lessee or assignees of part or parts hereof shall fail to comply with any provision of this lease, such default shall not affect this lease insofar as it covers a part of said land upon which Lessee or any assigns thereof shall not be in default. Should more than six parties become entitled to royalties hereunder, Lessee may require the appointment of a single agent to receive payment for all and may withhold payment until such appointment has been made.
9. When drilling or other operations are delayed or interrupted by storm, flood, or other act of God, fire, war, rebellion, insurrection, riot strikes, differences with workmen, unavailability of material or equipment, failure of carriers to transportation, some order, requisition or necessity of the government or as a result of any cause whatsoever beyond the control of the Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State Laws. Executive order, rules or regulations and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation. If from such causes Lessee is prevented from conducting drilling or reworking operations on, or producing oil or gas from said land or land pooled therewith, the time while Lessee is so prevented shall not be counted against Lessee, and this lease shall be extended for a period of time equal to that during which such Lessee is so prevented from conducting drilling or reworking operations on or producing oil or gas from said land or land pooled therewith, notwithstanding any other provision hereof.
10. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default shall have sixty (60) days after receipt of notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said land, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one (1) well per forty (40) acres, plus an acreage tolerance not to exceed ten percent (10%) of forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one (1) well per six hundred forty (640) acres, plus an acreage tolerance not to exceed ten percent (10%) of six hundred forty (640) acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.
11. Lessor hereby warrants and agrees to defend the title to said land, and agrees that Lessee, at its option, may discharge any tax, mortgage or other lien upon said land in the event of default of payment by Lessor, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, whether stated herein above as a whole or

partial interest, then the royalties to be paid Lessor shall be reduced proportionately. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should anyone or more of the parties named herein above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

- 12. Lessee, its successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or Lessor's heirs, representatives, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, express or implied, of this agreement as to the acreage so surrendered, and thereafter the advance annual royalties payable hereunder shall be reduced in the portion that the acreage covered hereby is reduced by said release or releases.
- 13. Notwithstanding anything contained herein to the contrary, if, at the expiration of the primary term of this lease, this lease or any portion thereof, is not being maintained in effect in any manner provided herein, including, but not limited to operations upon or production from the leased premises or on land pooled therewith, or through the payment of shut-in gas royalties, Lessee shall have the exclusive right and option to renew and extend this lease as to the lands then covered thereby or any portion chosen by Lessee for an additional two (2) years primary term, commencing September 1, 2013 by payment or tender to Lessor or to the credit of Lessor in the above named depository bank, on or before said date, a sum of money equal to Two Hundred Dollars (\$250.00) per net mineral acre; provided that such sum, shall be reduced under the applicable lease provisions, including but not limited to proportionate reduction based on ownership of Lessor.

IN WITNESS WHEREOF, this instrument is effective on the date first above written.

Lessor:
HIDALGO COUNTY DRAINAGE DISTRICT NO. 1

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on this ____ day of _____, 2010, by _____, as _____ on behalf of said Hidalgo County Drainage District No. 1, in the capacity therein stated for purposes and consideration therein expressed.

NOTARY PUBLIC - STATE OF TEXAS

EXHIBIT "C"
NOTICE OF INTENTION TO LEASE LAND
FOR MINERAL DEVELOPMENT

THE STATE OF TEXAS §
COUNTY OF HIDALGO §

Notice is hereby given by the Hidalgo County Drainage District No. 1 Board of Director's ("District"), has determined that it would be in the best interest of the District to lease the following land for Mineral Development, which parcels are listed and more particularly described in nomination/bid packet (Exhibit A) and as listed as follows:

1.54

~~0.154~~ acre tract of land, more or less, out of Lt Eight (8), A Wayne Wood Subdivision, Hidalgo County, Texas, as per map or plat thereof recorded in Volume 1, Page 59, Map Records, Hidalgo County, Texas, and being more particularly described by metes and bounds.

NOMINATION/BID PACKETS which include details and requirements (more particularly described in Exhibit A, included in the bid packets), may be obtained by emailing your request to jaime.salazar@hcdd1.org or may be picked up in person at the Hidalgo County Drainage District No.1, 902 N. Doolittle, Edinburg, TX.

All vendors interested in bidding on the "Lease of Land for Mineral Development" described above shall submit sealed bids properly addressed and delivered to Jaime J. Salazar, Buyer/Hidalgo County Drainage District No.1, 902 N. Doolittle Edinburg, Texas 78542. One (1) original and three (3) copies are required with the bidder's name and return address clearly typed/printed on upper left hand corner and the proper notation clearly typed/printed on the lower left hand corner of the envelope and/or package: RFB NO.: 10-009-09-15 "LEASE OF LAND FOR MINERAL DEVELOPMENT - HIDALGO COUNTY DRAINAGE DISTRICT NO.1". Bids will be accepted until 9:30 a.m., Wednesday, September 15, 2010, (specifying the proposed yearly lease rental amount, and including all obligations as stated in the specifications/requirements), at which time they will be opened at the Hidalgo County Drainage District No.1 office in Edinburg, Texas.

