Texas Pollutant Discharge Elimination System (TPDES) Permit Renewal Application

Individual Permit No. WQ0004889000

John Bludworth Shipyard, LLC 3101 Navigation Blvd Corpus Christi, Texas 78402

Prepared by



February 2020

Introduction

TRC has prepared the enclosed Texas Pollutant Discharge Elimination System (TPDES) Permit Renewal Application (Individual Permit No WQ0004889000) maintained for John Bludworth Shipyard, LLC (John Bludworth) located at 3101 Navigation Boulevard, Nueces County, Texas, 78402. John Bludworth is authorized to discharge drydock ballast water and vessel wash water from outfall No. 001 and vessel ballast water, void take water and ballast and void tank wash water from outfall No. 002 into the Corpus Christi Inner Harbor Segment Number 2484. Due to variable nature of the vessel repair schedule, the length of repair and ballast/void tank discharge, only one sample from each outfall was able to be collected for analysis.

The current permit expires at midnight on June 1, 2020 and as per the requirements set forth in Permit No WQ0004889000, John Bludworth is required to apply for a renewal at least 180 days prior to expiration of the existing permit in order to continue a permitted activity after the expiration date of the permit. As such, the TPDES renewal application is enclosed in the following attachments:

Attachment A:	TCEQ Form 10411 – TCEQ Industrial Wastewater Permit Application Industrial Administration Report
Attachment B:	TCEQ Form 10055 – Industrial Wastewater Permit Application Technical Report
Attachment C:	Core Data Form
Attachment D:	Site Maps
Attachment E:	Copy of Permit Fee
Attachment F:	Copy of Lease Agreement

Attachment A TCEQ Form 10411 TCEQ Industrial Wastewater Permit Application Industrial Administration Report

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY TCEQ Industrial Wastewater Permit Application INDUSTRIAL ADMINISTRATIVE REPORT

Complete and submit this checklist with the application.

APPLICANT NAME: John Bludworth Shipyard

PERMIT NUMBER: WQ0004889000

Check Y for each of the following items included in this application. If an item was not included, check N.

	Y	Ν		Y	Ν
Administrative Report 1.0	\boxtimes		Worksheet 8.0		\boxtimes
Administrative Report 1.1		\boxtimes	Worksheet 9.0		\boxtimes
SPIF	\boxtimes		Worksheet 10.0		\boxtimes
Core Data Form	\boxtimes		Worksheet 11.0		\boxtimes
Technical Report 1.0	\boxtimes		Worksheet 11.1		\boxtimes
Worksheet 1.0		\bowtie	Worksheet 11.2		\boxtimes
Worksheet 2.0	\bowtie		Worksheet 11.3		\boxtimes
Worksheet 3.0		\boxtimes	Original USGS Map	\boxtimes	
Worksheet 3.1		\bowtie	Affected Landowners Map		\boxtimes
Worksheet 3.2		\bowtie	Landowner Disk or Labels		\boxtimes
Worksheet 3.3		\bowtie	Flow Diagram		\boxtimes
Worksheet 4.0	\boxtimes		Site Drawing	\bowtie	
Worksheet 4.1		\bowtie	Original Photographs		\boxtimes
Worksheet 5.0		\boxtimes	Solids Management Program		\boxtimes
Worksheet 6.0		\boxtimes	Water Balance		\boxtimes
Worksheet 7.0	\boxtimes				

For Commission Use Only:						
Segment Number:	County:	Expiration Date:				
Proposed/Current Permit	Number:	Region:				

INDUSTRIAL ADMINISTRATIVE REPORT 1.0

 \boxtimes

New TLAP permit

Renewal without changes

Major amendment without renewal

Minor modification without renewal

The following information is required for all applications for TPDES permits and TLAPs.

1. TYPE OF APPLICATION AND FEES (Instructions, Page 21)

- a. Permit No.: WQ000<u>4889000</u> Expiration Date: <u>June 1, 2020</u> EPA ID No.: TX0<u>132004</u>
- b. Check the box next to the appropriate application type.
 - □ New TPDES permit
 - □ Major amendment with renewal
 - □ Renewal with changes
 - □ Minor amendment without renewal
 - Stormwater only discharge
- c. If applying for an **amendment** or **modification** of a permit, describe the request in detail:
- d. Application Fee

Check the box next to the amount submitted for the application fee:

EPA Classification	New	Major Amendment (With or Without Renewal)	Renewal (With or Without Changes)	Minor Amendment/ Minor Modification (Without Renewal)
Minor facility not subject to EPA categorical effluent guidelines (<i>40 CFR Parts 400- 471</i>)	□ \$350	□ \$350	⊠ \$315	□ \$150
Minor facility subject to EPA categorical effluent guidelines (40 CFR Parts 400-471)	\$1,250	\$1,250	\$1,215	□ \$150
Major facility	N/A*	\$2,050	□ \$2,015	\$450

* All facilities are designated as minors until formally classified as a major by EPA.

e. Payment Information:

Mailed	Check or money order number:
	Check or money order amount:
	Named printed on check or money order:
ePAY	Voucher number:
	Copy of voucher attached? Yes Attachment:

2. APPLICANT INFORMATION (Instructions, Pages 21-22)

a. Facility Owner (Owner of the facility must apply for the permit.)

 Provide the legal name of the entity (applicant) applying for this permit: <u>John Bludworth Shipyard,</u> <u>LLC</u>

(The legal name must be spelled exactly as filed with the TX SOS, Texas Comptroller of Public Accounts, County, or in the legal documents forming the entity.)

- If the applicant is currently a customer with the TCEQ, provide the Customer Number, which can be located using the <u>TCEQ's Central Registry Customer Search</u>¹: **CN**<u>600323158</u>
- Provide the name and title of the person signing the application. The person must be an executive official meeting signatory requirements in *30 TAC § 305.44*.

Mr. 🖂 Ms. 🗆 First/Last Name: <u>Gasper D'Anna</u>

Title: President

Credential:

b. Co-applicant Information

• Provide the legal name of the co-applicant applying for this permit, if applicable:

(The legal name must be spelled exactly as filed with the TX SOS, Texas Comptroller of Public Accounts, County, or in the legal documents forming the entity.)

