

AN APPRAISAL REPORT
OF

A 627.06 ACRE TRACT
OF LAND
LOCATED IN
HOWARD COUNTY, TEXAS

PREPARED FOR
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AS OF
JANUARY 21, 2020

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February 3, 2020

A19-1240

Mr. Wayne Klein
Klein & Associates, PLLC
PO Box 1836
Salt Lake City, Utah 84110

Subject: An appraisal of a 627.06 acre tract of land located in Howard County, Texas.

Dear Mr. Klein:

At your request, we have inspected and appraised the above referenced property. The purpose of this appraisal was to estimate the market value of the subject property in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). Reference is made to the Contingent and Limiting Conditions located in Appendix A of this report.

In order to carry out this assignment, a personal detailed inspection of the subject property was made and a market study of the real estate activity in the subject area was conducted. This investigation included the collection and analysis of sales, offerings, and other developments which have occurred in the subject area in the recent past. The sources of our data include county deed records, our own data bank, other real estate brokers, and knowledgeable individuals active in the area. The specific use of this data is more fully shown in the appraisal report of which this letter is a part.

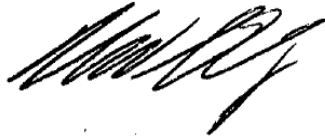
The appraisal report was prepared for compliance with Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it summarizes the data, reasoning, and analyses that were utilized in the Appraisal Process to develop our opinion of value. Some of the supporting documentation concerning the data, reasoning, and analyses is retained in our file.

Based upon our investigation, analysis, and by virtue of our experience, we have formed the opinion that the fee simple market value of the subject property, on a surface only basis, as of January 21, 2020, was as follows:

SEVEN HUNDRED EIGHTY-FOUR THOUSAND DOLLARS
(\$784,000)

Your attention is invited to the following data, analysis, and schedules which, in part, form the basis of our conclusions. Should you have any further questions regarding this report, please do not hesitate to contact this office. We appreciate the opportunity of performing this work for you.

Respectfully Submitted,



Robert W. Stribling, MAI
TX-1321617-G



Victor R. Probandt, ARA
TX-1323333-G

AERIAL PHOTOGRAPH OF SUBJECT

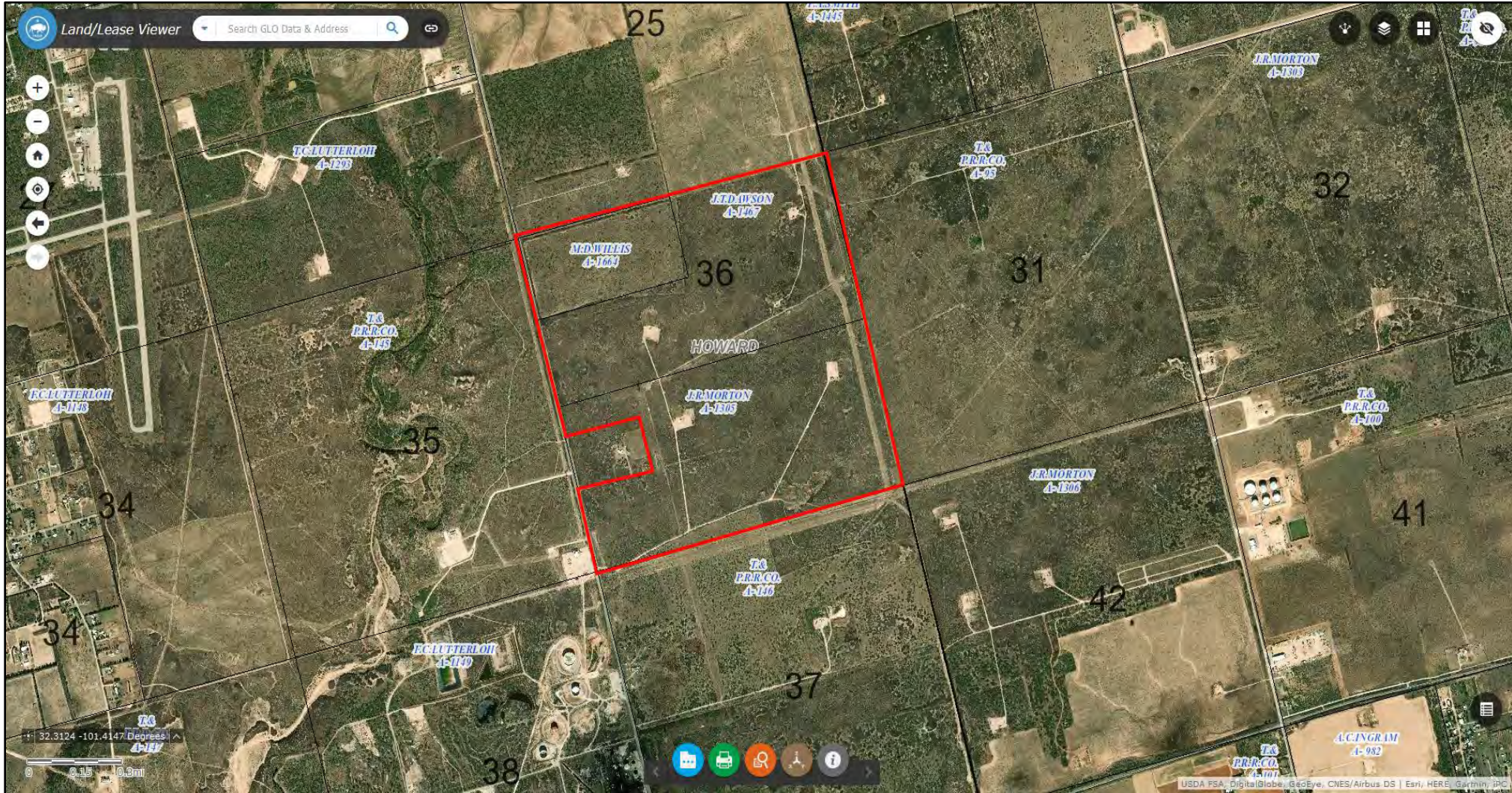


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CERTIFICATION

We certify that, to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended user of this appraisal.

Our reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

Victor R. Probandt has made a personal inspection of the property that is the subject of this report. Robert W. Stribling has not made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, Robert W. Stribling has completed the continuing education program for Designated Members of the Appraisal Institute.

Sincerely,



Robert W. Stribling, MAI
TX-1321617-G

February 3, 2020
Date



Victor R. Probandt, ARA
TX-1323333-G

February 3, 2020
Date

REPORT SUMMARY

PROPERTY DESCRIPTION: A 627.06 acre tract of land located in the central portion of Howard County, Texas and lying approximately four miles northeast of Big Spring, Texas.