NO FACSIMILES OR LATE ARRIVALS WILL BE ACCEPTED. ANY BIDS RECEIVED AFTER THAT TIME WILL NOT BE OPENED AND WILL BE RETURNED. OVERNIGHT MAIL/PACKAGES MUST ALSO BE PROPERLY LABELED ON THE OUTSIDE OF EXPRESS ENVELOPE AND/OR PACKAGE.

HIDALGO COUNTY DRAINAGE DISTRICT NO.1 reserves the right to refuse and reject any/all bids and to waive any/all formalities and technicalities, or to accept the bid considered the best and most advantageous to the District.

BY RESOLUTION OF THE HIDALGO COUNTY DRAINAGE DISTRICT NO.1 BOARD OF DIRECTOR'S, on this the 29th day of June, 2010.

JAIME J. SALAZAR, BUYER
HIDALGO COUNTY DRAINAGE DISTRICT NO.1
REPORT ILLEGAL DUMPING
800-381-1051

HIDALGO COUNTY DRAINAGE DISTRICT NO.1

VENDOR NO.: _____

ENTRY DATE: _____

Bidder/Vendor Application

Complete in print or type. It is the vendor's responsibility to return this application to Hidalgo County Drainage District No.1 Purchasing Department.

Company Name Dewbre Petroleum Corporation	Telephone No. (361) 888-7978	
Mailing Address 802 N. Carancahua, Suite 1800	Fax No. (361) 888-7980	
City, State, Zip Corpus Christi, Texas 78401	Tax I.D. No. 74-2552108	
E-Mail Address: chris@dewbre.com	Website Address: www.dewbre.com	
Representative(s) Name(s) & Title(s) Jerry C. Dewbre, President or Chris Yonker, Landman		
Type of Organization (check one): _____ Individual _____ Partnership <input checked="" type="checkbox"/> Corporation _____ LLC _____ Other, Specify		
Federal Identification No. or (if individual) SS No.		
State of Incorporation: <u>Texas</u> _____ Other:		
Type of Business (check one): _____ Manufacturer _____ Wholesaler _____ Retailer _____ Broker _____ Distributor _____ Service Organization <input checked="" type="checkbox"/> Other, Specify Oil & Gas Operator		
Name & Title of Person(s) Authorized to Sign Bids, BIDSs, and/or Contracts: Jerry C. Dewbre, President or Chris Yonker, Landman		
Small and/or Disadvantaged Business Information (check application criteria) N/A Small Business: Disadvantaged Business (At Least 51% Ownership)		
<input type="checkbox"/> Less than 125,000 annual gross receipt	<input type="checkbox"/> Black American	<input type="checkbox"/> Native American
<input type="checkbox"/> Less than 250,000 annual gross receipt	<input type="checkbox"/> Hispanic American	<input type="checkbox"/> Women
<input type="checkbox"/> Less than 499,000 annual gross receipt	<input type="checkbox"/> Asian Pacific American	<input type="checkbox"/> Other
<input type="checkbox"/> More than 500,000 annual gross receipt		
Have you been certified as a HUB or an MBE/WBE source?: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Indicate Certification No.(s): _____ or are Certificate(s) attached?: <input type="checkbox"/> Yes <input type="checkbox"/> No		
What type of product(s) is/are solicited by your company?:		
Would you like to be provided with specifications for procurements of such products?: <input type="checkbox"/> Yes <input type="checkbox"/> No		

HISTORICALLY UNDERUTILIZED BUSINESS (HUB) DECLARATION

The primary objective of the Hidalgo County Drainage District No.1 HUB Program is to ensure Historically Underutilized Businesses receive a fair and equal opportunity for participation in the County's procurement process. This fact holds true for Services (Professional & Non-Professional), Commodities, and Construction contracts and any subcontracts thereto. The program strongly encourages Prime Contractors to provide subcontracting opportunities to Certified Hub Contractors/Vendors. Our goal for HUB contractor/vendor participation, as well as HUB subcontractor participation is 30%. To be considered as a "Certified HUB Contractor/Vendor" the contractor/vendor must have been certified by, and hold a current and valid certification with any of the three agencies listed below.

Have you been Certified as a HUB or an MBE/WBE source?: Yes No If yes, by whom?:
 State Building and Procurement Commission Other

Indicate Certification No(s): _____ or Are Certificate(s) Attached?: Yes No

LIST OF CERTIFIED HUB SUBCONTRACTORS

(Attach additional pages if necessary)

What percentage of the Bid or RFQ is to be subcontracted with Certified HUB sources?: _____ %
(List HUB Subcontractor information below).

