

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

In re: J P S COMPLETION FLUIDS, INC., DEBTOR.	§ § §	CASE NO. 16-51110-cag CHAPTER 11
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**DEBTOR’S MOTION FOR ORDER APPROVING SALE OF REAL PROPERTY AT
1904 COTTON FLAT RD., MIDLAND, TEXAS, FREE AND CLEAR OF LIENS,
CLAIMS, ENCUMBRANCES AND INTERESTS UNDER 11 U.S.C. § 363**

This pleading requests relief that may be adverse to your interests.

If no timely response is filed within 21 days from the date of service, the relief requested herein may be granted without a hearing being held.

A timely filed response is necessary for a hearing to be held.

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

NOW COMES JPS COMPLETION FLUIDS, INC., Debtor and Debtor-in-Possession (“**Debtor**”) who files this Motion To Sell Real Property Located At 1904 Cotton Flat Rd., Midland, Texas, Free And Clear Of Liens, Claims, Encumbrances And Interests Under 11 U.S.C. § 363 (“**Motion**”).

I. JURISDICTION AND PROCEDURAL BACKGROUND

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. The Court’s consideration of this Motion is a core proceeding under 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The grounds for relief include sections 105, 363, 365, 503, and 507 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, Rules 2002, 6003, 6004, 6006, 9008, and 9014 of the Federal Rules of Bankruptcy Procedure and Rule 6004(b) of the Local Bankruptcy Court for the Western District of Texas.

2. On May 11, 2016 (the “Petition Date”), the Debtor commenced the above-captioned chapter 11 case by filing a voluntary petition for relief under Chapter 11 of the

Bankruptcy Code in the United States Bankruptcy Court for the Western District of Texas.

3. No Committee of Unsecured Creditors has been formed. No trustee or examiner has been appointed.

II. THE PROPOSED SALE

4. The Debtor seeks this Court's approval to enter into the Commercial Contract-Unimproved Property (the "**Contract**") for sale of the real property located at 1904 Cotton Flat Rd., Midland, Texas (the "**Property**"). A copy of the Contract is attached as **Exhibit "A"**.

5. The key terms of the Contract include:

- a. The Purchase Price is \$100,000.00, payable in cash at closing.
- b. The Property will be sold free and clear of all liens, claims, encumbrances and interests.
- c. The Contract is binding.
- d. The closing date of the sale will be on or before the later of 45 days after the expiration of the feasibility period, which is 14 days after the effective date of the Contract.
- e. The purchaser will not assume or be deemed to assume any liabilities of the Debtor.
- f. The purchase is subject to higher and better bids submitted at or prior to the hearing on approval of this Motion.

6. The proposed purchaser Cooper Construction Co., Inc. is not affiliated in any way with the Debtor or any of the Debtor's insiders. The sale is an arms length transaction and was negotiated in good faith by both the Debtor and by Cooper Construction Co., Inc. Debtor has no need for the Property and is unaware of any competing offers.

III. RELIEF REQUESTED

7. Debtor seeks entry of an order substantially in the form submitted with this Motion (the “**Order**”) authorizing it to sell the Property free and clear of liens, claims, encumbrances and interests, to Cooper Construction Co., Inc., pursuant to the Commercial Contract-Unimproved Property attached hereto as Exhibit A.

V. GROUNDS FOR RELIEF

A. Sale of Property Free and Clear of Liens, Claims, Encumbrances and Interests

8. The statutory authority for sale of property of the estate outside the ordinary course of business is found in section 363(b) and (f) of the Bankruptcy Code. Section 363(b) of the Bankruptcy Code provides that “[t]he trustee, after notice and hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1).

9. The Fifth Circuit has set forth the standard for the authorization of sales pursuant to section 363 in *Institutional Creditors of Continental Air Lines, Inc. v. Continental Air Lines Inc. (In re Continental Air Lines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986). To begin with, the assets to be sold must be property of the debtor’s estate. *See id.* Additionally, there must exist a valid “business justification” for the sale. *Id.* In determining whether there is sufficient business justification for the sale, the bankruptcy judge

should consider all salient factors pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike. He might, for example, look to such relevant factors as the proportionate value of the asset to the estate as a whole, the amount of elapsed time since the filing, the likelihood that a plan of reorganization will be proposed and confirmed in the near future, the effect of the proposed disposition on future plans of reorganization, the proceeds to be obtained from the disposition vis-a-vis any appraisals of the property, which of

the alternatives of use, sale or lease the proposal envisions and, most importantly perhaps, whether the asset is increasing or decreasing in value. This list is not intended to be exclusive, but merely to provide guidance to the bankruptcy judge.

Id. (quoting *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983)).

10. The Fifth Circuit recognizes that approval of a proposed sale of property is appropriate if the court finds that it is good business judgment for the debtor to enter into the transaction. *See Continental Airlines*, 780 F.2d at 1226. The Debtor believes that the proposed sale of the Property to Cooper Construction Co., Inc., is supported by sound business justification.

11. If approved, the sale will generate cash in exchange for an asset that the Debtor is unable to utilize. The Debtor respectfully submits that the consideration detailed herein is both fair and reasonable. The consideration is not only fair and reasonable but also supports the Debtors' business justification for the sale.

12. All creditors and parties in interest will receive adequate notice of the proposed sale. Such notice is reasonably calculated to provide timely and adequate notice to the Debtor's major creditor constituencies, those parties most interested in the Reorganization Case, and others whose interests are potentially implicated by the sale. The Debtor submits that such notice is sufficient for entry of the Order and satisfies notice conditions for approval of the sale under section 363(b) of the Bankruptcy Code.

13. Under these circumstances, sound business reasons exist that justify the sale of the Property outside the ordinary course of business.

14. The Contract has been negotiated at arms-length and in good faith and therefore Cooper Construction Co, Inc., is entitled to the protections of section 363(m) of the Bankruptcy

Code. There must be a showing of fraud or collusion between the purchaser and the debtor in possession or trustee in order to demonstrate a lack of good faith. *Bleaufontaine, Inc. v. Roland Int'l (In re Bleaufontaine, Inc.)*, 634 F.2d 1383, 1388 n.7 (5th Cir. 1981) (“[t]ypically, the misconduct that would destroy a purchaser’s good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.”). *See also Kabro Assocs. of West Islip, LLC v. Colony Hill Assocs. (In re Colony Hill Assocs.)*, 111 F.3d 269, 276 (2d Cir. 1997) (same); *In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143, 147 (3d Cir. 1986) (same). No such facts exist here. Accordingly, the Debtor requests that the Court make a finding that the Contract with Cooper Construction Co., Inc. was at arms’ length and is entitled to the protections of section 363(m) of the Bankruptcy Code.