PURPOSE OF THE APPRAISAL: The purpose of this appraisal was to estimate the fee simple market value of the subject property, on a surface only basis.

INTENDED USE OF THE APPRAISAL: The intended use of this appraisal was to assist our client with asset valuation.

CLIENT AND INTENDED USER OF REPORT: Mr. Wayne Klein

EFFECTIVE DATE OF THE APPRAISAL: January 21, 2020

DATE APPRAISAL PREPARED: February 3, 2020

PROPERTY RIGHTS APPRAISED: Fee simple ownership interest in the subject property, on a surface only basis.

SITE DESCRIPTION: The subject property has a topography that is level to sloping in nature with the major soil type being the Tivoli fine sand.

A19-1240

SALES COMPARISON APPROACH

INDICATION:

\$783,825 total or \$1,250 per acre

FINAL FEE SIMPLE MARKET VALUE:

\$784,000

INTRODUCTION

IDENTIFICATION OF THE PROPERTY

The subject property is located in the central portion of Howard County, Texas. The subject property is legally described as being 627.06 acres of land out of Section 36, Block 32, T-1-N, T&P Railway Company Survey, Howard County, Texas. This legal description was obtained from the Howard County Appraisal District and is assumed to be correct.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of the appraisal was to estimate the fee simple market value of the subject property, on a surface only basis. The intended use of this report was to assist our client in asset valuation.

CLIENT AND INTENDED USER OF THE REPORT

The client and intended user of this report is Mr. Wayne Klein.

DEFINITION OF MARKET VALUE

Market Value is defined by the federal financial institutions regulatory agencies as follows: "Market value" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;

4. Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

*As published in the Federal Register, in accordance with Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), 12 CFR 34.42 (g), as adopted August 24, 1990.

EFFECTIVE DATE OF THE APPRAISAL

The effective date of the appraisal was January 21, 2020.

DATE APPRAISAL PREPARED

This appraisal was prepared on February 3, 2020.

PROPERTY RIGHTS APPRAISED

The subject property consists of property held in fee simple, on a surface only basis. Fee Simple Estate is defined by The Dictionary of Real Estate Appraisal, sixth edition, copyright 2015, page 90, by the Appraisal Institute, as being: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

THREE YEAR SALES HISTORY

A search of the Howard County Official Public Records revealed no arms length transactions involving the subject property in the past three years. The subject property is currently listed for sale at \$626,000 or \$998 per acre. The appraisers contacted the listing broker, Ms. Gloria Pierce, and were informed that the property is currently under contract. We were not informed of the contact price. We were informed that the subject property is currently involved in a lawsuit over a Ponzi scheme. We were also informed that a contract on the property would have to be approved by a judge in Utah. There would also have to be a

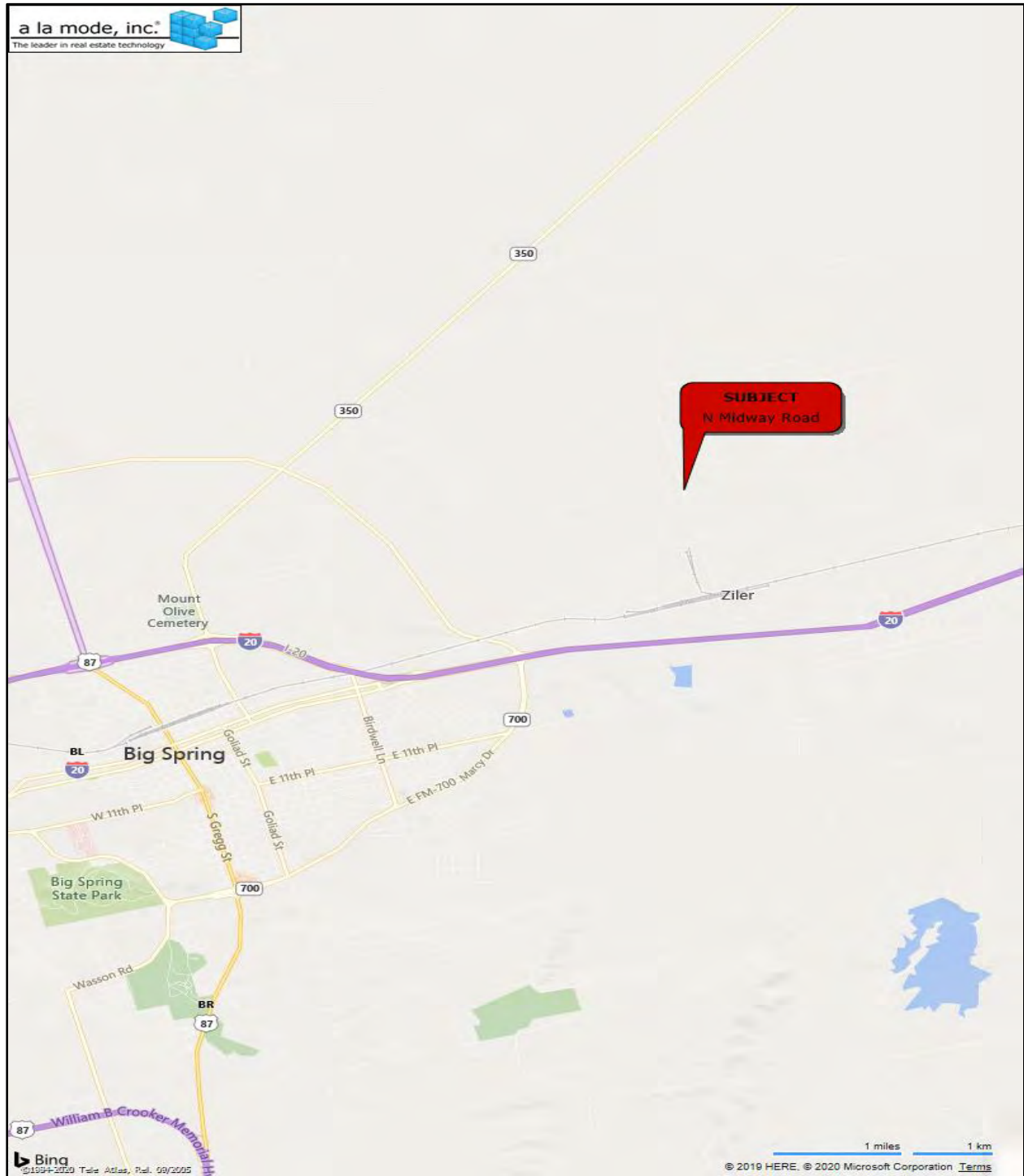
notice published in the local newspaper showing the contact price and any buyer would have the opportunity to purchase at this price or higher. In addition, the amount of time required to purchase the property through the court system is extensive. Due to these circumstances, the contract price is lower than market value.