- If the co-applicant is currently a customer with the TCEQ, provide the Customer Number, which can be located using the <u>TCEQ's Central Registry Customer Search</u>: **CN**
- Provide the name and title of the person signing the application. The person must be an executive official meeting signatory requirements in *30 TAC § 305.44*.

Mr. 🗆	Ms. 🗆	First/Last Name:	Click to enter text.	
Title:		r text.	Credential:	Click to enter text.

• Provide a brief description of the need for a co-permittee:

c. Core Data Form

Complete the Core Data Form for each customer and include as an attachment. If the customer type selected on the Core Data Form is **Individual**, complete **Attachment 1** of the Administrative Report.

Attachment: <u>C</u>

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3. APPLICATION CONTACT INFORMATION (Instructions, Page 22)

If the TCEQ needs additional information regarding this application, who should be contacted?

a.	Mr. 🖂 Ms. 🗌 First/Last	Name: <u>Gasper D'Anna</u>	Credential:	
	Organization Name: John Blu	Title: <u>President</u>		
	Mailing Address: <u>PO Box 244</u> <u>78403</u>	1	City/State/ZIP Code: <u>Corpus Christi, TX</u>	
	Phone No.: <u>(361) 887-7981</u>	Fax No.: <u>(361) 887-6014</u>	E-mail: gdanna@jbludshipyard.com	
	Check one or both: \square	Administrative Contact	Technical Contact	

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¹ http://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=cust.CustSearch

b.	Mr. 🛛 Ms. 🗖 First/Last Name: <u>Chris Aranda</u>	Credential:
	Organization Name: John Bludworth Shipyard, LL	<u>C</u> Title: <u>EHS Manager</u>
	Mailing Address: <u>PO Box 2441</u> <u>78403</u>	City/State/ZIP Code: <u>Corpus Christi, TX</u>
	Phone No.: (361) 887-7981 Fax No.: (361) 887	6014 E-mail: <u>caranda@jbludshipyard.com</u>
	Check one or both:	ntact 🛛 Technical Contact
	Attachment: <u>N/A</u>	

4. PERMIT CONTACT INFORMATION (Instructions, Page 22)

Provide two names of individuals that can be contacted throughout the permit term.

a.	Mr. 🖂 Ms. 🗆 First/Last Name: <u>Chris Aranda</u>		Credential:	
	Organization Name: Joh	<u>ın Bludworth Shipyard, LLC</u>	Title: <u>EHS Manager</u>	
	Mailing Address: <u>PO Bo</u> <u>78403</u>	<u>x 2441</u>	City/State/ZIP Code: <u>Corpus Christi, TX</u>	
	Phone No.: <u>(361) 887-79</u>	981 Fax No.: <u>(361) 887-6014</u>	E-mail: <u>caranda@jbludshipyard.com</u>	
b.	Mr. \Box Ms. \boxtimes Firs	t/Last Name: <u>Mona Brandon</u>	Credential:	
	Organization Name: <u>TR</u>	C Environmental Solutions	Title: <u>Project Manager</u>	
	Mailing Address: <u>3 Walden Ridge Drive, Suite 250</u> Phone No.: <u>(828) 237-2239</u> Fax No.:		City/State/ZIP Code: <u>Asheville, NC 2880;</u> E-mail: <u>mbrandon@trccompanies.com</u>	
	Attachment: N/A			

5. **BILLING CONTACT INFORMATION (Instructions, Page 22)**

The permittee is responsible for paying the annual fee. The annual fee will be assessed to permits **in effect on September 1 of each year**. *The TCEQ will send a bill to the address provided in this section. The permittee is responsible for terminating the permit when it is no longer needed (form TCEQ-20029).*

Provide the complete mailing address where the annual fee invoice should be mailed and the name and phone number of the permittee's representative responsible for payment of the invoice.

Mr. 🖂 Ms. 🗖 First/Last Name: <u>Gasper D'Anna</u>	Credential:
Organization Name: John Bludworth Shipyard, LLC	Title: <u>President</u>
Mailing Address: <u>PO Box 2441</u> <u>78403</u>	City/State/ZIP Code: <u>Corpus Christi, TX</u>
Phone No.: (361) 887-7981 Fax No.: (361) 887-6014	E-mail: <u>gdanna@jbludshipyard.com</u>
6. DMR/MER CONTACT INFORMATI	ON (Instructions, Page 22)
Provide the name and mailing address of the person delega	ted to receive and submit DMRs or MERs.
Mr. 🖂 Ms. 🔲 First/Last Name: <u>Chris Aranda</u>	Credential: Click to enter leve
Organization Name: John Bludworth Shipyard, LLC	Title: <u>EHS Manager</u>
Mailing Address: <u>PO Box 2441</u>	City/State/ZIP Code: <u>Corpus Christi, TX</u>

<u>78403</u>

Phone No.: (361) 887-7981 Fax No.: (361) 887-6014 E-mail: caranda@jbludshipyard.com

DMR data must be submitted through the <u>NetDMR</u>² system. An electronic reporting account can be established once the facility has obtained the permit number.

7. NOTICE INFORMATION (Instructions, Pages 23-24)

a. Individual Publishing the Notices

	-						
	Mr.	\boxtimes Ms. \square	First/Last	Name: <u>Chris Aranda</u>	Cred	lential:	
	Orga	anization Nam	ıe: <u>John Blu</u>	idworth Shipyard, LL	Title: <u>EHS Manager</u>		
	Mailing Address: <u>PO Box 2441</u> <u>78403</u>				City/State/ZIP Code: Cod	orpus Christi, TX	
	Pho	ne No.: <u>(361) 8</u>	<u>387-7981</u>	Fax No.: <u>(361) 887</u> -	6014	E-mail: <u>caranda@jbluds</u>	<u>shipyard.com</u>
	. Method for Receiving Notice of Receipt and Intent to Obtain a Water Quality Permit Package (only for NORI, NAPD will be sent via regular mail)						
b.	Met Per	thod for Re mit Packag	ceiving N (only fo	lotice of Receipt a or NORI, NAPD w	and Inte vill be se	ent to Obtain a Wate ent via regular mail)	r Quality
b.	Met Per	thod for Re mit Packag E-mail: <u>cara</u> ı	ceiving N se (only fo <u>1da@jbluds</u>	Notice of Receipt a or NORI, NAPD w hipyard.com	and Into vill be so	ent to Obtain a Wate ent via regular mail)	r Quality
b.	Met Per	t hod for Re mit Packag E-mail: <u>cara</u> Fax:	cceiving N ce (only fo nda@jbluds	Notice of Receipt a or NORI, NAPD w hipyard.com	and Inte vill be se	ent to Obtain a Wate ent via regular mail)	r Quality
b.	Met Per	thod for Remit Packag E-mail: <u>caran</u> Fax: Regular Mail	cceiving N ce (only fo nda@jbluds (USPS)	otice of Receipt a or NORI, NAPD w hipyard.com	and Into vill be so	ent to Obtain a Wate ent via regular mail)	r Quality
b.	Met Per	thod for Re mit Packag E-mail: <u>caran</u> Fax: Regular Mail Mailing Ad	eceiving N ge (only fo nda@jbluds (USPS) ldress:	Notice of Receipt a or NORI, NAPD w hipyard.com Cit	and Into rill be so ry/State/2	ent to Obtain a Wate ent via regular mail) ZIP Code:	er Quality