15. The Debtor requests that the Court authorize the sale of the Property free and clear of any and all liens, claims, charges, encumbrances and interests (the “**Claims**”), which may be asserted or otherwise exist, with any such Claims to attach to the proceeds of the sale of the Property, subject to the rights and defenses of the Debtor, if any, with respect thereto.

16. The Debtor is not aware of any Claims on the Property other than ad valorem taxes, and costs of the sale, including but not limited to escrow fees, broker’s commissions, tax pro rations, title policy, and other closing costs, all of which Debtor requests be approved for payment at closing from proceeds of the sale.

17. Under section 363(f) of the Bankruptcy Code, a debtor in possession may sell property free and clear of any lien, claim or interest in such property if:

- a. applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- b. such entity consents;

- c. such interest is a lien and the price at which such property is sold is greater than the aggregate value of all liens on such property;
- d. such interest is in bona fide dispute; or
- e. such entity could be compelled, in a legal or equitable proceeding to accept money satisfaction of such interest.

11 U.S.C. § 363(f).

18. Because section 363(f) is drafted in the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of property free and clear of liens, claims, encumbrances and other interest. *See* 11 U.S.C. § 363(f). In this instance, the requirements of section 363(f) of the Bankruptcy Code are satisfied because the proposed Order provides for all Claims to attach to the proceeds from the sale of the Property in the order of their priority and with the same validity, priority, force and effect which such Claims now have against the Property, subject to the rights, claims, defenses and other objections, if any, of the Debtor and parties in interest with respect to such Claims. Accordingly, the Debtor submits that the sale of the Property free and clear of the Claims satisfies the statutory prerequisites of section 363(f) of the Bankruptcy Code.

B. Effectiveness of the Order

19. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” FED. R. BANKR. P. 6004(h). The Debtor requests that the Order be effective immediately by providing that the 14-day stay is inapplicable and waived, so that they may proceed as expeditiously as possible with the sale.

WHEREFORE, the Debtor respectfully request that the Court enter the attached order granting the relief requested herein and such other and further relief as is just and proper.

Respectfully submitted,

/s/ Nathaniel Peter Holzer

Nathaniel Peter Holzer

State Bar No. 00793971; SD #21503

**JORDAN, HYDEN, WOMBLE, CULBRETH &
HOLZER, P.C.**

500 North Shoreline Blvd, Suite 900

Corpus Christi, TX 78401-0341

Telephone: 361.884.5678

Facsimile: 361.888.5555

Email: pholzer@jhwclaw.com

BANKRUPTCY COUNSEL TO DEBTOR

CERTIFICATE OF SERVICE

I, Nathaniel Peter Holzer, certify that a true and correct copy of the above document listed was served by ecf notice to subscribers on March 10, 2017 and via First Class mail to Cooper Construction Co., Inc., P.O. Box 52737, Midland, TX 79710.

/s/ Nathaniel Peter Holzer

Nathaniel Peter Holzer



TEXAS ASSOCIATION OF REALTORS®
COMMERCIAL CONTRACT - UNIMPROVED PROPERTY

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED.
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1. **PARTIES:** Seller agrees to sell and convey to Buyer the Property described in Paragraph 2. Buyer agrees to buy the Property from Seller for the sales price stated in Paragraph 3. The parties to this contract are:

Seller: **JPS COMPLETION FLUIDS, INC.**

P.O. Box 277 Mathis, TX 78368
 Address: **857 County Road 354, Orange Grove, TX 78372**
 Phone: **(361)815-1098** E-mail: **sergiog@g5sservices.com**
 Fax: Other:

Buyer: **COOPER CONSTRUCTION CO., INC.**

Address: **Post Office Box 52737, Midland, TX 79710**
 Phone: **(432)620-0500** E-mail: **JOHN4@COOPER-CONSTRUCTION.COM**
 Fax: **(432)685-7073** Other:

2. **PROPERTY:**

- A. "Property" means that real property situated in Midland County, Texas at 1904 Cotton Flat Rd., Midland, Texas (address) and that is legally described on the attached Exhibit n/a or as follows: **Lots One (1) & Two (2), SAVE AND EXCEPT the South 146 feet thereof, Block Eleven (11), SNIVELY BLOCK ADDITION 13th SECTION, an addition to the City of Midland, Midland County, Texas, according to the map or plat thereof recorded in Cabinet F, Pages 89-90, Plat Records of Midland County, Texas.**

- B. Seller will sell and convey the Property together with:

- (1) all rights, privileges, and appurtenances pertaining to the Property, including Seller's right, title, and interest in any minerals, utilities, adjacent streets, alleys, strips, gores, and rights-of-way;
 (2) ~~Seller's interest in all leases, rents, and security deposits for all or part of the Property; and~~
 (3) ~~Seller's interest in all licenses and permits related to the Property.~~

*(Describe any exceptions, reservations, or restrictions in Paragraph 12 or an addendum.)
 (If mineral rights are to be reserved an appropriate addendum should be attached.)*

3. **SALES PRICE:**

- A. At or before closing, Buyer will pay the following sales price for the Property:

- (1) Cash portion payable by Buyer at closing \$ 100,000.00
 (2) Sum of all financing described in Paragraph 4 \$ n/a
 (3) Sales price (sum of 3A(1) and 3A(2)) \$ 100,000.00

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat, Rd., Midland, TexasB. Adjustment to Sales Price: (Check (1) or (2) only.)☒ (1) The sales price will not be adjusted based on a survey.☐ (2) The sales price will be adjusted based on the latest survey obtained under Paragraph 6B.(a) The sales price is calculated on the basis of \$ n/a per:☐ (i) square foot of ☐ total area ☐ net area.☐ (ii) acre of ☐ total area ☐ net area.

