



Brazos River Authority



QUALITY • CONSERVATION • SERVICE

August 24, 2012

Michael H. Patterson
Patterson PK Land Partnership, Ltd.
2310 W. Interstate 20, Suite 100
Arlington, Texas 76017-1668

Re: Contract for Sale of Real Property at Possum Kingdom Lake (as amended, the "**Contract**") between Brazos River Authority (the "**Authority**") and Patterson PK Land Partnership, Ltd. ("**PPKLP**") and Guaranty (the "**Guaranty**") executed by Michael H. Patterson ("**Guarantor**") in favor of the Authority; Deadline for Removal of Encroachments

Dear Mr. Patterson:

Pursuant to Paragraph 9.d(iv) of the Contract and pursuant to the terms of the Guaranty, PPKLP and Guarantor are responsible for removing (or causing the removal of) certain Encroachments (as defined in the Contract) into the FERC Buffer or FERC Project Area (the "**FERC Area**") within a reasonable time after the earlier of (i) PPKLP's receipt of written notice from the Authority or (ii) December 31, 2012, or such other date as may be agreed to in writing by the Authority or required by the Federal Energy Regulatory Commission ("**FERC**"). Subsequent to the effective date of the Contract and Guaranty, the Authority submitted an application to FERC regarding the decommissioning of the facilities at Possum Kingdom Lake and termination of the FERC License (as defined in the Contract), which application has been approved by FERC pending the Authority's completion (and FERC approval) of the decommissioning of the facilities. The final approval from FERC and termination of the FERC License may occur after December 31, 2012 and, therefore the Authority, PPKLP, and Guarantor desire to extend the date for removal of such Encroachments pending the final resolution of the application to FERC.

In consideration of the mutual covenants to be bound hereby, and for other good and valuable consideration, the receipt and sufficiency of which being acknowledged by both parties hereto, PPKLP and the Authority agree as follows:

1. The Authority and PPKLP hereby extend the timeframe by which PPKLP must remove (or cause the removal of) those certain Encroachments to the earlier of (i) PPKLP's receipt of written notice from the Authority or (ii) December 31, 2013, or such other date as may be agreed to in writing by the Authority or required by FERC (the "**Removal Date**"). Guarantor consents to such revised Removal Date.

2. PPKLP shall be responsible for notifying the leaseholders and any title companies holding escrowed funds or a Performance Deed of Trust pertaining to the removal of Encroachments of the foregoing extension and confirming that the related Escrow Agreement or Performance Deed of Trust entered into by the applicable leaseholder continues in full force and effect through the extended Removal Date.

3. PPKLP's obligation to remove or cause the removal of encroachments located in the FERC Area, as set forth in Paragraph 9.d(iv) of the Contract (and any documents signed in conjunction with the conveyance of the Property (as defined in the Contract) pursuant to the Contract) and Guarantor's obligation to fulfill or cause the fulfillment of the Purchaser's Removal/Modification Obligations (as defined in the Guaranty), shall continue in full force and effect and PPKLP (and Guarantor, as applicable) shall remove or cause the leaseholder that is leasing or that purchased its lot (along with any successors and assigns, the "*New Owner*") to remove the applicable Encroachment on or before the Removal Date.

4. In the event the New Owner fails to remove the Encroachments on or before the Removal Date, PPKLP and Guarantor, per the terms of the original Contract and Guaranty, will be responsible, at PPKLP's and Guarantor's cost and expense (subject to reimbursement from the escrowed funds), for removing such Encroachments. It is understood that, even though the Authority will have the right to use any such escrowed funds to remove the Encroachments, PPKLP and Guarantor are assuming all responsibility to remove such Encroachments, whether located in the FERC Area or on other Authority Retained Land. PPKLP's and Guarantor's agreement to remove the Encroachments is material consideration for the Authority entering into the Letter Agreement extending the timeframe for such removal.

5. PPKLP and Guarantor, for themselves and their legal representatives and assigns (collectively, the "PPKLP Parties") do hereby release, acquit, and forever discharge the Authority, its successors, assigns, directors, agents and employees from any and all manner or actions, causes of action, suits, claims, demands, judgments, damages, liabilities, and claims for damages of every kind and character, known and unknown, past, present, and future, including, but not limited to claims in connection with, resulting from or arising out of the PPKLP Parties' access to Authority Retained Land (as defined in the Contract) to remove such Encroachments. Further, the PPKLP Parties shall save, hold harmless, defend, and indemnify the Authority, its agents, employees and independent contractors from any and all actions, liabilities, losses, damages, judgments, costs and expenses, including reasonable attorney's fees, arising out of any act, error or omission by the PPKLP Parties, its agents, employees, and independent contractors, and/or on account of any bodily injury, death, or property damage, or claims for bodily injury, death, or property damage of any nature whatsoever, and by whomsoever made, in connection with, resulting from or arising out of the PPKLP Parties' access to Authority Retained Land. The PPKLP Parties assume full responsibility for all damages, however caused, that may hereafter occur to any Authority Retained Land resulting from the PPKLP Parties' operations on and/or use of such Authority Retained Land and the PPKLP Parties agree to replace, repair or restore such property and/or to remedy such damage to the property to the satisfaction of the Authority, or at the election of the Authority, to compensate the Authority for such damage in an amount

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sufficient to repair, replace, or restore such property or improvements. The PPKLP Parties shall comply with the requirements of all applicable laws, rules and regulations and shall exonerate, indemnify and hold the Authority harmless from any and all liability or damages resulting from failure to do so.

6. To the extent of a conflict between the terms of this letter and the terms of the Contract or Guaranty, the terms of this letter shall control. Terms that are not defined herein have the meaning as set forth in the Contract.

7. This letter agreement may be executed in separate counterparts, all of which when taken together will constitute a single agreement. Facsimile or electronically transmitted copies of this letter agreement shall be treated as originals for all purposes.

If you agree with the foregoing, please so indicate by countersigning the enclosed duplicate original in the space provided, and returning a fully-executed original to me.

Sincerely,



Phil Ford
General Manger/C.E.O.
Brazos River Authority

All of the terms, conditions, and provisions of this letter agreement are hereby agreed to by PPKLP:

PATTERSON PK LAND PARTNERSHIP, LTD.,
a Texas limited partnership

By: Patterson PK Land Management GP, LLC,
a Texas limited liability company, its General Partner

By: _____


Michael H. Patterson, Manager

Date signed by PPKLP:

August 24, 2012

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Consent of Guarantor:

By executing this Letter Agreement, the undersigned Guarantor (i) consents to the provisions contained herein, (ii) ratifies and confirms the Guaranty, (iii) acknowledges that Guarantor's obligations under this letter agreement shall be included as part of the obligations guaranteed by Guarantor under such Guaranty, and (iv) acknowledges that Guarantor has no defenses, counter claims, or rights of set-off related to the Guaranty.

By: 

Michael H. Patterson, Guarantor

Date signed by Guarantor:

August 24, 2012