HUB Subcontractor Name: _____ HUB Status:

Certifying Agency (Check all applicable):

State Building and Procurement Commission Other

Address: _____ City: _____ State: ____ Zip:

Contact Person: _____ Title: _____ Phone No.: ()

Subcontract Amount: \$ _____ Description of Work to be Performed:

HUB Subcontractor Name: _____ HUB Status:

Certifying Agency (Check all applicable):

State Building and Procurement Commission Other

Address: _____ City: _____ State: ____ Zip:

Contact Person: _____ Title: _____ Phone No.: ()

Subcontract Amount: \$ _____ Description of Work to be Performed:

HUB Subcontractor Name: _____ HUB Status:

Certifying Agency (Check all applicable):

State Building and Procurement Commission Other

Address: _____ City: _____ State: ____ Zip:

Contact Person: _____ Title: _____ Phone No.: ()

Subcontract Amount: \$ _____ Description of Work to be Performed:

**Request for Taxpayer
Identification Number and Certification**

Give form to the requester. Do not send to the IRS.

Print or type
See Specific instructions on page 2.

Name (as shown on your income tax return)

Business name, if different from above

Dewbre Petroleum Corporation

Check appropriate box: Individual/Sole proprietor Corporation Partnership

Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶

Other (see instructions) ▶

Exempt payee

Address (number, street, and apt. or suite no.)

802 N. Carancahua, Suite 1800

Requester's name and address (optional)

City, state, and ZIP code

Corpus Christi, Texas 78401

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

OR

Employer identification number

74 : 2552108

Part II Certification

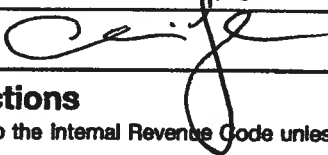
Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here

Signature of U.S. person ▶



Date ▶ 9/7/2010

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). Check the "Limited liability company" box only and enter the appropriate code for the tax classification ("D" for disregarded entity, "C" for corporation, "P" for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An International organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7

¹See Form 1099-MISC, Miscellaneous Income, and its instructions.

²However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if Items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. **Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

2. **Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ³
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ³
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

**Mission Levee Final Pymt/Ret Release and DHS CO
DRAINAGE DISTRICT**

Date: 09/21/2010
Submitted By: Minerva Luna, DRAINAGE DISTRICT
Department: DRAINAGE DISTRICT

Information

CAPTION

- A. Request approval of Certificate of Final Completion for Mission Levee Improvements Project, Inspiration Rd. to Abram Rd. (3.59 miles).
- B. Request approval of Payment Request No. 11B to Longhorn Excavators, Inc. for Final Payment and Final Release of Retainage plus interest on Mission Levee Improvements Project, Inspiration Rd. to Abram Rd. (3.59 miles).
- C. Request approval to process manual checks to Longhorn Excavators, Inc. for the above mentioned project pending completion of the audit process.
- D. Request approval of Change Order No. 33A on the Contract with Ballenger Construction Company for the Construction of Levee DHS 0-6A. Subject to Department of Homeland Security (DHS) concurrence.
- E. Request approval of Change Order No. 29 on the Contract with Zachry Construction Corporation for the Construction of Levee DHS 0-8. Subject to Department of Homeland Security (DHS) concurrence.

BACKGROUND

Fiscal Impact

Attachments

- Link: [cert. of completion](#)
- Link: [Mission Levee PR 11B](#)
- Link: [DHS 0-6A CO#33A](#)
- Link: [DHS 0-8 CO#29](#)

Form Routing/Status

Route	Seq	Inbox	Approved By	Date	Status
1		Budget & Management	Sylvia Solis	09/16/2010 02:23 PM	APRV
2		Perla Lopez	Perla Lopez	09/17/2010 04:36 PM	APRV
3		Final Approval		09/17/2010 04:46 PM	NEW
				Started On: 09/16/2010 11:53 AM	

Form Started By: Minerva Luna

Final Approval Date: 09/17/2010

Project Name:
Contractor:
Address:
City/State/Zip:

REQUEST FOR PAYMENT
MISSION LEEVE IMPROVEMENTS PROJECT INSPIRATION RD. TO ABRAM RD (STA. 194+52 TO STA. 384+00)
LONGHORN EXCAVATORS, INC.
8653 FM 2759
RICHMOND, TEXAS 77469