(b) "Total area" means all land area within the perimeter boundaries of the Property. "Net area" means total area less any area of the Property within:

☐ (i) public roadways;☐ (ii) rights-of-way and easements other than those that directly provide utility services to the Property; and☐ (iii) n/a(c) If the sales price is adjusted by more than n/a % of the stated sales price, either party may terminate this contract by providing written notice to the other party within n/a days after the terminating party receives the survey. If neither party terminates this contract or if the variance is less than the stated percentage, the adjustment to the sales price will be made to the cash portion of the sales price payable by Buyer.4. **FINANCING:** Buyer will finance the portion of the sales price under Paragraph 3A(2) as follows:☐ A. Third Party Financing: One or more third party loans in the total amount of \$ n/a.
This contract:☐ (1) is not contingent upon Buyer obtaining third party financing.☐ (2) is contingent upon Buyer obtaining third party financing in accordance with the attached Commercial Contract Financing Addendum (TAR-1931).☐ B. Assumption: In accordance with the attached Commercial Contract Financing Addendum (TAR-1931), Buyer will assume the existing promissory note secured by the Property, which balance at closing will be \$ n/a.☐ C. Seller Financing: The delivery of a promissory note and deed of trust to Seller under the terms of the attached Commercial Contract Financing Addendum (TAR-1931) in the amount of \$ n/a.5. **EARNEST MONEY:**A. Not later than 3 days after the effective date, Buyer must deposit \$ 5,000.00 as earnest money with **West Texas Abstract & Title Company** (title company) at **3700 N. Big Spring St., Midland, Texas 79705** (address) (closer). If Buyer fails to timely deposit the earnest money, Seller may terminate this contract or exercise any of Seller's other remedies under Paragraph 15 by providing written notice to Buyer before Buyer deposits the earnest money.B. Buyer will deposit an additional amount of \$ n/a with the title company to be made part of the earnest money on or before:☐ (i) n/a days after Buyer's right to terminate under Paragraph 7B expires; or☐ (ii) n/a

Buyer will be in default if Buyer fails to deposit the additional amount required by this Paragraph 5B within 3 days after Seller notifies Buyer that Buyer has not timely deposited the additional amount.

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat, Rd., Midland, Texas

- C. Buyer may instruct the title company to deposit the earnest money in an interest-bearing account at a federally insured financial institution and to credit any interest to Buyer.

6. TITLE POLICY AND SURVEY:**A. Title Policy:**

- (1) Seller, at Seller's expense, will furnish Buyer an Owner's Policy of Title Insurance (the title policy) issued by any underwriter of the title company in the amount of the sales price, dated at or after closing, insuring Buyer against loss under the title policy, subject only to:
- (a) those title exceptions permitted by this contract or as may be approved by Buyer in writing; and
 - (b) the standard printed exceptions contained in the promulgated form of title policy unless this contract provides otherwise.
- (2) The standard printed exception as to discrepancies, conflicts, or shortages in area and boundary lines, or any encroachments or protrusions, or any overlapping improvements:
- ☒ (a) will not be amended or deleted from the title policy.
 - ☐ (b) will be amended to read "shortages in areas" at the expense of ☐ Buyer ☐ Seller.
- (3) Within (20) days after the effective date, Seller will furnish Buyer a commitment for title insurance (the commitment) including legible copies of recorded documents evidencing title exceptions. Seller authorizes the title company to deliver the commitment and related documents to Buyer at Buyer's address.

B. Survey: Within n/a days after the effective date:

- ☐ (1) Buyer will obtain a survey of the Property at Buyer's expense and deliver a copy of the survey to Seller. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition. Seller will reimburse Buyer n/a (insert amount) of the cost of the survey at closing, if closing occurs.
- ☐ (2) Seller, at Seller's expense, will furnish Buyer a survey of the Property dated after the effective date. The survey must be made in accordance with the: (i) ALTA/ACSM Land Title Survey standards, or (ii) Texas Society of Professional Surveyors' standards for a Category 1A survey under the appropriate condition.
- ☐ (3) Seller will deliver to Buyer and the title company a true and correct copy of Seller's most recent survey of the Property along with an affidavit required by the title company for approval of the existing survey. If the existing survey is not acceptable to the title company, Seller, at Seller's expense, will obtain a new or updated survey acceptable to the title company and deliver the acceptable survey to Buyer and the title company within 20 days after Seller receives notice that the existing survey is not acceptable to the title company. The closing date will be extended daily up to 20 days if necessary for Seller to deliver an acceptable survey within the time required. Buyer will reimburse Seller n/a (insert amount) of the cost of the new or updated survey at closing, if closing occurs.

C. Buyer's Objections to the Commitment and Survey:

- (1) Within (10) days after Buyer receives the commitment, copies of the documents evidencing the title exceptions, and any required survey, Buyer may object in writing to matters disclosed in the items if: (a) the matters disclosed are a restriction upon the Property or constitute a defect or encumbrance to title other than those permitted by this contract or liens that Seller will satisfy at closing or Buyer will assume at closing; or (b) the items show that any part of the Property lies in a special flood hazard area (an "A" or "V" zone as defined by FEMA). If Paragraph 6B(1) applies,

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat, Rd., Midland, Texas

Buyer is deemed to receive the survey on the earlier of: (i) the date of Buyer's actual receipt of the survey; or (ii) of the deadline specified in Paragraph 6B.

- (2) Seller may, but is not obligated to, cure Buyer's timely objections within 15 days after Seller receives the objections. The closing date will be extended as necessary to provide such time to cure the objections. If Seller fails to cure the objections by the time required, Buyer may terminate this contract by providing written notice to Seller within 5 days after the time by which Seller must cure the objections. If Buyer terminates, the earnest money, less any independent consideration under Paragraph 7B(1), will be refunded to Buyer.
- (3) Buyer's failure to timely object or terminate under this Paragraph 6C is a waiver of Buyer's right to object except that Buyer will not waive the requirements in Schedule C of the commitment.

7. PROPERTY CONDITION:

- A. Present Condition: Buyer accepts the Property in its present condition except that Seller, at Seller's expense, will complete the following before closing: **remove all business personal property from the premises.**

- B. Feasibility Period: Buyer may terminate this contract for any reason within (14) days after the effective date (feasibility period) by providing Seller written notice of termination. *(Check only one box.)*

- ☒ (1) If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer less \$ 10.00 that Seller will retain as independent consideration for Buyer's unrestricted right to terminate. Buyer has tendered the independent consideration to Seller upon payment of the amount specified in Paragraph 5A to the title company. The independent consideration is to be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(1) or if Buyer fails to deposit the independent consideration, Buyer will not have the right to terminate under this Paragraph 7B.
- ☐ (2) Not later than 3 days after the effective date, Buyer must pay Seller \$ n/a as independent consideration for Buyer's right to terminate by tendering such amount to Seller or Seller's agent. If Buyer terminates under this Paragraph 7B, the earnest money will be refunded to Buyer and Seller will retain the independent consideration. The independent consideration will be credited to the sales price only upon closing of the sale. If no dollar amount is stated in this Paragraph 7B(2) or if Buyer fails to pay the earnest money, Buyer will not have the right to terminate under this Paragraph 7B.

C. Inspections, Studies, or Assessments:

- (1) During the feasibility period, Buyer, at Buyer's expense, may complete or cause to be completed any and all inspections, studies, or assessments of the Property (including all improvements and fixtures) desired by Buyer.
- (2) Buyer must:
- employ only trained and qualified inspectors and assessors;
 - notify Seller, in advance, of when the inspectors or assessors will be on the Property;
 - abide by any reasonable entry rules or requirements of Seller;
 - not interfere with existing operations or occupants of the Property; and
 - restore the Property to its original condition if altered due to inspections, studies, or assessments that Buyer completes or causes to be completed.