SCOPE OF THE APPRAISAL

The appraisal process was considered complete and consisted of the following approach - Sales Comparison. As the subject property is unimproved, the Cost Approach was not necessary. The Income Approach was not completed in this report. The number of sales which had been rented at the time of sale was limited and, therefore, the Income Approach was not completed. Furthermore, it is uncommon for properties similar to the subject to be purchased by an investor to lease for profit.

The appraisal report was prepared for compliance with Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it summarizes the data, reasoning, and analyses that were utilized in the Appraisal Process to develop our opinion of value. Some of the supporting documentation concerning the data, reasoning, and analyses is retained in our file.

AREA MAP



AREA AND COUNTY DATA

Big Spring, the county seat of Howard County, is located approximately 40 miles east of Midland, approximately 108 miles west of Abilene, approximately 105 miles south of Lubbock and approximately 86 miles north of San Angelo. Big Spring is at the intersection of Interstate Highway 20, US Highways 80 and 87, and State Highway 350.

The City of Big Spring incorporated land area consists of 18.89 square miles. In 2016, Howard County had a total population of 37,204 with 28,405 of those citizens residing within the city limits of Big Spring.

CLIMATE

Howard County has a semi-arid climate with an average annual rainfall of 19.5 inches. This semi-arid climate has a minimum daily temperature of approximately 31.3 degrees in January with an average maximum daily temperature of approximately 94.6 degrees in July. The average growing season is approximately 229 days between killing frosts.

TOPOGRAPHY

The topography of this area is generally level to hilly broken by draws which are scattered throughout the county. The elevation of Howard County ranges between 2,180 feet above sea level up to 2,800 feet above sea level.

ECONOMIC FACTORS

Public-sector institutions such as Howard College, the Federal Correctional Institution, the Veterans Administration Hospital, the Big Spring State Hospital are major employers in the area. Other noted large-scale employers in Big Spring are several private prisons, HEB and Wal-Mart. The most recent workforce statistics are from August 2016 when the unemployment rate was 6.4%. The unemployment rate was up 1.2% from January 2016. The total labor force in August 2016 was 9,571.

The 2016 estimated annual income for agriculture was 13.9 million of which came primarily from beef cattle, cotton and hay. These values have dropped in recent years due to the downturn in the oil industry and the drought conditions on area ranches. Retail sales for the area in 2016 were approximately \$478,366,050.

ALON USA is an oil refinery located in Big Spring. The Big Spring refinery delivers products to customers from Ft. Smith, Arkansas to Phoenix, Arizona via owned/operated and third-party pipelines. The Big Spring refinery has been in service for more than 75 years, converting mainly crude oil from the Permian Basin. Today, the Big Spring refinery employs approximately 170 people and has the potential to expand production capacity to about 75,000 barrels per day.

In 1998, the Big Spring Wind Power Project was activated to begin providing power for Texas Utilities, the local electric utility buying the power. The Wind Power Project is located at a site about eight miles east of Big Spring. The wind farm has the capacity to power 7,300 homes with green power and features 46 wind turbines. Reaching as high as 370 feet, these are the largest wind turbines in America.

OTHER CONSIDERATIONS

The city and county collect a local sales tax. There is not state income tax or general use tax in Texas.

The 2016 effective ad valorem tax rates is 2.69444 per \$100 assessed value. Taxing units include schools, city, county, junior college, and hospital.

The City of Big Spring provides water, sewer and trash. Gas is provided by Atmos. There are several eclectic providers in the area.

Big Spring has a good public school system that offers schooling in grades K-12 consisting of four elementary schools, one intermediate, one junior high, one high school and one head start. There are two private schools.

Higher education is provided by Howard College, a two-year comprehensive community college. Student population is approximately 4,623.

The economy of Howard County is dominated by the oil and natural gas industries, followed by the agricultural industry. The primary export or base sector of the Howard County economy is oil and gas exploration, production and manufacturing related to the "oil patch." The 2016 annual production of oil was 20,883,626 barrels. Proceeds from this "export" sector provide the ultimate source of revenue for other members of the community. These proceeds provide funds for the retail, construction, finance and other support sectors of the Howard County economy.

TRANSPORTATION

The Union Pacific Railroad currently serves Big Spring. The Big Spring McMahon-Wrinkle Airport, owned and operated by the City of Big Spring, is a general aviation airport. The airport, which occupies approximately 2,200 acres of land, operates two runways - Runway 17/35, which measures 8,802 feet in length and 100 feet in width; and Runway 06/24, measuring 4,601 feet in length and 75 feet in width. Big Spring McMahon-Wrinkle Airport supports the local economy in a variety of ways. Much of the airport's activity supports the incarceration facilities that are located on the airport property. Other aviation activities that occur at the airport on a regular basis include agricultural spraying, corporate use, flight instruction and recreational flying. Additionally, the airport provides several community-based services and programs to enhance the health, safety, welfare and quality of life of area citizens. The airport also hosts several fly-ins and air shows and maintains the Hangar 25 Air Museum. In 2007, the airport hosted the Hang Gliding World Championships.

The Big Spring Air Terminal is over 4,000 square feet with a conference room, passenger waiting area, courtesy car and airpark office. The Pilot's Lounge includes weather monitoring and flight planning capability, wireless internet connection and concessions. The Terminal is an ultra modern building with a retro spin. As a gateway to our city, the Big Spring Air Terminal is a welcomed retreat for visitors and guests.

SUMMARY

The subject area is typical of other West Texas areas with its economy highly dependent on agricultural and oil/gas production. The demand for hotel, apartment and office/warehouse properties (conducive to oilfield service company use) softened after the decline of oil prices in 2014. However, these markets have

stabilized and stable to gradually increasing demand and price levels are anticipated. General land prices within Howard County have been stable to increasing over past several years.

It should be noted that there appears to be a two-tiered value for land in Howard County. The higher tier is for purchases by oil companies with minerals included or oil companies purchasing tracts for their own use such as frac pit, pipelines or construction of buildings. It appears that the properties that are desirable for oil companies for their use bring a premium over typical farmland. However, tracts not located within areas of good water, no transmission lines or selling with minerals are bringing a significantly lower price.

SUBJECT PHOTOGRAPHS



Looking east from the northwest corner of the subject.