c. Contact in the Notice

Mr. \square Ms. \square	First/Last Nan	ne: <u>Gasper D'Anna</u>	Credential:	Click to enter text.
Organization Nam	e: <u>John Bludwo</u>	<u>rth Shipyard, LLC</u>		Title: <u>President</u>
Phone No.: <u>(361) 8</u> gdanna@ibludshii	<u>387-7981</u>] ovard.com	Fax No.: <u>(361) 887-60</u>	014	E-mail:

d. Public Place Information

If the facility or outfall is located in more than one county, provide a public viewing place for each county.

Public building name: <u>Corpus Christi Central Library</u> Location within the building: <u>Front desk</u>

Physical Address of Building: 805 Comanche Street

City: <u>Corpus Christi</u> County: <u>Nueces</u>

e. Bilingual Notice Requirements:

This information **is required** for **new**, **major amendment**, **and renewal applications**. It is not required for minor amendment or minor modification applications.

This section of the application is only used to determine if alternative language notices will be needed. Complete instructions on publishing the alternative language notices will be in your public notice package.

Please call the bilingual/ESL coordinator at the nearest elementary and middle schools and obtain the following information to determine whether an alternative language notices are required.

1. Is a bilingual education program required by the Texas Education Code at the elementary or middle school nearest to the facility or proposed facility?

² <u>https://www.tceq.texas.gov/permitting/netdmr</u>

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🛛 Yes 🗆 No

If **no**, publication of an alternative language notice is not required; **skip to** Item 8 (REGULATED ENTITY AND PERMITTED SITE INFORMATION.)

- 2. Are the students who attend either the elementary school or the middle school enrolled in a bilingual education program at that school?
 - 🖾 Yes 🗆 No
- 3. Do the students at these schools attend a bilingual education program at another location?

🗆 Yes 🖾 No

4. Would the school be required to provide a bilingual education program but the school has waived out of this requirement under 19 TAC §89.1205(g)?

🗆 Yes 🖾 No

5. If the answer is yes to question 1, 2, 3, or 4, public notices in an alternative language are required. Which language is required by the bilingual program? <u>Spanish</u>

8. REGULATED ENTITY AND PERMITTED SITE INFORMATION (Instructions Pages 24-25)

If the site of your business is part of a larger business site, a Regulated Entity Number (RN) may already be assigned for the larger site. Use the RN assigned for the larger site. <u>Search the TCEQ's Central Registry</u>³ to determine the RN or to see if the larger site may already be registered as a regulated site:

If the site is found, provide the assigned RN and the information for the site to be authorized through this application below. The site information for this authorization may vary from the larger site information.

- a. TCEQ issued Regulated Entity Number (RN): RN100613959
- b. Name of project or site (the name known by the community where located): John Bludworth Shipyard
- c. Is the location address of the facility in the existing permit the same?

🛛 Yes 🗆 No

78403

d. If the facility is located in Bexar, Comal, Hays, Kinney, Medina, Travis, Uvalde, or Williamson County, additional information concerning protection of the Edwards Aquifer may be required.

e.	Owner of	of treatment	facility:	John	Bludworth	Shipy	vard,	LLC	
			-			1.			

Ownership of Facility:		Public	\boxtimes	Private		Both		Federal
------------------------	--	--------	-------------	---------	--	------	--	---------

f. Owner of land where treatment facility is or will be:

Mr.
Ms.
First/Last or Organization Name: Port of Corpus Christi Authority of Nueces County

 Mailing Address: P.O. Box 1541
 City/State/ZIP Code: Corpus Christi, TX

Phone No.: (361) 882-5633 Fax No.: (361) 882-7110 E-mail: NA

If not the same as the facility owner, there must be a long-term lease agreement in effect for at least six years. In some cases, a lease may not suffice - see instructions. Attachment: \underline{F}

g. Owner of effluent TLAP disposal site (if applicable):

³ <u>http://www15.tceq.texas.gov/crpub/index.cfm?fuseaction=regent.RNSearch</u>

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Mr.
Ms.
First/Last or Organization Name: <u>N/A</u>

Mailing Address:	r text.	City/State/ZIP Code:	
Phone No.:	Fax No.:	E-mail: Click to enter text.	

If not the same as the facility owner, there must be a long-term lease agreement in effect for at least six years. **Attachment**:

h. Owner of sewage sludge disposal site (if applicable):

Mr. \Box Ms. \Box	First/Last or Organization Name: <u>N/A</u>	
Mailing Address:	Click to enter text.	City/State/ZIP Code:
Phone No.:	Gentertext Fax No.: Click to entertext	E-mail: Click to enter text

If not the same as the facility owner, there must be a long-term lease agreement in effect for at least six years. **Attachment**:

(This information is required only if authorization is sought in the permit for sludge disposal on property owned or controlled by the applicant.)

9. TDPES DISCHARGE/TLAP DISPOSAL INFORMATION (Instructions, Pages 25-28)

a. Is the facility located on or does the treated effluent cross American Indian Land?

🗆 Yes 🛛 No

b. Attach an **original** full size USGS Topographic Map (or an 8.5"×11" **reproduced** portion for renewal or amendment applications) with all required information. Check the box next to each item below to confirm it has been included on the map.