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat Rd., Midland, Texas

- (3) Except for those matters that arise from the negligence of Seller or Seller's agents, Buyer is responsible for any claim, liability, encumbrance, cause of action, and expense resulting from Buyer's inspections, studies, or assessments, including any property damage or personal injury. Buyer will indemnify, hold harmless, and defend Seller and Seller's agents against any claim involving a matter for which Buyer is responsible under this paragraph. This paragraph survives termination of this contract.

D. Property Information:

- (1) Delivery of Property Information: Within n/a days after the effective date, Seller will deliver to Buyer: *(Check all that apply.)*

- ☐ (a) copies of all current leases pertaining to the Property, including any modifications, supplements, or amendments to the leases;
- ☐ (b) copies of all notes and deeds of trust against the Property that Buyer will assume or that Seller will not pay in full on or before closing;
- ☐ (c) copies of all previous environmental assessments, geotechnical reports, studies, or analyses made on or relating to the Property;
- ☐ (d) copies property tax statements for the Property for the previous 2 calendar years;
- ☐ (e) plats of the Property;
- ☐ (f) copies of current utility capacity letters from the Property's water and sewer service provider; and
- ☐ (g) n/a

- (2) Return of Property Information: If this contract terminates for any reason, Buyer will, not later than 10 days after the termination date: *(Check all that apply.)*

- ☐ (a) return to Seller all those items described in Paragraph 7D(1) that Seller delivered to Buyer in other than an electronic format and all copies that Buyer made of those items;
- ☐ (b) delete or destroy all electronic versions of those items described in Paragraph 7D(1) that Seller delivered to Buyer or Buyer copied; and
- ☐ (c) deliver copies of all inspection and assessment reports related to the Property that Buyer completed or caused to be completed.

This Paragraph 7D(2) survives termination of this contract.

- ~~E. Contracts Affecting Operations: Until closing, Seller: (1) will operate the Property in the same manner as on the effective date under reasonably prudent business standards; and (2) will not transfer or dispose of any part of the Property, any interest or right in the Property, or any of the personal property or other items described in Paragraph 2B or sold under this contract. After the feasibility period ends, Seller may not enter into, amend, or terminate any other contract that affects the operations of the Property without Buyer's written approval.~~

8. LEASES:

- ~~A. Each written lease Seller is to assign to Buyer under this contract must be in full force and effect according to its terms. Seller may not enter into any new lease, fail to comply with any existing lease, or make any amendment or modification to any existing lease without Buyer's written consent. Seller must disclose, in writing, if any of the following exist at the time Seller provides the leases to the Buyer or subsequently occur before closing:~~

- ~~(1) any failure by Seller to comply with Seller's obligations under the leases;~~
- ~~(2) any circumstances under any lease that entitle the tenant to terminate the lease or seek any offsets or damages;~~
- ~~(3) any advance sums paid by a tenant under any lease;~~
- ~~(4) any concessions, bonuses, free rents, rebates, brokerage commissions, or other matters that affect any lease; and~~

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Commercial Contract - Unimproved Property concerning 1904 Cotton Flat Rd., Midland, Texas

~~(5) any amounts payable under the leases that have been assigned or encumbered, except as security for loan(s) assumed or taken subject to under this contract.~~

~~B. Estoppel Certificates: Within n/a days after the effective date, Seller will deliver to Buyer estoppel certificates signed not earlier than n/a by each tenant that leases space in the Property. The estoppel certificates must include the certifications contained in the current version of TAR Form 1938—Commercial Tenant Estoppel Certificate and any additional information requested by a third party lender providing financing under Paragraph 4 if the third party lender requests such additional information at least 10 days prior to the earliest date that Seller may deliver the signed estoppel certificates.~~

9. BROKERS:

A. The brokers to this sale are:

Principal Broker: **ARMANDO G. AVALOS**Cooperating Broker: n/aAgent: **Armando G. Avalos**

Agent: _____

Address: **555 N. Carancahua St., Ste. 1540
Corpus Christi, TX 78401**

Address: _____

Phone & Fax: **(361)857-2220** **(361)883-9949**

Phone & Fax: _____

E-mail: **agavalos@armandoavalosrealty.com**

E-mail: _____

License No.: **0128102**

License No.: _____

Principal Broker: *(Check only one box.)*

Cooperating Broker represents Buyer.

☒ represents Seller only.☐ represents Buyer only.☐ is an intermediary between Seller and Buyer.B. **Fees:** *(Check only (1) or (2) below.)**(Complete the Agreement Between Brokers on page 13 only if (1) is selected.)*

☒ (1) Seller will pay Principal Broker the fee specified by separate written commission agreement between Principal Broker and Seller. Principal Broker will pay Cooperating Broker the fee specified in the Agreement Between Brokers found below the parties' signatures to this contract.

☐ (2) At the closing of this sale, Seller will pay:

Principal Broker a total cash fee of:

Cooperating Broker a total cash fee of:

☐ n/a % of the sales price.☐ n/a % of the sales price.☐ n/a☐ n/a

The cash fees will be paid in Midland County, Texas. Seller authorizes the title company to pay the brokers from the Seller's proceeds at closing.

NOTICE: Chapter 62, Texas Property Code, authorizes a broker to secure an earned commission with a lien against the Property.

C. The parties may not amend this Paragraph 9 without the written consent of the brokers affected by the amendment.

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat Rd., Midland, Texas**10. CLOSING:**

A. The date of the closing of the sale (closing date) will be on or before the later of:

(1) ☒ 45 days after the expiration of the feasibility period.☐ n/a (specific date).☐ n/a

(2) 7 days after objections made under Paragraph 6C have been cured or waived.

B. If either party fails to close by the closing date, the non-defaulting party may exercise the remedies in Paragraph 15.

C. At closing, Seller will execute and deliver, at Seller's expense, a ☐ general ☒ special warranty deed. The deed must include a vendor's lien if any part of the sales price is financed. The deed must convey good and indefeasible title to the Property and show no exceptions other than those permitted under Paragraph 6 or other provisions of this contract. Seller must convey the Property:

(1) with no liens, assessments, or other security interests against the Property which will not be satisfied out of the sales price, unless securing loans Buyer assumes;

(2) without any assumed loans in default; and

(3) with no persons in possession of any part of the Property as lessees, tenants at sufferance, or trespassers except tenants under the written leases assigned to Buyer under this contract.