Looking south along Midway Road with the subject on the left.

SUBJECT PHOTOGRAPHS



View of new oil well location on the north end of the subject.



Looking south from the north end of the subject.

SUBJECT PHOTOGRAPHS



View of electric transmission line through the subject.



Looking south from the central portion of the subject.

PROPERTY DATA

ZONING

Due to the subject property's location outside the city limits of any town, there are no zoning restrictions on the site.

AD VALOREM TAXES

According to the Howard County Appraisal District, the subject property has a market value of \$654,630. The 2019 taxes on the subject tract were \$11,700.

SITE DATA

The subject property consists of a single tract of land. This tract is located approximately four miles northeast of Big Spring, Texas and approximately 1.5 miles north of Interstate 10. The subject property is located along the east side of North Midway Road, which is an asphalt paved thoroughfare with open ditch drainage. The subject property has just under one mile of frontage along the east side of North Midway Road. There is a small tract that the subject property surrounds. This out tract has approximately 673 feet of frontage along North Midway Road. However, the location of this tract is not considered a detriment to the subject due to the large amount of additional frontage.

The topography of the subject property is level to sloping with the major soil type being the Tivoli fine sand. This series consists of deep, neutral, loose sands that have a rapid internal drainage. These soils are nearly level to undulating. In a typical profile, the surface layer is pale brown, loose fine sand about 15 inches thick. It is underlain by reddish yellow, loose fine sand that extends to a depth of more than 60 inches. These soils are used only as range and are well suited to that use.

The subject property consists entirely of native pastureland with a cover of shin oak and scattered mesquite. The subject does not appear to have been grazed in several years and has a good stand of grass.

The subject property is entirely fenced with five strands of barbed wire attached to either wood or steel posts. The eastern boundary fence is in overall good condition, while the southern, northern and western boundary fences are in fair to average condition. The property does not appear to have any cross fences and this is considered typical for the area.

We were unable to locate water wells on the subject property. However, we were informed by the listing broker that Coahoma water is located in North Midway Road and available to the property. In addition, there could be some unequipped wells and water is considered available.

Electricity is found throughout the property and this is considered an asset. However, there is a large electric transmission line running through the property and this is considered somewhat of a detriment.

It should be noted that there are approximately six existing oil wells on the subject property. In addition, there are several new well locations on the north end of the property and a new caliche road is being built on the north end of the tract. The fence on Midway Road has been cut to allow this road to be built and this is considered somewhat of a detriment. However, due to the amount of drilling in the area, this is considered typical.

HIGHEST AND BEST USE

Highest and best use is defined by The Appraisal of Real Estate, fourteenth edition, copyright 2013, page 233, by the Appraisal Institute as being, "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and maximum productively."

The highest and best use of land or a site as though vacant is a fundamental concept of valuation theory and the basis of the Cost Approach. If the land is, or were, vacant, what use should be made of it? What type of building or other improvement should be constructed on the land? When a change in the near future can be forecasted, the present highest and best use is considered an interim use. It is possible for the highest and best use of a tract to be held for speculation or for subdivision into smaller parcels or assemblage with other land.

The highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its improvements. The use that maximizes an investment property's return on a long term basis is its highest and best use as improved.

The highest and best use of both land as though vacant and property as improved must meet four criteria. The highest and best use must be:

1. Physically possible
2. Legally permissible
3. Financially feasible
4. Maximally productive

These criteria are usually considered sequentially: a use may be financially feasible, but this is irrelevant if it is physically impossible or legally prohibited. Only when there is a reasonable possibility that one of the prior, unacceptable conditions can be changed is it appropriate to proceed with the analysis.

The subject tract is currently vacant, but has been used as grazing land in the past. The subject area has seen an increase in oil and gas production and this is expected to continue. However, based upon our inspection of the Texas Railroad Commission website, there is an oil transmission line along the east boundary of the subject property. As mentioned in the City and Area Data, there is a two-tiered pricing for

land in the area with the properties being sold with minerals or for use by an oil company bringing a premium over typical farm or pastureland. As the subject property does not have water available for fracking, and are not being valued with the minerals, it is our opinion that the highest and best use of the subject property would be continued use as a grazing tract.

APPRAISAL PROCESS

The appraisal process is basically an economic analysis. The purpose of this appraisal is to estimate a specific value as of a certain date of a specific property and its property rights. Since there are many definitions of value any reviewer should pay particular attention to the definition of value utilized in this report. Also, special attention should be directed to the assumptions and limiting conditions. Of particular importance is the property's highest and best use and the competition of surrounding properties with the subject. All of this information is derived from the market when preparing an appraisal.

The appraisal process requires interpretation of economic, social, physical, and political forces that affect a property and its estimate of value. The process consists of an orderly program where the problem is defined, the work classified, analyzed and interpreted to an estimate of value. Appraisers usually utilize three approaches to value when analyzing data. These approaches are the Cost Approach, Sales Comparison Approach and Income Approach. Sometimes one or more of these approaches are not applicable to a given property and thus not utilized.

The Cost Approach is a method of estimating the value of the improvements. For the purpose of the appraisal, current cost information is obtained from national cost indexes and local contractors. If the improvements are existing, the estimated reproduction cost of the improvements, less accrued depreciation from all causes, produces an estimate of value for the subject improvements. The per acre contributory value of the improvements is then utilized in the Sales Comparison Approach to arrive at a final estimate of value for the subject property. As the subject property is unimproved, the Cost Approach was not completed.

The Sales Comparison Approach is based on the premise that no prudent individual will pay more for a property than it would cost to acquire a similar property. Sales and current offerings of comparable properties were analyzed and compared to the subject tracts to estimate a value from the Sales Comparison Approach. This approach was utilized to estimate the value of the subject property.

The Income Approach to value is based on the assumption that there is a definite relationship between the amount of income a property will earn and its value. There are several methods that can be utilized in the Income Approach but basically the potential gross income less vacancy and collection loss and operating expenses result in a net operating income (NOI). This approach was not utilized in estimating a value for

the subject property. The appraisers were unable to find adequate sales similar to the subject which had been leased.