	☑ One-mile radius and three-miles	Effluent disposal site boundaries
	downstream information	All wastewater ponds
	Applicant's property boundaries	Sewage sludge disposal site
	□ Treatment facility boundaries □	New and future construction
	Labeled point(s) of discharge and highlighted discharge route(s)	Attachment: Click to enter text
c.	Is the location of the sewage sludge disposal site in the end	xisting permit accurate?
	🖾 Yes 🗆 No 🗆 N/A	
	If no , or a new application, please give an accurate desc	ription:
d.	Are the point(s) of discharge and the discharge route(s) is	n the existing permit correct?
	🖾 Yes 🗆 No 🖾 N/A	
	If no , or a new or amendment applications, provide a	in accurate description:
e.	City nearest the outfall(s): <u>Corpus Christi</u>	
f.	County in which the outfalls(s) is/are located: <u>Nueces</u>	
g.	Is or will the treated wastewater discharge to a city, cour control district drainage ditch?	ty, or state highway right-of-way, or a flood
	\Box Yes \boxtimes No	
	If yes , indicate by a check mark if: \Box Authorization g	ranted 🔲 Authorization pending

For **new and amendment** applications, provide copies of letters that show proof of contact and the approval letter upon receipt.

Attachment:

- h. For all applications involving an average daily discharge of 5 MGD or more, provide the names of all counties located within 100 statute miles downstream of the point(s) of discharge.
- i. For TLAPs, is the location of the effluent disposal site in the existing permit accurate?

 \Box Yes \Box No \boxtimes N/A

If **no**, or if this a **new or amendment** application, provide an accurate description:

- j. City nearest the disposal site:
- k. County in which the disposal site is located:
- 1. Disposal Site Latitude: Longitude:
- m. For **TLAPs**, describe how effluent is/will be routed from the treatment facility to the disposal site:
- n. For **TLAPs**, identify the nearest watercourse to the disposal site to which rainfall runoff might flow if not contained:

10. MISCELLANEOUS INFORMATION (Instructions, Page 28)

a. Did any person formerly employed by the TCEQ represent your company and get paid for service regarding this application?

🗆 Yes 🖾 No

If **yes**, list each person:

- b. Do you owe any fees to the TCEQ?
 - 🗆 Yes 🖾 No

If **yes**, provide the following:

- Acct. No.:
- Amt. due:
- c. Do you owe any penalties to the TCEQ?
 - \Box Yes \boxtimes No

If **yes**, provide the following:

- Enforcement Order No.:
- Amt. due:

11. SIGNATURE PAGE (Instructions, Page 29)

Permit No: WQ000<u>4889000</u>

Applicant Name: John Bludworth Shipyard

Certification:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

I further certify that I am authorized under 30 Texas Administrative Code §305.44 to sign and submit this document, and can provide documentation in proof of such authorization upon request.

Signatory name (typed or printed): Gasper D'Anna

Signatory title: <u>President</u>

Signature:		Date:
(Use blue ink)		
Subscribed and Sworn to before me b	y the said	
on this	_day of	, 20
My commission expires on the	day of	, 20

Notary Public

[SEAL]

County, Texas

If co-applicants are necessary, each entity must submit an original, separate signature page.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SUPPLEMENTAL PERMIT INFORMATION FORM (SPIF)

FOR AGENCIES REVIEWING INDUSTRIAL TPDES WASTEWATER PERMIT APPLICATIONS

TCEQ USE ONLY: Application type:RenewalMajor Amend	mentMinor AmendmentNew				
County:	_Segment Number:				
Admin Complete Date:					
Agency Receiving SPIF:					
Texas Historical Commission	U.S. Fish and Wildlife				
Texas Parks and Wildlife Department	U.S. Army Corps of Engineers				

This form applies to TPDES permit applications only. (Instructions, Page 33)

The SPIF must be completed as a separate document. The TCEQ will mail a copy of the SPIF to each agency as required by the TCEQ agreement with EPA. If any of the items are not completely addressed or further information is needed, you will be contacted to provide the information before the permit is issued. Each item must be completely addressed.

Do not refer to a response of any item in the permit application form. Each attachment must be provided with this form separately from the administrative report of the application. The application will not be declared administratively complete without this form being completed in its entirety including all attachments.

The following applies to all applications:

- 1. Permittee Name: John Bludworth Shipyard
- 2. Permit No.: WQ000<u>4889000</u>

EPA ID No.: TX0<u>132004</u>

- 3. Address of the project (location description that includes street/highway, city/vicinity, and county): <u>3101 Navigation Boulevard, Corpus Christi, TX, Nueces County</u>
- 4. Provide the name, address, phone and fax number, and email address of an individual that can be contacted to answer specific questions about the property.

First/Last Name: <u>Gasper D'Anna</u>	Title: <u>President</u>	Credential:
Organization Name: John Bludword	th Shipyard, LLC	
Mailing Address: <u>PO Box 2441</u> <u>78403</u>		City/State/ZIP Code: <u>Corpus Christi, TX</u>
Phone No.: <u>(361) 887-7981</u>	Fax No.: <u>(361) 887-60</u>	14 E-mail: gdanna@jbludshipyard.com
$T_{i}^{(1)} = 1$	· 1	

5. List the county in which the facility is located: <u>Nueces</u>

- 6. If the property is publicly owned and the owner is different than the permittee/applicant, please list the owner of the property:
- 7. Provide a description of the effluent discharge route. The discharge route must follow the flow of effluent from the point of discharge to the nearest major watercourse (from the point of discharge to a classified segment as defined in *30 TAC Chapter 307*). If known, please identify the classified segment number: <u>The effluent from Outfalls 001 and 002 discharge directly into Corpus Christi Inner Harbor, segment No. 2484.</u>
- 8. Please provide a separate 7.5-minute USGS quadrangle map with the project boundaries plotted and a general location map showing the project area. Please highlight the discharge route from the point of discharge for a distance of one mile downstream. (This map is required in addition to the map in the administrative report.)