D. At closing, Seller, at Seller's expense, will also deliver to Buyer:

(1) tax statements showing no delinquent taxes on the Property;

(2) an assignment of all leases to or on the Property;

(3) to the extent assignable, an assignment to Buyer of any licenses and permits related to the Property;

(4) evidence that the person executing this contract is legally capable and authorized to bind Seller;

(5) an affidavit acceptable to the title company stating that Seller is not a foreign person or, if Seller is a foreign person, a written authorization for the title company to: (i) withhold from Seller's proceeds an amount sufficient to comply applicable tax law; and (ii) deliver the amount to the Internal Revenue Service (IRS) together with appropriate tax forms; and

(6) any notices, statements, certificates, affidavits, releases, and other documents required by this contract, the commitment, or law necessary for the closing of the sale and issuance of the title policy, all of which must be completed by Seller as necessary.

E. At closing, Buyer will:

(1) pay the sales price in good funds acceptable to the title company;

(2) deliver evidence that the person executing this contract is legally capable and authorized to bind Buyer;

(3) sign and send to each tenant in a lease for any part of the Property a written statement that:

(a) acknowledges Buyer has received and is responsible for the tenant's security deposit; and

(b) specifies the exact dollar amount of the security deposit;

(4) sign an assumption of all leases then in effect; and

(5) execute and deliver any notices, statements, certificates, or other documents required by this contract or law necessary to close the sale.

F. Unless the parties agree otherwise, the closing documents will be as found in the basic forms in the current edition of the State Bar of Texas Real Estate Forms Manual without any additional clauses.

11. POSSESSION: Seller will deliver possession of the Property to Buyer upon closing and funding of this sale in its present condition with any repairs Seller is obligated to complete under this contract, ordinary wear and tear excepted. Any possession by Buyer before closing or by Seller after closing that is not authorized by a separate written lease agreement is a landlord-tenant at sufferance relationship between the parties.

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat Rd., Midland, Texas

12. SPECIAL PROVISIONS: The following special provisions apply and will control in the event of a conflict with other provisions of this contract. *(If special provisions are contained in an Addendum, identify the Addendum here and reference the Addendum in Paragraph 22D.)*

a. **JPS COMPLETION FLUIDS, INC., Debtor and it's shareholders; Sergio Garza, Sonya Garza, Pedro Gonzales, Jr. and Belen Gonzales** are listed in Bankruptcy Case No. 16-51110-cag, as Sellers, further notice the Buyer, **COOPER CONSTRUCTION CO., INC.**, that this contract to sell is contingent on bankruptcy court approval.

13. SALES EXPENSES:

A. Seller's Expenses: Seller will pay for the following at or before closing:

- (1) releases of existing liens, other than those liens assumed by Buyer, including prepayment penalties and recording fees;
- (2) release of Seller's loan liability, if applicable;
- (3) tax statements or certificates;
- (4) preparation of the deed;
- (5) one-half of any escrow fee;
- (6) costs to record any documents to cure title objections that Seller must cure; and
- (7) other expenses that Seller will pay under other provisions of this contract.

B. Buyer's Expenses: Buyer will pay for the following at or before closing:

- (1) all loan expenses and fees;
- (2) preparation of any deed of trust;
- (3) recording fees for the deed and any deed of trust;
- (4) premiums for flood insurance as may be required by Buyer's lender;
- (5) one-half of any escrow fee;
- (6) other expenses that Buyer will pay under other provisions of this contract.

14. PRORATIONS:

A. Prorations:

- (1) Interest on any assumed loan, taxes, rents, and any expense reimbursements from tenants will be prorated through the closing date.
- (2) If the amount of ad valorem taxes for the year in which the sale closes is not available on the closing date, taxes will be prorated on the basis of taxes assessed in the previous year. If the taxes for the year in which the sale closes vary from the amount prorated at closing, the parties will adjust the prorations when the tax statements for the year in which the sale closes become available. This Paragraph 14A(2) survives closing.
- (3) If Buyer assumes a loan or is taking the Property subject to an existing lien, Seller will transfer all reserve deposits held by the lender for the payment of taxes, insurance premiums, and other charges to Buyer at closing and Buyer will reimburse such amounts to Seller by an appropriate adjustment at closing.

B. Rollback Taxes: If Seller's use or change in use of the Property before closing results in the assessment of additional taxes, penalties, or interest (assessments) for periods before closing, the assessments will be the obligation of the Seller. If this sale or Buyer's use of the Property after closing results in additional assessments for periods before closing, the assessments will be the obligation of Buyer. This Paragraph 14B survives closing.

C. Rent and Security Deposits: ~~At closing, Seller will tender to Buyer all security deposits and the following advance payments received by Seller for periods after closing: prepaid expenses, advance rental payments, and other advance payments paid by tenants. Rents prorated to one party but received by the other party will be remitted by the recipient to the party to whom it was prorated within 5 days after the rent is received. This Paragraph 14C survives closing.~~

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat Rd., Midland, Texas

15. DEFAULT:

- A. If Buyer fails to comply with this contract, Buyer is in default and Seller, as Seller's sole remedy(ies), may terminate this contract and receive the earnest money, as liquidated damages for Buyer's failure except for any damages resulting from Buyer's inspections, studies or assessments in accordance with Paragraph 7C(3) which Seller may pursue; or
(Check if applicable)
☒ enforce specific performance, or seek such other relief as may be provided by law.
- B. If, without fault, Seller is unable within the time allowed to deliver the estoppel certificates, survey or the commitment, Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) extend the time for performance up to 15 days and the closing will be extended as necessary.
- C. Except as provided in Paragraph 15B, if Seller fails to comply with this contract, Seller is in default and Buyer may:
(1) terminate this contract and receive the earnest money, less any independent consideration under Paragraph 7B(1), as liquidated damages and as Buyer's sole remedy; or
(2) enforce specific performance, or seek such other relief as may be provided by law, or both.

16. CONDEMNATION: If before closing, condemnation proceedings are commenced against any part of the Property, Buyer may:

- A. terminate this contract by providing written notice to Seller within 15 days after Buyer is advised of the condemnation proceedings and the earnest money, less any independent consideration paid under Paragraph 7B(1), will be refunded to Buyer; or
- B. appear and defend in the condemnation proceedings and any award will, at Buyer's election, belong to:
(1) Seller and the sales price will be reduced by the same amount; or
(2) Buyer and the sales price will not be reduced.

17. ATTORNEY'S FEES: If Buyer, Seller, any broker, or the title company is a prevailing party in any legal proceeding brought under or with relation to this contract or this transaction, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees. This Paragraph 17 survives termination of this contract.