SALES COMPARISON APPROACH

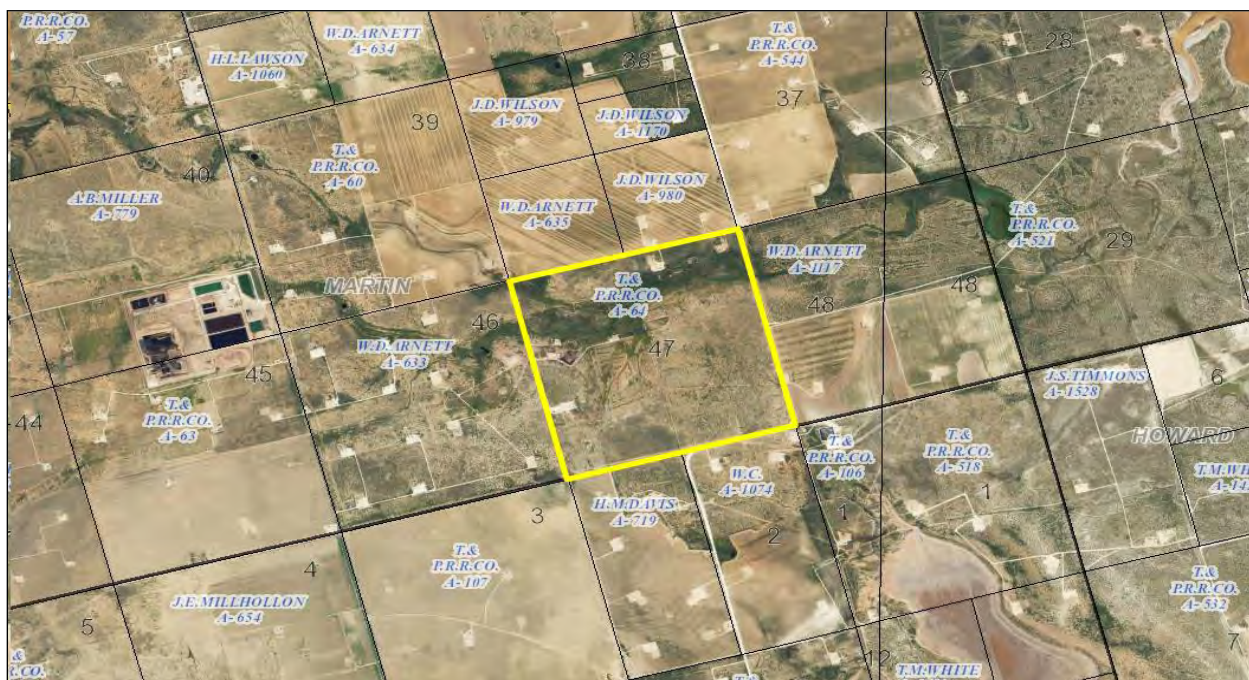
The Sales Comparison Approach is based upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for any particular property than it would cost him to acquire an equally desirable alternate property. This approach consists of the comparison of similar property which has recently sold or is currently being offered for sale to the subject property. The comparison process involves making adjustments between the subject property and the comparable properties on an item-by-item basis. Some of the factors considered in the comparison include location, date of sale, conditions of the sale to include financial terms and physical characteristics. The subject property is the standard, and the adjustments are made to the per unit sales price of the comparable property in order to arrive at an indication of value for the subject property.

The weakness of this approach includes the fact that there may be inadequate data in the marketplace to justify its use; the fact that it is based upon historical data rather than future expectations; and also the fact that the conditions of comparability may not closely conform to the subject property. Its strength lies in the fact that it reflects actual market behavior of typical purchasers under current market conditions. In short, the reliability of this approach depends upon the comparability of the sale properties, verification of data, the conditions under which the property is sold, and the date of the sale.

LAND VALUATION

The sales utilized in this report are located in Howard and Martin Counties. The sales were considered similar to the subject property for location and land use and were utilized to estimate a value for the subject property. Listed on the following pages are sales which were deemed to be most nearly comparable to the subject property.

RURAL LAND SALE No. 1



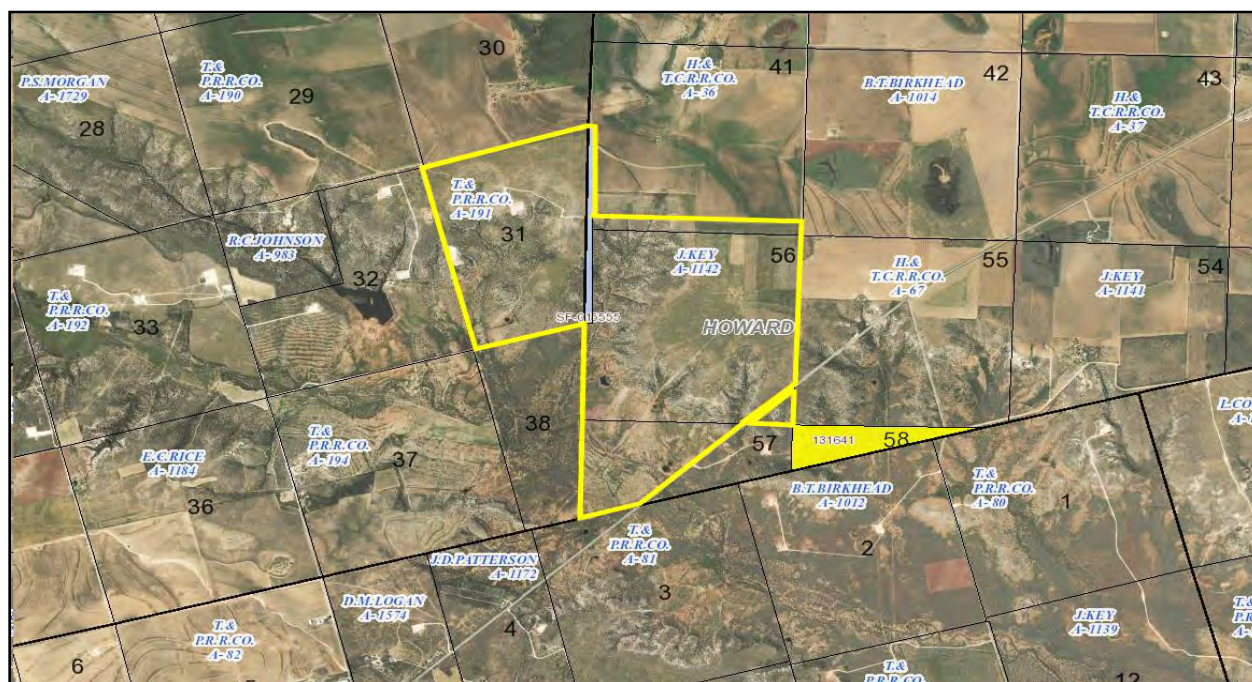
LOCATION:	Approximately 8 miles northeast of Stanton, Texas on the south and west sides of County Road 405.
GRANTOR:	Elk Creek Limited Partnership
GRANTEE:	Abyss, Inc and Cactus Energy, Inc
DATE OF SALE:	August 2, 2017
RECORDING DATA:	Volume 570, Page 308, Official Public Records, Martin County, Texas.
LEGAL DESCRIPTION:	640 acres out of Section 47, Block 35, T-1-N, T&P Railway Company Survey, Martin County, Texas.
CONSIDERATION:	\$825,000
FINANCING:	Cash to seller.
SIZE:	640 Acres
UNIT SALE PRICE:	\$1,289 per Acre
MINERALS:	Surface only.
IMPROVEMENTS:	None

A19-1240

CONFIRMED BY:

Broker

COMMENTS: Approximately 370 acres of CRP land with one year remaining on the contract. Remaining 270 acres has a moderate cover of mesquite and cedar. Large draw crosses the property. One water well. No fences. Large hill in southwest corner. North part is rolling mesquite. South portion has some elevation changes. Has electric. Extensive oilfield development.