REQUEST FOR FINAL PAYMENT NO. 118

Project Number: 4287-03
Date: 9/25/2010

CONTRACT NO. 08-010-07-01
WORK THRU: 5/25/2010 thru 9/25/2010

PROGRESS BILLING WORKSHEET - NO. 1

ITEM NO	UNIT	TOTAL QUANTITY	BID UNIT PRICE	TOTAL BID PRICE	CHANGE ORDERS			UNIT QTY. COMPLETE PRIOR INVOICES	UNIT QTY. COMPLETE THIS PERIOD	UNIT QTY. COMPLETE TO DATE	AMOUNT PRIOR INVOICES	AMOUNT COMPLETE TO DATE	AMOUNT DUE THIS INVOICE	BALANCE TO COMPLETE	
					NO.	QTY.	UNIT PRICE								
1	LF	39,504	\$ 2.40	\$ 94,809.60				39,504.00	0.00	39,504.00	94,809.60	94,809.60	-	-	
2	EA	4	\$ 2,400.00	\$ 9,600.00				4.00	0.00	4.00	9,600.00	9,600.00	-	-	
3	CY	1,118	\$ 3.00	\$ 3,354.00				3,118.00	0.00	3,118.00	27,295.00	27,295.00	-	-	
4	CY	16,144	\$ 3.00	\$ 48,432.00				16,144.00	0.00	16,144.00	48,432.00	48,432.00	-	-	
5	CY	17,291	\$ 3.00	\$ 51,873.00				17,291.00	0.00	17,291.00	51,873.00	51,873.00	-	-	
6	LF	70	\$ 15.45	\$ 1,081.50				70.00	0.00	70.00	1,081.50	1,081.50	-	-	
7	EA	9	\$ 977.52	\$ 8,800.00	3A	6.00	\$ 877.5200	(2,632.56)	0.00	6.00	5,265.12	5,265.12	-	-	
8	EA	2	\$ 987.21	\$ 1,974.42	3A	3.00	\$ 987.21	0.00	0.00	3.00	2,961.63	2,961.63	-	-	
9	EA	1	\$ 1,206.59	\$ 1,206.59	3A	2.00	\$ 1,206.59	1,206.59	2.00	2.00	2,413.18	2,413.18	-	-	
10	EA	1	\$ 1,974.42	\$ 1,974.42	3A	0.00	\$ 1,974.42	(1,974.42)	0.00	0.00	-	-	-	-	
11	EA	4	\$ 41,682.20	\$ 166,728.80				4.00	0.00	4.00	166,728.80	166,728.80	-	-	
12	STA	213	\$ 2,373.00	\$ 505,449.00				213.00	0.00	213.00	505,449.00	505,449.00	-	-	
13	EA	6	\$ 4,387.60	\$ 26,325.60				6.00	0.00	6.00	26,325.60	26,325.60	-	-	
14	EA	3	\$ 4,387.60	\$ 13,162.80				3.00	0.00	3.00	13,162.80	13,162.80	-	-	
15	EA	2	\$ 4,387.60	\$ 8,775.20				2.00	0.00	2.00	8,775.20	8,775.20	-	-	
16	EA	1	\$ 5,484.50	\$ 5,484.50				1.00	0.00	1.00	5,484.50	5,484.50	-	-	
17	EA	6	\$ 329.07	\$ 1,974.42	3A	7.00	\$ 329.07	329.07	7.00	7.00	2,303.49	2,303.49	-	-	
18	EA	3	\$ 438.76	\$ 1,316.28	3A	5.00	\$ 438.76	877.52	5.00	5.00	2,193.80	2,193.80	-	-	
19	EA	2	\$ 767.83	\$ 1,535.66	3A	1.00	\$ 767.83	(767.83)	1.00	1.00	767.83	767.83	-	-	
20	EA	1	\$ 1,096.90	\$ 1,096.90				1.00	0.00	1.00	1,096.90	1,096.90	-	-	
21	EA	6	\$ 1,974.42	\$ 11,846.52				6.00	0.00	6.00	11,846.52	11,846.52	-	-	
22	EA	2	\$ 1,974.42	\$ 3,948.84				2.00	0.00	2.00	3,948.84	3,948.84	-	-	
23	EA	1	\$ 2,632.56	\$ 2,632.56				1.00	0.00	1.00	2,632.56	2,632.56	-	-	
24	EA	1	\$ 3,071.32	\$ 3,071.32				1.00	0.00	1.00	3,071.32	3,071.32	-	-	
25	EA	4	\$ 4,387.60	\$ 17,550.40				4.00	0.00	4.00	17,550.40	17,550.40	-	-	
26	CY	8,646	\$ 4.95	\$ 42,797.70				8,646.00	0.00	8,646.00	42,797.70	42,797.70	-	-	
27	CY	307,854	\$ 9.69	\$ 2,983,105.26	1	302,756.00	\$ 9.69	(49,399.62)	302,756.00	0.00	2,933,705.64	2,933,705.64	-	-	
28	CY	5,417	\$ 9.69	\$ 52,482.73				5,417.00	0.00	5,417.00	52,482.73	52,482.73	-	-	
29	CY	8,072	\$ 3.00	\$ 24,216.00				8,072.00	0.00	8,072.00	24,216.00	24,216.00	-	-	
30	CY	21,732	\$ 9.69	\$ 210,583.08				21,732.00	0.00	21,732.00	210,583.08	210,583.08	-	-	
31	CY	1,555	\$ 9.00	\$ 13,995.00				1,555.00	0.00	1,555.00	13,995.00	13,995.00	-	-	
32	CY	4,729	\$ 36.00	\$ 170,244.00				4,729.00	0.00	4,729.00	170,244.00	170,244.00	-	-	
33	SV	179,822	\$ 0.48	\$ 86,314.56				179,822.00	0.00	179,822.00	86,314.56	86,314.56	-	-	
34	LF	393	\$ 82.27	\$ 32,323.11	2A	312.00	\$ 82.27	(6,663.87)	312.00	0.00	312.00	25,662.24	25,662.24	-	-
35	LF	0	\$ 0.00	\$ 0.00	2A,4	0.00	\$ 4.10	0.00	0.00	0.00	0.00	0.00	-	-	
36	LF	92	\$ 98.72	\$ 9,082.24	2A,4	78.00	\$ 98.72	(1,382.08)	78.00	0.00	78.00	7,700.16	7,700.16	-	-
37	LF	0	\$ 0.00	\$ 0.00	2A,4	0.00	\$ 6.35	0.00	0.00	0.00	0.00	0.00	-	-	
38	LF	39	\$ 120.66	\$ 4,705.74	2A,4	60.00	\$ 120.66	2,533.88	60.00	0.00	60.00	7,239.60	7,239.60	-	-
39	LF	0	\$ 0.00	\$ 0.00	2A,4	0.00	\$ 9.08	0.00	0.00	0.00	0.00	0.00	-	-	
40	EA	2	\$ 4,387.60	\$ 8,775.20	3A	26.00	\$ 329.07	(858.14)	26.00	0.00	26.00	8,555.82	8,555.82	-	-
41	EA	1	\$ 9,872.10	\$ 9,872.10	3A	6.00	\$ 4,387.60	4,387.60	6.00	0.00	6.00	26,325.60	26,325.60	-	-
42	EA	2	\$ 1,645.35	\$ 3,290.70	5	4.00	\$ 1,645.35	3,290.70	4.00	0.00	4.00	6,581.40	6,581.40	-	-
43	EA	7	\$ 18,744.20	\$ 131,209.40	4	8.00	\$ 18,744.20	10,744.20	8.00	0.00	8.00	148,953.60	148,953.60	-	-
44	LS	0	\$ 0.00	\$ 0.00	1	1.00	\$ 31,488.46	31,488.46	1.00	0.00	1.00	31,488.46	31,488.46	-	-