18. ESCROW:

- A. At closing, the earnest money will be applied first to any cash down payment, then to Buyer's closing costs, and any excess will be refunded to Buyer. If no closing occurs, the title company may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of the title company from all parties.
- B. If one party makes written demand for the earnest money, the title company will give notice of the demand by providing to the other party a copy of the demand. If the title company does not receive written objection to the demand from the other party within 15 days after the date the title company sent the demand to the other party, the title company may disburse the earnest money to the party making demand, reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and the title company may pay the same to the creditors.
- C. The title company will deduct any independent consideration under Paragraph 7B(1) before disbursing any earnest money to Buyer and will pay the independent consideration to Seller.
- D. If the title company complies with this Paragraph 18, each party hereby releases the title company from all claims related to the disbursement of the earnest money.

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat, Rd., Midland, Texas

- E. Notices under this Paragraph 18 must be sent by certified mail, return receipt requested. Notices to the title company are effective upon receipt by the title company.
- F. Any party who wrongfully fails or refuses to sign a release acceptable to the title company within 7 days after receipt of the request will be liable to the other party for: (i) damages; (ii) the earnest money; (iii) reasonable attorney's fees; and (iv) all costs of suit.
- G. ☐ Seller ☐ Buyer intend(s) to complete this transaction as a part of an exchange of like-kind properties in accordance with Section 1031 of the Internal Revenue Code, as amended. All expenses in connection with the contemplated exchange will be paid by the exchanging party. The other party will not incur any expense or liability with respect to the exchange. The parties agree to cooperate fully and in good faith to arrange and consummate the exchange so as to comply to the maximum extent feasible with the provisions of Section 1031 of the Internal Revenue Code. The other provisions of this contract will not be affected in the event the contemplated exchange fails to occur.

19. MATERIAL FACTS: To the best of Seller's knowledge and belief: *(Check only one box.)*

- ☒ A. Seller is not aware of any material defects to the Property except as stated in the attached Commercial Property Condition Statement (TAR-1408).
- ☐ B. Except as otherwise provided in this contract, Seller is not aware of:
- (1) any subsurface: structures, pits, waste, springs, or improvements;
 - (2) any pending or threatened litigation, condemnation, or assessment affecting the Property;
 - (3) any environmental hazards or conditions that materially affect the Property;
 - (4) whether the Property is or has been used for the storage or disposal of hazardous materials or toxic waste, a dump site or landfill, or any underground tanks or containers;
 - (5) whether radon, asbestos containing materials, urea-formaldehyde foam insulation, lead-based paint, toxic mold (to the extent that it adversely affects the health of ordinary occupants), or other pollutants or contaminants of any nature now exist or ever existed on the Property;
 - (6) any wetlands, as defined by federal or state law or regulation, on the Property;
 - (7) any threatened or endangered species or their habitat on the Property;
 - (8) any present or past infestation of wood-destroying insects in the Property's improvements;
 - (9) any contemplated material changes to the Property or surrounding area that would materially and detrimentally affect the ordinary use of the Property;
 - (10) any condition on the Property that violates any law or ordinance.

*(Describe any exceptions to (1)-(10) in Paragraph 12 or an addendum.)***20. NOTICES:** All notices between the parties under this contract must be in writing and are effective when hand-delivered, mailed by certified mail return receipt requested, or sent by facsimile transmission to the parties addresses or facsimile numbers stated in Paragraph 1. The parties will send copies of any notices to the broker representing the party to whom the notices are sent.

- ☒ A. Seller also consents to receive any notices by e-mail at Seller's e-mail address stated in Paragraph 1.
- ☒ B. Buyer also consents to receive any notices by e-mail at Buyer's e-mail address stated in Paragraph 1.

21. DISPUTE RESOLUTION: The parties agree to negotiate in good faith in an effort to resolve any dispute related to this contract that may arise. If the dispute cannot be resolved by negotiation, the parties will submit the dispute to mediation before resorting to arbitration or litigation and will equally share the costs of a mutually acceptable mediator. This paragraph survives termination of this contract. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.**22. AGREEMENT OF THE PARTIES:**

- A. This contract is binding on the parties, their heirs, executors, representatives, successors, and permitted assigns. This contract is to be construed in accordance with the laws of the State of Texas.

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat Rd., Midland, Texas

If any term or condition of this contract shall be held to be invalid or unenforceable, the remainder of this contract shall not be affected thereby.

- B. This contract contains the entire agreement of the parties and may not be changed except in writing.
- C. If this contract is executed in a number of identical counterparts, each counterpart is an original and all counterparts, collectively, constitute one agreement.
- D. Addenda which are part of this contract are: *(Check all that apply.)*
- ☐ (1) Property Description Exhibit identified in Paragraph 2;
 - ☐ (2) Commercial Contract Financing Addendum (TAR-1931);
 - ☒ (3) Commercial Property Condition Statement (TAR-1408);
 - ☐ (4) Commercial Contract Addendum for Special Provisions (TAR-1940);
 - ☐ (5) Notice to Purchaser of Real Property in a Water District (MUD);
 - ☐ (6) Addendum for Coastal Area Property (TAR-1915);
 - ☐ (7) Addendum for Property Located Seaward of the Gulf Intracoastal Waterway (TAR-1916);
 - ☒ (8) Information About Brokerage Services (TAR-2501); and
 - ☐ (9) n/a

(Note: Counsel for the Texas Association of REALTORS® (TAR) has determined that any of the foregoing addenda which are promulgated by the Texas Real Estate Commission (TREC) or published by TAR are appropriate for use with this form.)

- E. Buyer ☒ may ☐ may not assign this contract. If Buyer assigns this contract, Buyer will be relieved of any future liability under this contract only if the assignee assumes, in writing, all obligations and liability of Buyer under this contract.
- 23. TIME:** Time is of the essence in this contract. The parties require strict compliance with the times for performance. If the last day to perform under a provision of this contract falls on a Saturday, Sunday, or legal holiday, the time for performance is extended until the end of the next day which is not a Saturday, Sunday, or legal holiday.
- 24. EFFECTIVE DATE:** The effective date of this contract for the purpose of performance of all obligations is the date the title company receives this contract after all parties execute this contract.
- 25. ADDITIONAL NOTICES:**
- A. Buyer should have an abstract covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a title policy.
 - B. If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fees of the district before final execution of this contract.
 - C. Notice Required by §13.257, Water Code: "The real property, described below, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in the notice or at closing of purchase of the real property." The real property is described in Paragraph 2 of this contract.