RURAL LAND SALE No. 2

LOCATION:	Approximately 12 miles northeast of Big Spring, Texas, on the north and south sides of State Highway 350.
GRANTOR:	Vicki Cunningham
GRANTEE:	Tony Wyrick
DATE OF SALE:	September 12, 2017
RECORDING DATA:	Volume 1654, Page 786, Official Public Records, Howard County, Texas.
LEGAL DESCRIPTION:	1,199.4 acres being 320 acres of Section 56, Block 27; 298.49 acres out of Section 56, Block 27; 40 acres out of Section 41, Block 27; 129.2 acres out of Section 57, Block 27; 394 acres out of Section 31, Block 31, H&TC Railway Company Survey; and 17.71 acres out of Scrap File 15555 East of Section 31, Block 31, H&TC Railway Company Survey, Howard County, Texas.
CONSIDERATION:	\$1,440,000
FINANCING:	Cash down \$480,000 (33%); First mortgage \$960,000 note to Lone Star State Bank

SIZE:	1,199.4 Acres
UNIT SALE PRICE:	\$1,201 per Acre
MINERALS:	Surface only.
IMPROVEMENTS:	None
CONFIRMED BY:	Confidential

COMMENTS: The property is level to hilly in nature. The major soil types found on the property are the Potter Soils and Portales Loam. Potter soils generally occur in sloping areas and are suitable for rangeland. The soils are well drained soils with high runoff. Available water storage is low. Portales loam is considered prime farmland if irrigated. It is a well drained soil with low runoff. It should be noted, that there are several soils on the property that are considered prime farmland.

The property consists of approximately 125 acres of farmland, 300 acres of cleared pastureland and approximately 775 acres of native pastureland. The farmland was planted with hay grazer at the time of inspection. The native pastureland has a moderate to thick cover of mesquite, cedar and pear. The property had a good stand of native grasses. There is a one oil well location site. At the time of inspection, the well was being plugged.

There are two water wells on the subject property. Both water wells have submersible pumps. The property is traversed by a Colorado River Municipal Water District (CRMWD) water line. The property has two taps on the CRMWD water line.

All of the fences are barbed wire and range from fair to average condition. The entire perimeter is fenced. There is a 20 acre trap in the northeast portion. The farmland is fenced from the pastureland. There are no other cross-fences. There is an approximately 2 acre caliche pit on the west side of the property. The property is traversed on the south side by Wildhorse Creek, a wet weather creek. There are four earthen tanks on the property. Two tanks can be filled with water from the CRMWD water tap. Electricity is available along the east and north sides of the subject property.

It should be noted that approximately 13.51 acres of the property is divided from the remainder by State Highway 350. However, based upon the per acre values and the minimal amount of land that is in question, there is no diminution in value due to this division. The property is unimproved.

RURAL LAND SALE No. 3



LOCATION:	Located approximately 6.5 miles northeast of Stanton, Texas and along the south side of Interstate 20. Access is from the east side of County Road 1.
GRANTOR:	Jason Phillips et ux, Laci
GRANTEE:	Owl Exploration, LLC
DATE OF SALE:	October 10, 2018
RECORDING DATA:	Volume 1768, Pages 244 & 248, Official Public Records, Howard County, Texas.
LEGAL DESCRIPTION:	978.73 acres being the E/2 of Section 24, Section 13 and the south part of Section 12, Block 35, T-1-S, T&P Railway Company Survey, Howard County, Texas.
CONSIDERATION:	\$1,350,000
FINANCING:	Cash to seller.
SIZE:	978.73 Acres
UNIT SALE PRICE:	\$1,379 per Acre
MINERALS:	Surface only.