ORIGINAL CONTRACT AMOUNT:	\$ 4,869,979.64				
NET CHANGES BY CHANGE ORDERS(S):	\$ (7,633.31)				
TOTAL CONTRACT AMOUNT TO DATE:	\$ 4,862,346.33				
Estimated % Project Completion to Date:	100.00%				
LESS RETAINAGE @ 10%	\$ 486,234.63	\$ 353.78			
RELEASED RETAINAGE PR #8	\$ 242,273.46	\$ -			
RELEASE 50% OF REMAINING RETAINAGE TO DATE	\$ 121,986.59	\$ 121,986.59			
LESS Previous Requests for Payments	\$ 4,615,201.41	\$ -			
DEFECTIVE WORK CO NO 6	\$ (1,649.93)	\$ (1,649.93)			
TOTAL AMOUNT DUE THIS REQUEST	\$ 245,488.00	\$ 245,488.00			

Contractor: LONGHORN EXCAVATORS, INC.

CERTIFICATION OF CONTRACTOR
According to the best of my knowledge and belief, I certify that all items and amounts shown on the face of this Application for Payment are correct; that all work has been performed and / or material supplied in accordance with the requirements of the referenced Contract and / or duly authorized deviations, substitutions, alterations, and / or additions; that the foregoing is a true and correct statement of the Contract Amount up to and including the last day of the period covered by the Application for Payment; that no part of the "Balance Due this Payment" has been received and that the undersigned and his subcontractors have complied with all the labor provision of said contract.

Signed: [Signature] Date: 9/10/10
JOHN D. PARKER
PRESIDENT

INSTRUCTIONS: Contractor's Certification No. 2: is to be executed for all requests for payments after the first. Notarize all requests for payments.
CONTRACTOR'S Certification No. 2:
The undersigned CONTRACTOR certifies that (1) all previous progress payments received from Owner on account of Work done under the Contract referred to above have been applied on account to discharge CONTRACTOR'S legitimate obligations incurred in connection with Work covered by prior Applications for Payment numbered 1 through _____ this Application for Payment will pass to OWNER at time of payment free and clear of all Liens, security interest or encumbrance; and (3) all Work covered by this Application for Payment is in accordance with the Contract Documents and not defective.