Commercial Contract - Unimproved Property concerning 1904 Cotton Flat Rd., Midland, Texas

- D. If the Property adjoins or shares a common boundary with the tidally influenced submerged lands of the state, §33.135 of the Texas Natural Resources Code requires a notice regarding coastal area property to be included as part of this contract.
- E. If the Property is located seaward of the Gulf Intracoastal Waterway, §61.025, Texas Natural Resources Code, requires a notice regarding the seaward location of the Property to be included as part of this contract.
- F. If the Property is located outside the limits of a municipality, the Property may now or later be included in the extra-territorial jurisdiction (ETJ) of a municipality and may now or later be subject to annexation by the municipality. Each municipality maintains a map that depicts its boundaries and ETJ. To determine if the Property is located within a municipality's ETJ, Buyer should contact all municipalities located in the general proximity of the Property for further information.
- G. Brokers are not qualified to perform property inspections, surveys, engineering studies, environmental assessments, or inspections to determine compliance with zoning, governmental regulations, or laws. Buyer should seek experts to perform such services. Buyer should review local building codes, ordinances and other applicable laws to determine their effect on the Property. Selection of experts, inspectors, and repairmen is the responsibility of Buyer and not the brokers. Brokers are not qualified to determine the credit worthiness of the parties.
- H. NOTICE OF WATER LEVEL FLUCTUATIONS: If the Property adjoins an impoundment of water, including a reservoir or lake, constructed and maintained under Chapter 11, Water Code, that has a storage capacity of at least 5,000 acre-feet at the impoundment's normal operating level, Seller hereby notifies Buyer: "The water level of the impoundment of water adjoining the Property fluctuates for various reasons, including as a result of: (1) an entity lawfully exercising its right to use the water stored in the impoundment; or (2) drought or flood conditions."
- 26. CONTRACT AS OFFER:** The execution of this contract by the first party constitutes an offer to buy or sell the Property. Unless the other party accepts the offer by 5:00 p.m., in the time zone in which the Property is located, on February 20, 2017, the offer will lapse and become null and void.

READ THIS CONTRACT CAREFULLY. The brokers and agents make no representation or recommendation as to the legal sufficiency, legal effect, or tax consequences of this document or transaction. CONSULT your attorney BEFORE signing.

Seller: JPS COMPLETION FLUIDS, INC.Buyer: COOPER CONSTRUCTION CO., INC.

By: _____

By (signature): _____

Printed Name: Sergio GarzaTitle: Shareholders

By: _____

By (signature): _____

Printed Name: John W. Cooper, IVTitle: President

By: _____

By (signature): _____

Printed Name: _____

Title: Shareholders

By: _____

By (signature): _____

Printed Name: _____

Title: _____

Commercial Contract -Unimproved Property concerning 1904 Cotton Flat, Rd., Midland, Texas**AGREEMENT BETWEEN BROKERS**

(use only if Paragraph 9B(1) is effective)

Principal Broker agrees to pay n/a (Cooperating Broker) a fee when the Principal Broker's fee is received. The fee to be paid to Cooperating Broker will be:

☐ \$ n/a, or
☐ % of the sales price, or
☐ % of the Principal Broker's fee.

The title company is authorized and directed to pay Cooperating Broker from Principal Broker's fee at closing. This Agreement Between Brokers supersedes any prior offers and agreements for compensation between brokers.

Principal Broker: n/aCooperating Broker: n/aBy: n/aBy: n/a**ATTORNEYS**Seller's attorney: Nathaniel Peter HolzerJORDAN, HYDEN, WOMBLE, CULBRETH & HOLZER, P.C.Address: 500 North Shoreline Blvd., Ste. 900Corpus Christi, TX 78401-0341Phone & Fax: (361)884-5678(361)888-5555

Buyer's attorney: _____

Address: _____

Phone & Fax: _____

E-mail: pholzer@jhwclaw.com

E-mail: _____

Seller's attorney requests copies of documents, notices, and other information:

☒ the title company sends to Seller.
☒ Buyer sends to Seller.

Buyer's attorney requests copies of documents, notices, and other information:

☐ the title company sends to Buyer.
☐ Seller sends to Buyer.

ESCROW RECEIPT

The title company acknowledges receipt of:

☒ A. the contract on this day 3-1-17 (effective date);

☒ B. earnest money in the amount of \$ 5,000.00 in the form of CK# 2484

on 3-1-17Title company: West Texas Abstract & Title CompanyAddress: 3700 N. Big Spring St.,Midland, TX 79705By: [Signature]Phone & Fax: (432)683-4261(432)683-8087

Assigned file number (GF#): _____

E-mail: sylvia@wtabstract.com



TEXAS ASSOCIATION OF REALTORS®
COMMERCIAL PROPERTY CONDITION STATEMENT

USE OF THIS FORM BY PERSONS WHO ARE NOT MEMBERS OF THE TEXAS ASSOCIATION OF REALTORS® IS NOT AUTHORIZED
 ©Texas Association of REALTORS®, Inc. 2014

CONCERNING THE PROPERTY AT: **1904 Cotton Flat, Rd., Midland, Texas**

THIS IS A DISCLOSURE OF THE SELLER'S KNOWLEDGE OF THE CONDITION OF THE PROPERTY AS OF THE DATE SIGNED. IT IS NOT A SUBSTITUTE FOR ANY INSPECTIONS OR WARRANTIES A BUYER OR TENANT MAY WISH TO OBTAIN. IT IS NOT A WARRANTY OF ANY KIND BY SELLER, SELLER'S AGENTS, LANDLORD, LANDLORD'S AGENTS OR ANY OTHER AGENT.

PART I - Complete if Property is Improved or Unimproved

Are you (Seller or Landlord) aware of:	<u>Aware</u>	<u>Not Aware</u>
(1) any of the following environmental conditions on or affecting the Property:		
(a) radon gas?		✓
(b) asbestos components:		
(i) friable components?		✓
(ii) non-friable components?		✓
(c) urea-formaldehyde insulation?		✓
(d) endangered species of their habitat?		✓
(e) wetlands?		✓
(f) underground storage tanks?		✓
(g) leaks in any storage tanks (underground or above-ground)?		✓
(h) lead-based paint?		✓
(i) hazardous materials or toxic waste?		✓
(j) open or closed landfills on or under the surface of the Property?		✓
(k) external conditions materially and adversely affecting the Property such as nearby landfills, smelting plants, burners, storage facilities of toxic or hazardous materials, refiners, utility transmission lines, mills, feed lots, and the like?		✓
(l) any activity relating to drilling or excavation sites for oil, gas, or other minerals?		✓
(2) previous environmental contamination that was on or that materially and adversely affected the Property, including but not limited to previous environmental conditions listed in Paragraph 1(a)-(l)?		✓
(3) any part of the Property lying in a special flood hazard area (A or V Zone)?		✓
(4) any improper drainage onto or away from the Property?		✓
(5) any fault line or near the Property that materially and adversely affects the Property?		✓
(6) air space restrictions or easements on or affecting the Property?		✓
(7) unrecorded or unplatted agreements for easements, utilities, or access on or to the Property?		✓