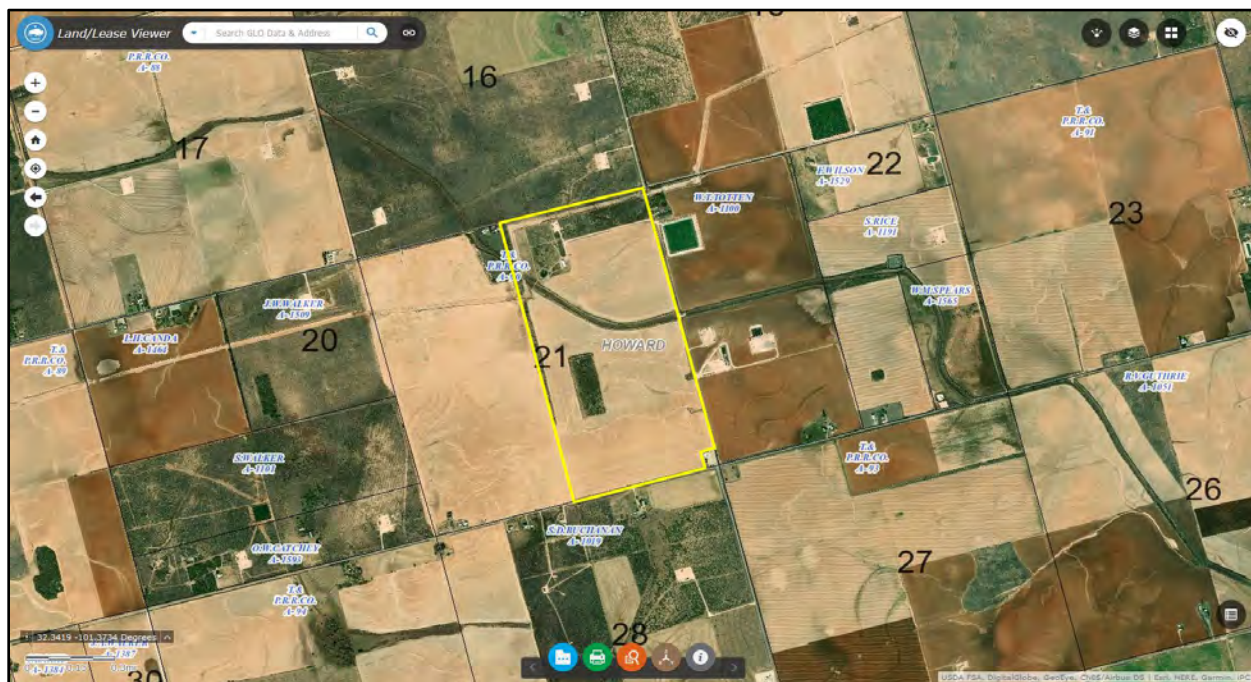
A19-1240

IMPROVEMENTS: None

CONFIRMED BY: Broker

COMMENTS: This sale consisted primarily of pastureland with a cover of short mesquite. There was 230 acres of CRP. The tract was partially fenced with barbed wire. A portion of the south boundary was not fenced. There was one well that was not equipped and electricity was available. There is a playa lake in the northeast corner of the tract.

RURAL LAND SALE No. 4



LOCATION: Approximately five miles northwest of Coahoma, Texas, at the northwest corner of Old Colorado City Road and Salem Road.

GRANTOR: Roger Shane Miller and Meredith Celeste Miller

GRANTEE: Trinity Investment Managers, LLC

DATE OF SALE: December 13, 2019

RECORDING DATA: Volume 1878, Page 216, Official Public Records, Howard County, Texas.

LEGAL DESCRIPTION: 302 acres out of the east half of Section 21, Block 31, T-1-N, T&P Railway Company Survey, Howard County, Texas.

CONSIDERATION: \$600,000

FINANCING: Cash to seller.

SIZE: 302 Acres

UNIT SALE PRICE: \$1,987 per Acre

MINERALS: Surface only.

A19-1240

IMPROVEMENTS:

A mobile home, cover, metal barn and 6 RV spaces with a contributory value of \$97,700 or \$330 per acre.

CONFIRMED BY:

Broker

COMMENTS: This tract is level to sloping and consists of 257 acres of dryland farmland with 45 acres of pastureland. There are two water wells on the property with submersible pumps. Electricity is available to three sides. The tract is not fenced.

FACTORS AFFECTING VALUE

An analysis of these sales as well as others investigated during the market research has indicated a number of factors which affect the value of land. This analysis and the conclusions with regard to the effect of each of these factors follows:

Financing - The terms or financing on sale properties typically has a bearing on the price paid. The estimate of value sought in this appraisal is the cash price property would most probably sell for on the open market. The amount of cash down payment, the terms of the note for the balance and the interest rate all have an effect on the price paid. Therefore, the individual terms of each sale must be analyzed and evaluated as to the effect financing had on the purchase price. An adjustment is then made to relate to the cash market value. Each of the sales occurred on a cash basis or with financing at terms considered generally similar to third party financing. Therefore, no adjustments were made for financing.

Conditions of Sale - This adjustment includes such factors as purchases by neighboring landowners or sales which were distressed at the time of purchase. In comparing the sales to the subject property, no adjustments appeared necessary for conditions of sale.

Time - It must be recognized that price level changes are not a steady increase, but rather one of hills and plateaus which occur over a period of time. The sales occurred from August 2017 to December 2019. Due to the sale prices, there appears to be no adjustments necessary for time.

Location - The location of a sale is generally a major contributing factor to value. The proximity to population and trade centers must be considered as well as the type of access to the property. Another locational factor is the type and quality of access or road frontage which a property possesses. Sale No. 3 fronted Interstate 10 and it appears that a premium was given to this sale for location. Therefore, a downward adjustment was made to this sale for location.

Size - In researching the sales within the subject area, a price difference could be established between the properties. The sales ranged in size from 302 acres to 1,199 acres. Sale No. 4, which was the smallest sale, sold for a significantly higher price. Therefore, a downward adjustment was considered necessary for size.

Productivity - This adjustment primarily considers the quality of soils on the property. In comparing the sales to the subject property, Sale Nos. 1 and 3, which were native pastureland, sold for a price similar to Sale No. 2, which had farmland. Therefore, no adjustments were considered necessary for productivity.

Minerals - The mineral adjustment is based on the effect the amount of minerals received has on the purchase price. The sales were conveyed surface only and, as the subject property is being appraised surface only, no adjustments were necessary.

Recreation – This adjustment considers any properties that are above average for hunting or possible live water. The sales were all farmland or pasture with limited brush and were considered similar for recreation.

Improvements - An analysis of numerous sales, as well as a comparison of improved and unimproved tracts indicates that purchasers are willing to pay for above average or better than typical improvements. Additional building improvements such as good residences, barns, good sheds, and other building improvements are considered separately in each of the sale properties and compared to the subject improvements. The subject property was unimproved. Sale Nos. 1, 2 and 3 were unimproved. Sale No. 4 had improvements with a contributory value of \$330 per acre. This sale required a downward adjustment for improvements.

ADJUSTMENT GRID - LAND SALES					
SALE #	SUBJECT	#1	#2	#3	#4
SALE DATE	01/20	08/17	09/17	10/18	12/19
SALES PRICE	n/a	\$825,000	\$1,440,000	\$1,350,000	\$600,000
SIZE - AC	627.06 Acres	640 Acres	1,199.4 Acres	978.73 Acres	302 Acres
PRICE/AC	n/a	\$1,289	\$1,201	\$1,379	\$1,987
PROPERTY RIGHTS	Fee Simple	0%	0%	0%	0%
ADJUSTED PRICE/AC		\$1,289	\$1,201	\$1,379	\$1,987
FINANCING	Cash to Seller	0%	0%	0%	0%
ADJUSTED PRICE/AC		\$1,289	\$1,201	\$1,379	\$1,987
CONDITIONS OF SALE	Normal	0%	0%	0%	0%
ADJUSTED PRICE/AC		\$1,289	\$1,201	\$1,379	\$1,987
DATE OF SALE (TIME)	01/20	0%	0%	0%	0%
ADJUSTED VALUE/ACRE		\$1,289	\$1,201	\$1,379	\$1,987
LOCATION	Midway Road	County Road	Highway	Interstate	County Road
		0%	0%	-10%	0%
LAND SIZE	627.06 Acres	640 Acres	1,199.4 Acres	978.73 Acres	302 Acres
		0%	0%	0%	-20%
PRODUCTIVITY	Average	Average	Average	Average	Average
		0%	0%	0%	0%
RECREATION	Fair	Fair	Fair	Fair	Fair
		0%	0%	0%	0%
MINERALS	Surface Only	Surface Only	Surface Only	Surface Only	Surface Only
		0%	0%	0%	0%
IMPROVEMENTS	None	None	None	None	\$330/Acre
		0%	0%	0%	-17%
GROSS ADJUSTMENTS	n/a	0%	0%	10%	37%
NET ADJUSTMENTS	n/a	0%	0%	-10%	-37%
ADJUSTED VALUE/ACRE	n/a	\$1,289	\$1,201	\$1,241	\$1,252