DATE: 9/10/10 By: [Signature]
JOHN D. PARKER, PRESIDENT
State of TEXAS
County of TE and 10
Subscribed and sworn to me this Sept day of 2010
[Signature]
Notary Public
My Commission Expires: 6/12/11

LONGHORN EXCAVATORS, INC.
CONTRACTOR


Engineer: DANNENBAUM ENGINEERING MCALLEN-LLC

INSPECTOR'S CERTIFICATION
I certify that I have checked and verified the above and foregoing Periodic Estimate for Partial Payment; that to the best of my knowledge and belief it is a true and correct statement of work performed and/or material supplied by the contractor, and that partial payment claimed and requested by the Contractor is correctly computed on the basis of work performed and/or material supplied to date. Payment of the above AMOUNT DUE THIS APPLICATION is recommended.
[Signature] Date: 9/13/10
HECTOR GANTU
DOS LOGISTICS INSPECTOR

ENGINEER'S CERTIFICATION
I certify that I have checked and verified the above and foregoing Periodic Estimate for Partial Payment; that to the best of my knowledge and belief it is a true and correct statement of work performed and/or material supplied by the contractor, and that partial payment claimed and requested by the Contractor is correctly computed on the basis of work performed and/or material supplied to date. Payment of the above AMOUNT DUE THIS APPLICATION is recommended.
[Signature] Date: 9/13/2010
RICHARD D. SEITZ, P.E.
RESIDENT PROJECT REPRESENTATIVE

OWNER CERTIFICATION
I have checked this estimate against the contractor's Schedule of Amount for Contract Payments, the notes and reports of my inspections of the project, and the period reports submitted by the Project Engineer. It is my opinion that the statement of work performed and/or materials supplied is accurate, that the contractor is observing the requirements of the contract, and the payment to the contractor in the amount requested above is recommended.

RENE A. RAMIREZ
CHAIRMAN OF THE BOARD

HIDALGO County Drainage District No. 1
 LEVEE IMPROVEMENTS PROJECT
 DHS SEGMENT 0-6A (2.59 MILES)

CHANGE ORDER NO. 33A

Date: August 20, 2010

Contractor: Ballenger Construction Co.
 24200 North FM 509
 Harlingen, Texas 78550

Owner: Hidalgo County Drainage District No. 1
 902 N. Doolittle Road
 Edinburg, Texas 78541

Reference: LEVEE IMPROVEMENTS PROJECT
 DHS SEGMENT 0-6A (2.59 MILES)

Contract No. 08-016-09-02
 Dannenbaum No. 4410-07

Description: Corrective Change Order

Contract Amount:

Original Contract Price:	\$	28,553,870.93
Previous Change Order(s):	\$	(3,290,965.42)
Contract price prior to this change order:	\$	25,262,905.51
Net increase (decrease) from this change order:	\$	1,039.98
Contract price with all change orders to date (including this change order):	\$	25,263,945.49

Contract Time:

Authorized contract time change:		
This Change Order	0 days	0 days
Previous Total	51 days	46 days
Total to Date	51 days	46 days

	Substantial Completion	Final Completion
Original Contract Date	12/1/2008	3/30/2009
Revised Contract Date - Previous Change Order	1/21/2009	5/15/2009
Revised Contract Date - This Change Order	1/21/2009	5/15/2009

APPROVALS:

ENGINEER:
 Dannenbaum Engineering Company - McAllen, LLC


OWNER:
 Hidalgo Co. Drainage Dist. No. 1


 Richard D. Seitz, P.E. Date
 Resident Project Representative

 Rene A. Ramirez Date
 Chairman of the Board

ACCEPTED:

CONTRACTOR:
 Ballenger Construction Co.


 Joe C. Ballenger, Jr. Date
 President

HIDALGO COUNTY

SEP 15 2010

DRAINAGE DISTRICT #1

HIDALGO County Drainage District No. 1
 LEVEE IMPROVEMENTS PROJECT
 DHS SEGMENT 0-6A (2.59 MILES)

CHANGE ORDER NO. 33A

ATTACHMENT A

TABULATION OF QUANTITY AND COST

Date: August 20, 2010

Contract No.
 Dannenbaum No.

08-016-09-02
 4410-07

Contractor: Ballenger Construction Co.
24200 North FM 509
Harlingen, Texas 78550

Description:
 Corrective Change Order

COST SUMMARY

BID ITEM NO.		UNITS	PREVIOUS QNTYS			REVISED QNTYS			VARIANCE AMOUNT
			QNTYS	UNIT PRICE	COST	QNTYS	UNIT PRICE	COST	
28	CONCRETE PAD (4FT X 4FT)	EA	26.00	\$ 540.36	\$ 14,049.36	25.00			
28	CONCRETE PAD (4FT X 4FT)	EA	25.00	\$ 540.34	\$ 13,508.50	26.00			
61	BOLLARD (TRANSPORT FROM STAGING AREA & INSTALL PER PLANS) (14 FT)	EA	-4.00	\$ 130.00	\$ (520.00)	0.00			
61	BOLLARD (TRANSPORT FROM STAGING AREA & INSTALL PER PLANS) (14 FT)	EA	0.00	\$ 130.00	\$ -	4.00			
GRAND TOTAL								\$	-