Attachment: D

9. Provide original photographs of any structures 50 years or older on the property.

Attachment: <u>N/A</u>

- 10. Does your project involve any of the following? Check all that apply.
 - □ Proposed access roads, utility lines, construction easements
 - □ Visual effects that could damage or detract from a historic property's integrity
 - □ Vibration effects during construction or as a result of project design
 - Additional phases of development that are planned for the future
 - □ Sealing caves, fractures, sinkholes, other karst features
 - Disturbance of vegetation or wetlands
- 11. List proposed construction impact (surface acres to be impacted, depth of excavation, sealing of caves, or other karst features): <u>There is no proposed construction</u>
- 12. Describe existing disturbances, vegetation, and land use:

THE FOLLOWING ITEMS APPLY ONLY TO APPLICATIONS FOR NEW TPDES PERMITS AND MAJOR AMENDMENTS TO TPDES PERMITS

- 13. List construction dates of all buildings and structures on the property:
- 14. Provide a brief history of the property, and name of the architect/builder, if known:

WATER QUALITY PERMIT PAYMENT SUBMITTAL FORM

Use this form to submit the Application Fee, if mailing the payment.

- Complete items 1 through 5 below.
- Staple the check or money order in the space provided at the bottom of this document.
- Do not mail this form with the application form.
- Do not mail this form to the same address as the application.
- Do not submit a copy of the application with this form as it could cause duplicate permit entries.

Mail this form and the check or money order to:

BY REGULAR U.S. MAIL

Texas Commission on Environmental Quality Financial Administration Division Cashier's Office, MC-214 P.O. Box 13088 Austin, Texas 78711-3088

BY OVERNIGHT/EXPRESS MAIL

Texas Commission on Environmental Quality Financial Administration Division Cashier's Office, MC-214 12100 Park 35 Circle Austin, Texas 78753

Fee Code: WQP Permit No: WQ0004889000

- 1. Check or Money Order Number:
- 2. Check or Money Order Amount:
- 3. Date of Check or Money Order:
- 4. Name on Check or Money Order:
- 5. APPLICATION INFORMATION

Name of Project or Site: John Bludworth Shipyard

Physical Address of Project or Site: 3101 Navigation Blvd, Corpus Christi, TX 78402

If the check is for more than one application, attach a list which includes the name of each Project or Site (RE) and Physical Address, exactly as provided on the application.

Staple Check or Money Order in This Space

Attachment B TCEQ Form 10055 Industrial Wastewater Permit Application Technical Report

TECHNICAL REPORT 1.0 INDUSTRIAL

The following information **is required** for all applications for a TLAP or an individual TPDES discharge permit.

For additional information or clarification on the requested information, refer to the <u>Instructions for</u> <u>Completing the Industrial Wastewater Permit Application</u>¹ available on the TCEQ website.

If more than one outfall is included in the application, provide applicable information for each individual outfall. **If an item does not apply to the facility, enter N/A** to indicate that the item has been considered. Include separate reports or additional sheets as **clearly cross-referenced attachments** and provide the attachment number in the space provided for the item the attachment addresses.

NOTE: This application is for an industrial wastewater permit only. Additional authorizations from the TCEQ Waste Permits Division or the TCEQ Air Permits Division may be needed.

1. FACILITY/SITE INFORMATION (Instructions, Pages 34-35)

a. Describe the general nature of the business and type(s) of industrial and commercial activities. Include all applicable SIC codes (up to 4).

Full range of marine repair services for inland and offshore equipment, as well as new construction services. Available crane service includes 150-ton link belt crawler crane, 70-ton barge crane, 70-ton mobile crane, 15-ton cherry picker, and 16-ton fork lift. Repair services offered for inland and offshore equipment, including hull repair and piping, re-powering, electrical repair, conversions, rig, de rig, panel fabrication, grit blasting, and painting. SIC Code 3731; NAICS Code 336611.

b. Describe all wastewater-generating processes at the facility.

Deck of dry dock is walked looking for floatable debris. After cleared, a ten inch gate valve is opened to each tank (24 tanks), sea water enters the tanks, air is vented through vent pipes in the top of the dry dock wing walls as tanks fill (gravity flow) and the dry dock sinks to a predetermined level (depends on the draft of the vessel being dry docked). The 10-inch gate valve is closed, vessel being docked is floated into place and secured with ropes. The FLYGT pumps are turned on pumping the ballast water out of the dry dock ballast tanks overboard through the wing wall of the dry dock (see Attachment D, Site Maps) as the water is being pumped out, the dry dock rises back out of the water (floats). NOTE: during the sinking of the dry dock, the opening of the valves might be rotated to keep the dry dock balanced. Also, during the pumping out of the water might be rotated OFF and ON to keep the dry dock balanced (level). Due to the variable nature and length of the vessel repair, only one sample was collected from each outfall for analysis.

¹ https://www.tceq.texas.gov/permitting/wastewater/industrial/TPDES industrial wastewater steps.html

c. Provide a list of raw materials, major intermediates, and final products handled at the facility.

Materials List

Raw Materials	Intermediate Products	Final Products
Steel	Blasting Grit	
	Paint	
	Welding Grit	

Attachment: N/A

- d. Attach a facility map (drawn to scale) with the following information:
 - Production areas, maintenance areas, materials-handling areas, waste-disposal areas, and water intake structures.
 - The location of each unit of the WWTP including the location of wastewater collection sumps, impoundments, outfalls, and sampling points, if significantly different from outfall locations.

Attachment: D

- e. Is this a new permit application for an existing facility?
 - 🗆 Yes 🖾 No

If **yes**, provide background discussion:

f. Is/will the treatment facility/disposal site be located above the 100-year frequency flood level.

🗆 Yes 🖾 No

List source(s) used to determine 100-year frequency flood plain: <u>FEMA Flood Insurance Rate Map for</u> <u>Nueces County</u>, <u>Panels 485494 0304 and 0308</u>

If **no**, provide the elevation of the 100-year frequency flood plain and describe what protective measures are used/proposed to prevent flooding (including tail water and rainfall run-on controls) of the treatment facility and disposal area: <u>N/A since it is not a treatment facility</u>.

Attachment: <u>N/A</u>

g. For **new** or **major amendment** permit applications, will any construction operations result in a discharge of fill material into a water in the state?

 \Box Yes \Box No \boxtimes N/A (renewal only)

h. If yes to Item 1.g, has the applicant applied for a USACE CWA Chapter 404 Dredge and Fill permit?

□ Yes □ No

If **yes**, provide the permit number:

If **no**, provide an approximate date of application submittal to the USACE:

2. TREATMENT SYSTEM (Instructions, Page 35)

a. List any physical, chemical, or biological treatment process(es) used/proposed to treat wastewater at this facility. Include a description of each treatment process, starting with initial treatment and finishing with the outfall/point of disposal.