DISCUSSION OF ADJUSTMENTS AND FINAL VALUE ESTIMATE

In comparing the four sales to the subject property, Sale No. 3 required a downward adjustment for location as it was located along an interstate and Sale No. 4 required downward adjustments for size and improvements. Based upon these sales, it is our opinion that the fee simple market value of the subject property, on a surface only basis, as of January 20, 2020, was as follows:

$$627.06 \text{ Acres} \times \$1,250/\text{Acre} = \$784,000 \text{ (R)}$$

APPENDIX A

CONTINGENT AND LIMITING CONDITIONS

This report is subject to the following conditions:

The legal description furnished to us is assumed to be correct.

We assume no responsibility for matters legal in character nor do we render any opinion as to the title, which is assumed to be good. All existing liens and debt encumbrances have been disregarded and the property is appraised as though free and clear under responsible and competent management.

We have made no survey of the property and assume no responsibility in connection with such matters.

We believe to be reliable the information identified in this report as furnished to us by others, but we assumed no responsibility for its accuracy.

The use of the term "inspection" within the attached report only refers to the act of visiting and/or viewing the property or properties being appraised or a property or properties used as comparables. We are not licensed real estate inspectors in the State of Texas and are not qualified to render opinions required of those who are licensed real estate inspectors.

Robert W. Stribling is a member of the American Institute of Real Estate Appraisers of the National Association of Realtors. The Bylaws and Regulations of the Institute require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

We are not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

Unless otherwise stated in this report, the existence of hazardous material used in the construction, such as the presence of urea-formaldehyde foam insulation, asbestos, the existence of Radon gas which may or may not be present on the property, and/or the existence of petroleum underground storage tanks, was not observed by the us. We have no knowledge of the existence of such materials on or in the property. We are not, however, qualified to detect such substances. The existence of any such hazardous construction materials or potentially hazardous waste material may have an effect on the value of the property. If such is present, the value of the property may be adversely affected.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

APPENDIX B

QUALIFICATIONS

Robert W. Stribling
502 South Koenigheim, Suite 3B
San Angelo, Texas 76903
Ph: 325-658-2773
Fax: 325-659-4192
bob.stribling@suddenlinkmail.com

EDUCATION

Bachelor of Business Administration, Texas Tech University, Finance Major -1979
Successfully completed all required courses for the MAI designation of the Appraisal Institute; plus numerous elective courses and seminars.

PROFESSIONAL AFFILIATIONS AND LICENSES

Member - Appraisal Institute, MAI member No. 7078; received February 26, 1985.
State Certified General Real Estate Appraiser, number TX-1321617-G.
Real Estate Broker's License/State of Texas

PROFESSIONAL EXPERIENCE

December, 1987 to current - Self-employed associated with Stribling-Probandt Appraisals, an independent fee appraisal firm in San Angelo, Texas.

Clients have included numerous banks, savings and loans institutions, government agencies, attorneys, real estate development companies and numerous individuals. Professional assignments have included the valuation of single-family and multi-family residential, commercial (office, retail, hotel, self-storage), industrial, rural and special purpose properties.

October, 1980 to November, 1987 - Self-employed associated with Appraisal Services, Incorporated, Fort Worth, Texas. Appraisal assignments included many types of income producing real estate, and the management of two staff appraisers.

September, 1979 to October, 1980 - Employed by Crosson Dannis, Incorporated, an independent fee appraisal firm in Dallas, Texas. Appraisal assignments included single-family residential, duplexes and condominium units.

Robert W. Stribling is currently certified under the Continuing Education Program of the Appraisal Institute.

President of the Texas Plains Chapter of the Appraisal Institute - 2016 & 2017.



Certified General Real Estate Appraiser

Appraiser: **ROBERT WRIGHT STRIBLING**

License #: **TX 1321617 G**

License Expires: **12/31/2021**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.



Douglas E. Oldmixon
Commissioner

QUALIFICATIONS

Victor Roy Probandt
502 South Koenigheim, Suite 3B
San Angelo, Texas 76903
Ph: 325-658-2773
Fax: 325-659-4192
victor.probandt@suddenlinkmail.com

EDUCATION

Bachelor of Science Degree from Angelo State University, San Angelo, Texas in December 1980.

Courses of the American Society of Farm Managers and Rural Appraisers

04/91 - Course A-30, Advanced Rural Appraisals

06/90 - Course A-20, Principles of Rural Appraisal

Courses of the American Institute of Real Estate Appraisers

08/87 - Course 1B-A, Capitalization Theory & Techniques Part A

09/85 - Course 8-2, Residential Valuation

05/85 - Course 1A-2, Basic Valuation Procedures

05/85 - Course 1A-1/8-1, Real Estate Principles

PROFESSIONAL AFFILIATIONS AND LICENSES

Accredited Member (ARA) - American Society of Farm Managers and Rural Appraisers, Certificate No. 902, received November 8, 1991.

Currently holds a Texas Real Estate Salesman License.

State Certified General Real Estate Appraiser, number TX-1323333-G

PROFESSIONAL EXPERIENCE

January 1, 1987 to Present - Stribling-Probandt Appraisals, San Angelo, Texas (Fee Appraiser)

Victor Roy Probandt is a real estate appraiser associated with Stribling-Probandt Appraisals. Appraisal experience includes condemnations, commercial, residential, and farm and ranch properties.

June 1, 1985 to January 31, 1986 - McCormick Appraisals, San Angelo, Texas (Fee Appraiser)

Past President of the Texas Chapter of the American Society of Farm Managers and Rural Appraisers


Current President of the Foundation Appraisers Coalition of Texas

Texas Appraiser Licensing and Certification Board
P.O. Box 12188 Austin, Texas 78711-2188
Certified General Real Estate Appraiser

Number: **TX 1323333 G**
Issued: **02/23/2017** Expires: **02/28/2019**

Appraiser: **VICTOR ROY PROBANDT**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Texas Occupations Code, Chapter 1103, is authorized to use this title, Certified General Real Estate Appraiser.


Douglas E. Oldmixon
Commissioner