HIDALGO COUNTY
 SEP 15 2010
 DRAINAGE DISTRICT #1

HIDALGO County Drainage District No. 1
 LEVEE IMPROVEMENTS PROJECT
 DHS SEGMENT 0-6A (2.59 MILES)

CHANGE ORDER NO. 33A

ATTACHMENT B

ENGINEER'S PRELIMINARY OPINION OF COST

Date: August 20, 2010

Contractor: Ballenger Construction Co.
24200 North FM 509
Harlingen, Texas 78550

Contract No. 08-016-09-02
 Dannenbaum No. 4410-07

Description: Corrective Change Order

COST SUMMARY

BID ITEM NO.		UNITS	PREVIOUS QNTYS			REVISED QNTYS			VARIANCE AMOUNT
			QNTYS	UNIT PRICE	COST	QNTYS	UNIT PRICE	COST	
28	CONCRETE PAD (4FT X 4FT)	EA	26.00	\$ 540.36	\$ 14,049.36	25.00	\$ 540.36	\$ 13,509.00	\$ (540.36)
28	CONCRETE PAD (4FT X 4FT)	EA	25.00	\$ 540.34	\$ 13,508.50	26.00	\$ 540.34	\$ 14,048.84	\$ 540.34
61	BOLLARD (TRANSPORT FROM STAGING AREA & INSTALL PER PLANS) (14 FT)	EA	-4.00	\$ 130.00	\$ (520.00)	0.00	\$ 130.00	\$ -	\$ 520.00
61	BOLLARD (TRANSPORT FROM STAGING AREA & INSTALL PER PLANS) (14 FT)	EA	0.00	\$ 130.00	\$ -	4.00	\$ 130.00	\$ 520.00	\$ 520.00
GRAND TOTAL								\$	1,039.98

HIDALGO COUNTY
 SEP 15 2010
 DRAINAGE DISTRICT #1

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
LEVEE IMPROVEMENTS PROJECT

CHANGE ORDER NO. 33A

ATTACHMENT B

Date: September 14, 2010

Contractor: BALLENGER CONSTRUCTION CO.
24200 North FM 509
Harlingen, Texas 78550

Owner: Hidalgo County Drainage District No. 1
902 N. Doolittle Road
Edinburg, Texas 78541

Reference: LEVEE IMPROVEMENTS PROJECT
DHS SEGMENT 0-6A (2.59 MI)

Contract No. 08-016-09-02
Dannenbaum No. 4410-07

ENGINEER'S EXPLANATION

DESCRIPTION OF CHANGE

Corrective Change Order

JUSTIFICATION FOR CHANGE

This change order is a correction to Bid Items #28 Concrete Pad (4ft x4ft) and # 61 Bollards (Transport from Staging Area & Install per Plans)(14ft).

Bid Item # 28 – “Concrete Pad (4FTx\$FT)

Bid Item #28 on Change Order #32 paid Ballenger Construction Company for installation of an additional 4-FT x 4-FT Concrete Pad. Due to an oversight, the unit price for this bid item was entered incorrectly, resulting in over payment of 2 cents. This Change Order, Change Order #33A, was issued to correct the unit price and 2 cent overpayment.

Bid Item #61 - BOLLARD (TRANSPORT FROM STAGING AREA & INSTALL PER PLANS) (14 FT)

Change Order #20 was issued to reconcile the final quantities on the project. The original quantity used for Bid Item #61 in the preparation of Change Order #20 was based upon the “Revised Quantity” for Bid Item #61 from Change Order #16. Subsequent to this action, Change Order #16 was revised twice, once as Change Order #16A and finally as Change Order #16B. Change Order #16B revised the “Revised Quantity” to 77 units from the 81 units shown on the original Change Order #16. However, due to Change Order #20 being executed before the two revisions to Change Order #16 the revised quantity for Bid Item #61 which becomes the original quantity for Bid Item #61 on Change Order #20 was incorrect in that it showed the 81 units from Change Order #16 and not the 77 units as shown on Change Order #16B. For this reason, when Change Order #20 was executed it reduced 81 units to zero when it should have reduced only 77 units to zero. **This resulted in a reduction of 4 units more than were actually available once Change Order #16B was executed.**

Change Order #29 was prepared to rectify this oversight, however, instead of giving the Contractor back the 4 units it reduce the units by an additional 4 units; therefore, we now owe the Contractor 8

units. This occurred because the "Revised Quantity" was entered as a minus four (-4) units when it should have been entered as a plus four (+4). The net result of this is as previously stated, "we now owe the Contractor eight (8) units". The current Change Order, Change Order #33A, corrects these two oversights by first entering a line item for Bid Item #61 reducing the quantity from an original value of -4 to a revised value of zero units and second entering a line item for Bid Item #61 increasing the quantity from an original value of zero to a revised value of plus four (+4) units.

ENGINEER'S JUSTIFICATION OF COST

Bid Item #28 was a correction to utilize a standard unit cost.