Dry dock ballast water, vessel wash water, vessel ballast water, void tank water and ballast and void tank wash water are discharged directly. No chemicals are added.

b. Attach a flow schematic **with a water balance** showing all sources of water and wastewater flow into the facility, wastewater flow into and from each treatment unit, and wastewater flow to each outfall/point of disposal.

Attachment: <u>N/A</u>

3. IMPOUNDMENTS (Instructions, Pages 35-37)

Does the facility use or plan to use any wastewater impoundments (e.g., lagoons or ponds?)

□ Yes ⊠ No

If **no**, proceed to Item 4. If **yes**, complete **Item 3.a** for **existing** impoundments and **Items 3.a - 3.e** for **new or proposed** impoundments. **NOTE:** See instructions, Pages 35-37, for additional information on the attachments required by Items 3.a – 3.e.

a. Complete the table with the following information for each existing, new, or proposed impoundment:

Use Designation: Indicate the use designation for each impoundment as Treatment (**T**), Disposal (**D**), Containment (**C**), or Evaporation (**E**).

Associated Outfall Number: Provide an outfall number if a discharge occurs or will occur.

Liner Type: Indicate the liner type as Compacted clay liner (**C**), In-situ clay liner (**I**), Synthetic/plastic/rubber liner (**S**), or Alternate liner (**A**). **NOTE:** See instructions for further detail on liner specifications. If an alternate liner (**A**) is selected, include an attachment that provides a description of the alternate liner and any additional technical information necessary for an evaluation.

Leak Detection System: If any leak detection systems are in place/planned, enter **Y** for yes. Otherwise, enter **N** for no.

Groundwater Monitoring Wells and Data: If groundwater monitoring wells are in place/planned, enter **Y** for yes. Otherwise, enter **N** for no. Attach any existing groundwater monitoring data.

Dimensions: Provide the dimensions, freeboard, surface area, storage capacity of the impoundments, and the maximum depth (not including freeboard). For impoundments with irregular shapes, submit surface area instead of length and width.

Compliance with 40 CFR Part 257, Subpart D: If the impoundment is required to be in compliance with 40 CFR Part 257, Subpart D, enter **Y** for yes. Otherwise, enter **N** for no.

Date of Construction: Enter the date construction of the impoundment commenced (mm/dd/yy).

Impoundment Information

Parameter	Pond #	Pond #	Pond #	Pond #
Use Designation: (T) (D) (C) or (E)				
Associated Outfall Number				
Liner Type (C) (I) (S) or (A)				
Alt. Liner Attachment Reference				
Leak Detection System, Y/N				
Groundwater Monitoring Wells, Y/N				
Groundwater Monitoring Data Attachment				
Pond Bottom Located Above The Seasonal High-Water Table, Y/N				
Length (ft)				
Width (ft)				
Max Depth From Water Surface (ft), Not Including Freeboard				
Freeboard (ft)				
Surface Area (acres)				
Storage Capacity (gallons)				
40 CFR Part 257, Subpart D, Y/N				
Date of Construction				

Impoundment Information

Parameter	Pond #	Pond #	Pond #	Pond #
Use Designation: (T) (D) (C) or (E)				
Associated Outfall Number				
Liner Type (C) (I) (S) or (A)				
Alt. Liner Attachment Reference				
Leak Detection System, Y/N				
Groundwater Monitoring Wells, Y/N				
Groundwater Monitoring Data Attachment				
Pond Bottom Located Above The Seasonal High-Water Table, Y/N				
Length (ft)				
Width (ft)				
Max Depth From Water Surface (ft), not including freeboard				
Freeboard (ft)				
Surface Area (acres)				
Storage Capacity (gallons)				
40 CFR Part 257, Subpart D, Y/N				
Date of Construction				

Attachment:

The following information (Items 3.b – 3.e) is required only for **new or proposed** impoundments.

- b. For new or proposed impoundments, attach any available information on the following items. If attached, check **yes** in the appropriate box. Otherwise, check **no** or **not yet designed**.
 - i. Liner data
 - □ Yes □ No □ Not yet designed
 - ii. Leak detection system or groundwater monitoring data
 - □ Yes □ No □ Not yet designed
 - iii. Groundwater impacts
 - \Box Yes \Box No \Box Not yet designed

NOTE: Item b.iii is required if the bottom of the pond is not above the seasonal high-water table in the shallowest water-bearing zone.

Attachment:

For TLAP applications: Items 3.c – 3.e are not required, continue to Item 4.

c. Attach a USGS map or a color copy of original quality and scale which accurately locates and identifies all known water supply wells and monitor wells within ¹/₂-mile of the impoundments.

Attachment:

d. Attach copies of State Water Well Reports (e.g., driller's logs, completion data, etc.), and data on depths to groundwater for all known water supply wells including a description of how the depths to groundwater were obtained.

Attachment:

e. Attach information pertaining to the groundwater, soils, geology, pond liner, etc. used to assess the potential for migration of wastes from the impoundments or the potential for contamination of groundwater or surface water.

Attachment:

4. OUTFALL/DISPOSAL METHOD INFORMATION (Instructions, Pages 38-39)

Complete the following tables to describe the location and wastewater discharge or disposal operations for each outfall for discharge operations and for each point of disposal for TLAP operations.

If there are more outfalls/points of disposal at the facility than the spaces provided, copies of pages 6 and/or numbered accordingly (i.e., page 6a, 6b, etc.) may be used to provide information on the additional outfalls.

For TLAP applications: Indicate the disposal method and each individual irrigation area **I**, evaporation pond **E**, or subsurface drainage system **S** by providing the appropriate letter designation for the disposal method followed by a numerical designation for each disposal area in the space provided for **Outfall** number (e.g. **E1** for evaporation pond 1, **I2** for irrigation area No. 2, etc.).