(TAR-1408) 4-1-14 Initialed by Seller or Landlord:

and Buyer or Tenant:

Page 1 of 4

Armando Avalos Realty, Inc. 555 N. Carancahua Street Corpus Christi, TX 78401
 Armando G. Avalos

Phone: (361) 883-9949

Fax: (361) 883-9949

1904 Cotton Fl

Produced with zipiform® by ziplogix 18070 Fifteen Mile Road Fraser Michigan 48026 www.ziplogix.com

Commercial Property Condition Statement concerning **1904 Cotton Flat Rd., Midland, Texas**

	<u>Aware</u>	<u>Not Aware</u>
(8) special districts in which the Property lies (for example, historical districts, development districts, extraterritorial jurisdictions, or others)?		✓
(9) pending changes in zoning, restrictions, or in physical use of the Property?		✓
The current zoning of the Property is: _____		
(10) your receipt of any notice concerning any likely condemnation, planned streets, highways, railroads, or developments that would materially and adversely affect the Property (including access or visibility)?		✓
(11) lawsuits affecting title to or use or enjoyment of the Property?		✓
(12) your receipt of any written notices of violations of zoning, deed restrictions, or government regulations from EPA, OSHA, TCEQ, or other government agencies?		✓
(13) common areas or facilities affiliated with the Property co-owned with others?		✓
(14) an owners' or tenants' association or maintenance fee or assessment affecting the Property?		✓
If aware, name of association: _____		
Name of manager: _____		
Amount of fee or assessment: \$ _____ per _____		
Are fees current through the date of this notice? yes no unknown		
(15) subsurface structures, hydraulic lifts, or pits on the Property?		✓
(16) intermittent or weather springs that affect the Property?		✓
(17) any material defect in any irrigation system, fences, or signs on the Property?		✓
(18) conditions on or affecting the Property that materially affect the health or safety of an ordinary individual?		✓
(19) any of the following rights vested in others:		
(a) outstanding mineral rights?		✓
(b) timber rights?		✓
(c) water rights?		✓
(d) other rights?		✓

If you are aware of any of the conditions listed above, explain. (Attach additional information if needed.) _____

Commercial Property Condition Statement concerning 1904 Cotton Flat Rd., Midland, Texas

PART 2 - Complete only if Property is Improved

A. Are you (Seller or Landlord) aware of any material defects in any of the following on the Property?

	<u>Aware</u>	<u>Not Aware</u>	<u>Not Appl.</u>
(1) <u>Structural Items:</u>			
(a) foundation systems (slabs, columns, trusses, bracing, crawl spaces, piers, beams, footings, retaining walls, basement, grading)?			✓
(b) exterior walls?			✓
(c) fireplaces and chimneys?			✓
(d) roof, roof structure, or attic (covering, flashing, skylights, insulation, roof penetrations, ventilation, gutters and downspouts, decking)? . . .			✓
(e) windows, doors, plate glass, or canopies			✓
(2) <u>Plumbing Systems:</u>			
(a) water heaters or water softeners?			✓
(b) supply or drain lines?			✓
(c) faucets, fixtures, or commodes?			✓
(d) private sewage systems?			✓
(e) pools or spas and equipments?			✓
(f) sprinkler systems?			✓
(g) water coolers?			✓
(h) private water wells?			✓
(i) pumps or sump pumps?			✓
(3) <u>HVAC Systems:</u> any cooling, heating, or ventilation systems?			✓
(4) <u>Electrical Systems:</u> service drops, wiring, connections, conductors, plugs, grounds, power, polarity, switches, light fixtures, or junction boxes?			✓
(5) <u>Other Systems or Items:</u>			
(a) security or fire detection systems?			✓
(b) porches or decks?			✓
(c) gas lines?			✓
(d) garage doors and door operators?			✓
(e) loading doors or docks?			✓
(f) rails or overhead cranes?			✓
(g) elevators or escalators?			✓
(h) parking areas, drives, steps, walkways?			✓
(i) appliances or built-in kitchen equipment?			✓

If you are aware of material defects in any of the items listed under Paragraph A, explain. (Attach additional information if needed.) _____

(TAR-1408) 4-1-14

Initialed by Seller or Landlord: and Buyer or Tenant: 

Page 3 of 4

Commercial Property Condition Statement concerning **1904 Cotton Flat Rd., Midland, Texas**

B. Are you (Seller or Landlord) aware of:

	<u>Aware</u>	<u>Not Aware</u>
(1) any of the following water or drainage conditions materially and adversely affecting the Property:		
(a) ground water?		✓
(b) water penetration?		✓
(c) previous flooding or water drainage?		✓
(d) soil erosion or water ponding?		✓
(2) previous structural repair to the foundation systems on the Property?		✓
(3) settling or soil movement materially and adversely affecting the Property?		✓
(4) pest infestation from rodents, insects, or other organisms on the Property?		✓
(5) termite or wood rot damage on the Property needing repair?		✓
(6) mold to the extent that it materially and adversely affects the Property?		✓
(7) mold remediation certificate issued for the Property in the previous 5 years?		✓
if yes, attach a copy of the mold remediation certificate.		
(8) previous termite treatment on the Property?		✓
(9) previous fires that materially affected the Property?		✓
(10) modifications made to the Property without necessary permits or not in compliance with building codes in effect at the time?		✓
(11) any part, system, or component in or on the Property not in compliance with the Americans with Disabilities Act or the Texas Architectural Barrier Statute?		✓

If you are aware of any conditions described under Paragraph B, explain. (Attach additional information, if needed.) _____

The undersigned acknowledges receipt of the foregoing statement.

Seller or Landlord:

Buyer or Tenant:

JPS COMPLETION FLUIDS, INC.

COOPER CONSTRUCTION COMPANY, INC.

By: _____

By: _____

By (signature): _____

By (signature): _____

Printed Name: Sergio Garza

Printed Name: John W. Cooper, IV

Title: VICE PRESIDENT

Title: President

By: _____

By: _____

By (signature): _____

By (signature): _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

NOTICE TO BUYER OR TENANT: The broker representing Seller or Landlord, and the broker representing you advise you that this statement was completed by Seller or Landlord, as of the date signed. The brokers have relied on this statement as true and correct and have no reason to believe it to be false or inaccurate. YOU ARE ENCOURAGED TO HAVE AN INSPECTOR OF YOUR CHOICE INSPECT THE PROPERTY.