Bid Item #61 was a modification to correct an input error in quantity only

**HIDALGO County Drainage District No. 1
LEVEE IMPROVEMENTS PROJECT
DHS SEGMENT 0-8 (3.31 MILES)**

CHANGE ORDER NO. 29

Date: August 9, 2010

Contractor: Zachry Construction Corporation
P.O. Box 241948
San Antonio, Texas 78224-3948

Owner: Hidalgo County Drainage District No. 1
902 N. Doolittle Road
Edinburg, Texas 78541

Reference: LEVEE IMPROVEMENTS PROJECT
DHS SEGMENT 0-8 (3.31 MILES)

Contract No. 08-012-07-08
Dannenbaum No. 4410-03

Description:
Final Reconciliation of field placed quantities.

Contract Amount:

Original Contract Price:	\$	21,908,762.00
Previous Change Order(s):	\$	(1,824,296.81)
Contract price prior to this change order:	\$	20,084,465.19
Net increase (decrease) from this change order:	\$	5,440.00
Contract price with all change orders to date (including this change order):	\$	20,089,905.19

Contract Time:

Authorized contract time change:		
Previous Total	48	days
This Change Order	<u>0</u>	days
Total to Date	48	days

Original Contract Date	12/1/2008	Final Completion	3/30/2009
Revised Contract Date - Previous Change Order	1/18/2009		5/17/2009
Revised Contract Date - This Change Order	N/A		N/A

APPROVALS:

ENGINEER:
Dannenbaum Engineering Company - McAllen, LLC

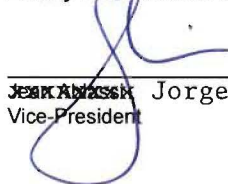
OWNER:
Hidalgo Co. Drainage Dist. No. 1


Richard D. Seitz, P.E. Date 9/16/2010
Resident Project Representative

Rene A. Ramirez Date
Chairman of the Board

ACCEPTED:

CONTRACTOR:
Zachry Construction Corporation



Jorge Laris, Date 9/9/10
Vice-President

HIDALGO COUNTY

SEP 15 2010

DRAINAGE DISTRICT #1

HIDALGO COUNTY

CANCELLED SEP 15 2010
DRAINAGE DISTRICT #1

HIDALGO County Drainage District No. 1
 LEVEE IMPROVEMENTS PROJECT
 DHS SEGMENT 0-8 (3.31 MILES)

CHANGE ORDER NO. 29

ATTACHMENT B

ENGINEER'S PRELIMINARY OPINION OF COST

Date: August 9, 2010

Contract No. 08-012-07-08

Contractor: Zachry Construction Corporation
P.O. Box 241948
San Antonio, Texas 78224-3948

Dannenbaum No. 4410-03

Description: Final Reconciliation of field placed quantities.

0

COST SUMMARY

BID ITEM NO.		UNITS	ORIGINAL QNTYS			REVISED QNTYS			VARIANCE AMOUNT
			QNTYS	UNIT PRICE	COST	QNTYS	UNIT PRICE	COST	
5	TRENCH EXCAVATION PROTECTION (STRUCTURES)	LF	115.00	\$ 5.00	\$ 575.00	123.00	\$ 5.00	\$ 615.00	\$ 40.00
28	FLEXBASE (CALICHE)(TY D GR 6)(6IN)	CY	12,033.00	\$ 30.00	\$ 360,990.00	12,213.00	\$ 30.00	\$366,390.00	\$ 5,400.00
GRAND TOTAL									\$ 5,440.00

HIDALGO COUNTY
 SEP 15 2010
 CANCELLED SEP 15 2010
 DRAINAGE DISTRICT #1

HIDALGO COUNTY DRAINAGE DISTRICT NO. 1
LEVEE IMPROVEMENTS PROJECT

CHANGE ORDER NO. 29

ENGINEER'S EXPLANATION

Date: September 14, 2010

Contractor: Zachry Construction Corporation
P.O. Box 241948
San Antonio, Texas 78224-8948

Owner: Hidalgo County Drainage District No. 1
902 N. Doolittle Road
Edinburg, Texas 78541

Reference: HIDALGO COUNTY LEVEE
IMPROVEMENTS PROJECT
DHS SEGMENT 0-8 (3.31 MI)

Contract No. 08-012-07-08
Dannenbaum No. 4410-03

DESCRIPTION OF CHANGE

Final reconciliation of field placed quantities

JUSTIFICATION FOR CHANGE

This change order reconciles all quantities to match what was constructed in the field based upon actual field measurements and concurrence of these measurements with the Contractor and Inspector as to actual quantities performed by the Contractor and not paid, as well as quantities that were not performed by the Contractor and must be credited back to the Owner.

ENGINEER'S JUSTIFICATION OF COST

This was a straight unit cost change order.

HIDALGO COUNTY

SEP 15 2010

DRAINAGE DISTRICT #1