Outfall Latitude and Longitude

Outfall Number	Latitude-decimal degrees	Longitude-decimal degrees
001	27.825025	97.437927
002	27.825025	97.437927

Outfall Location Description

Outfall Number	Location Description
001	Dry Dock located within the Corpus Christi Inner Harbor Segment Number 2484
002	Located within the Corpus Christi Inner Harbor Segment Number 2484

Description of Sampling Points (if different from Outfall location)

Outfall Number	Description of Sampling Point

Outfall Flow Information – Permitted and Proposed

Outfall Number	Permitted Daily Avg Flow (MGD)	Permitted Daily Max Flow (MGD)	Proposed Daily Avg Flow (MGD)	Proposed Daily Max Flow (MGD)	Anticipated Discharge Date (mm/dd/yy)
001	Variable	Variable	Intermittent	Intermittent	
002	Variable	Variable	Intermittent	Intermittent	

Outfall Discharge – Method and Measurement

Outfall Number	Pumped Discharge? Y/N	Gravity Discharge? Y/N	Type of Flow Measurement Device Used
001	Y	Ν	Measurements and calculations
002	Y	Ν	Measurements and calculations

Outfall Discharge – Flow Characteristics

Outfall Number	Intermittent Discharge? Y/N	Continuous Discharge? Y/N	Seasonal Discharge? Y/N	Discharge Duration (hrs/day)	Discharge Duration (days/mo)	Discharge Duration (mo/yr)
001	Y	N	Ν	2	4	12
002	Y	N	N	2	4	12

Wastestream Contributions

Outfall No.: 001

Contributing Wastestreams	Volume (MGD)	% of Total Flow
Dry Dock	Intermittent	99
Vessel Wash Water	Intermittent	<1
Note: Due to nature of work, vessel may be on dry dock from one day to an average of 30 days prior to the next discharge. A few have been longer than six weeks. In some cases, multiple vessels may be dry docked in one day, depending on project (i.e. patching, painting, etc.)		

Outfall No.: 002

Contributing Wastestreams	Volume (MGD)	% of Total Flow
Vessel Ballast Water	Intermittent	<1
Void Tanks Water	Intermittent	<1
Void Tanks and Ballast Wash Water	Intermittent	<1

Outfall No.:

Contributing Wastestreams	Volume (MGD)	% of Total Flow

Attachment:

5. BLOWDOWN AND ONCE-THROUGH COOLING WATER DISCHARGES (Instructions, Page 39)

a. Does the facility use/propose to use any cooling towers which discharge blowdown or other wastestreams to the outfall(s)?

🗆 Yes 🖂 No

NOTE: If the facility uses or plans to use cooling towers, Item 12 is required.

b. Does the facility use or plan to use any boilers that discharge blowdown or other wastestreams to the outfall(s)?

🗆 Yes 🖾 No

c. Does or will the facility discharge once-through cooling water to the outfall(s)?

🗆 Yes 🖾 No

NOTE: If the facility uses or plans to use once-through cooling water, Item 12 **is required**.

- d. If **yes** to Items 5.a, 5.b, **or** 5.c, attach the SDS with the following information for each chemical additive.
 - Manufacturers Product Identification Number
 - Product use (e.g., biocide, fungicide, corrosion inhibitor, etc.)
 - Chemical composition including CASRN for each ingredient
 - Classify product as non-persistent, persistent, or bioaccumulative
 - Product or active ingredient half-life
 - Frequency of product use (e.g., 2 hours/day once every two weeks)
 - Product toxicity data specific to fish and aquatic invertebrate organisms
 - Concentration of whole product or active ingredient, as appropriate, in wastestream.

Attach a summary of this information in addition to the submittal of the SDS for each specific wastestream and the associated chemical additives and specify which outfalls are affected.

Attachment:

e. Cooling Towers and Boilers

If **yes** to either Item 5.a **or** 5.b, complete the following table.

Cooling Towers and Boilers

Type of Unit	Number of Units	Dly Avg Blowdown (gallons/day)	Dly Max Blowdown (gallons/day)
Cooling Towers			
Boilers			

6. STORMWATER MANAGEMENT (Instructions, Pages 39-40)

Are there any existing/proposed outfalls which discharge stormwater associated with industrial activities, as defined at *40 CFR § 122.26(b)(14)*, commingled with any other wastestream?

🗆 Yes 🖾 No

If **yes**, briefly describe the industrial processes and activities that occur outdoors or in some manner which may result in exposure of the activities or materials to stormwater:

7. DOMESTIC SEWAGE, SEWAGE SLUDGE, AND SEPTAGE MANAGEMENT AND DISPOSAL (Instructions, Page 40)

- a. Check the box next to the appropriate method of domestic sewage and domestic sewage sludge treatment or disposal. Complete Worksheet 5.0 or Item 7.b if directed to do so.
 - Domestic sewage is routed (i.e., connected to or transported to) to a WWTP permitted to receive domestic sewage for treatment, disposal, or both. **Complete Item 7.b**.
 - Domestic sewage is disposed of by an on-site septic tank and drainfield system. **Complete Item 7.b**.
 - Domestic and industrial treatment sludge **ARE commingled** prior to use or disposal.
 - □ Industrial wastewater and domestic sewage are treated separately, and the respective sludge **IS NOT commingled** prior to sludge use or disposal. **Complete Worksheet 5.0**.
 - □ Facility is a POTW. **Complete Worksheet 5.0**.
 - Domestic sewage is not generated on-site.
 - □ Other (e.g., portable toilets), specify and **Complete Item 7.b**:
- b. Provide the name and TCEQ, NPDES, or TPDES Permit No. of the waste-disposal facility which receives the domestic sewage/septage. If hauled by motorized vehicle, provide the name and TCEQ Registration No. of the hauler.

Domestic Sewage Plant/Hauler Name

Plant/Hauler Name	Permit/Registration No.
From ships – City of Corpus Christi POTW (AMW Construction, LLC)	RN105034912
From buildings on site – (AMW Construction, LLC)	RN105034912

8. IMPROVEMENTS OR COMPLIANCE/ENFORCEMENT REQUIREMENTS (Instructions, Page 40)

- a. Is the permittee currently required to meet any implementation schedule for compliance or enforcement?
 - 🗆 Yes 🖾 No
- b. Has the permittee completed or planned for any improvements or construction projects?
 - 🗆 Yes 🖾 No
- c. If **yes** to either 8.a **or** 8.b, provide a brief summary of the requirements and a status update:

9. TOXICITY TESTING (Instructions, Page 41)

Have any biological tests for acute or chronic toxicity been made on any of the discharges or on a receiving water in relation to the discharge within the last three years?

🗆 Yes 🖾 No

If **yes**, identify the tests and describe their purposes:

Additionally, attach a copy of all tests performed which **have not** been submitted to the TCEQ or EPA.

Attachment: <u>N/A</u>

10. OFF-SITE/THIRD PARTY WASTES (Instructions, Page 41)

- a. Does or will the facility receive wastes from off-site sources for treatment at the facility, disposal on-site via land application, or discharge via a permitted outfall?
 - 🗆 Yes 🖾 No

If no, proceed to Item 11. If yes, provide responses to Items 10.b through 10.d below.

- b. Attach the following information to the application:
 - List of wastes received (including volumes, characterization, and capability with on-site wastes).
 - Identify the sources of wastes received (including the legal name and addresses of the generators).
 - Description of the relationship of waste source(s) with the facility's activities.

Attachment:

- c. Is or will wastewater from another TCEQ, NPDES, or TPDES permitted facility commingled with this facility's wastewater after final treatment and prior to discharge via the final outfall/point of disposal?
 - □ Yes □ No

If **yes**, provide the name, address, and TCEQ, NPDES, or TPDES permit number of the contributing facility and a copy of any agreements or contracts relating to this activity.

Attachment:

d. Is this facility a POTW that accepts/will accept process wastewater from any SIU and has/is required to have an approved pretreatment program under the NPDES/TPDES program?

□ Yes □ No

If yes, Worksheet 6.0 of this application is required.

11. RADIOACTIVE MATERIALS (Instructions, Pages 41-42)

a. Are/will radioactive materials be mined, used, stored, or processed at this facility?

🗆 Yes 🖾 No

If **yes**, use the following table to provide the results of one analysis of the effluent for all radioactive materials that may be present. Provide results in pCi/L.

Radioactive Materials Mined, Used, Stored, or Processed

Radioactive Material	Concentration (pCi/L)

- b. Does the applicant or anyone at the facility have any knowledge or reason to believe that radioactive materials may be present in the discharge, including naturally occurring radioactive materials in the source waters or on the facility property?
 - 🗆 Yes 🖾 No

If **yes**, use the following table to provide the results of one analysis of the effluent for all radioactive materials that may be present. Provide results in pCi/L. Do not include information provided in response to Item 11.a.

Radioactive Materials Present in the Discharge

Radioactive Material	Concentration (pCi/L)

12. COOLING WATER (Instructions, Pages 42-43)

- a. Does the facility use or propose to use water for cooling purposes?
 - 🗆 Yes 🖾 No

If **no**, stop here. If **yes**, complete Items 12.b thru 12.f.

- b. Cooling water is/will be obtained from a groundwater source (e.g., on-site well).
 - 🗆 Yes 🗆 No

If **yes**, stop here. If **no**, continue.

- c. Cooling Water Supplier
 - i. Provide the name of the owner(s) and operator(s) for the CWIS that supplies or will supply water for cooling purposes to the facility.

Cooling Water Intake Structure(s) Owner(s) and Operator(s)

CWIS ID		
Owner		
Operator		

ii. Cooling water is/will be obtained from a Public Water Supplier (PWS)

□ Yes □ No

If **no**, continue. If **yes**, provide the PWS Registration No. and stop here:

- iii. Cooling water is/will be obtained from an Independent Supplier
 - 🗆 Yes 🗆 No

If **no**, proceed to Item 12.d. If **yes**, contact the Industrial Permits Team to determine what application materials are required. Attach copies of the correspondence with the TCEQ and any required application materials, as stipulated in the correspondence with the TCEQ.

Attachment:

d. 316(b) General Criteria

i. The CWIS(s) have or will have a cumulative design intake flow of 2 MGD or greater

🗆 Yes 🗆 No

- ii. At least 25% of the total water withdrawn by the CWIS is/will be used exclusively for cooling purposes on an annual average basis
 - □ Yes □ No
- iii. The facility withdraws/proposes to withdraw water for cooling purposes from surface waters that meet the definition of Waters of the United States in *40 CFR § 122.2*.

□ Yes □ No

If **no**, provide an explanation of how the waterbody does not meet the definition of Waters of the United States in *40 CFR § 122.2*:

If yes to all three questions in Item 12.d, the facility is subject to 316(b). Proceed to Item 12.f.

If **no** to any of the questions in Item 12.d, the facility does not meet the minimum criteria to be subject to the full requirements of 316(b). Proceed to Item 12.e.

e. The facility is not subject to 316(b) and uses/proposes to use cooling towers.

□ Yes □ No

If **yes**, stop here. If **no**, complete Worksheet 11.0, Items 1(a), 1(b)(i-iii) and (vi), 2(b)(i), and 3(a) to allow for a determination based upon BPJ.

- f. Phase I vs Phase II Facilities
 - i. Existing facility (Phase II)

□ Yes □ No

If **yes**, complete Worksheets 11.0 through 11.3, as applicable. Otherwise, continue.

ii. New Facility – (Phase I)

🗆 Yes 🗆 No

If **yes**, check the box next to the facility's compliance track selection, attach the requested information, and complete Worksheet 11.0, Items 2 and 3, and Worksheet 11.2:

- Track I AIF greater than 2 MGD, but less than 10 MGD
 Attach information required by 40 CFR §§ 125.86(b)(2)-(4).
- Track I AIF greater than 10 MGD
 - Attach information required by 40 CFR § 125.86(b).
- □ Track II
 - Attach information required by *40 CFR § 125.86(c)*.

Attachment:

NOTE: Item 13 is required only for existing permitted facilities.

13. PERMIT CHANGE REQUESTS (Instructions, Pages 43-44)

a. Is the facility requesting a **major amendment** of an existing permit?

🗆 Yes 🖂 No

If **yes**, list each request individually and provide the following information: 1) detailed information regarding the scope of each request and 2) a justification for each request. Attach any supplemental information or additional data to support each request.

b. Is the facility requesting any **minor amendments** to the permit?

🗆 Yes 🖾 No

If **yes**, list and discuss the requested changes.

- c. Is the facility requesting any **minor modifications** to the permit?
 - 🗆 Yes 🖂 No

If **yes**, list and discuss the requested changes.

WORKSHEET 1.0 EPA CATEGORICAL EFFLUENT GUIDELINES

This worksheet **is required** for all applications for TPDES permits for discharges of wastewaters subject to EPA categorical effluent limitation guidelines (ELGs).

1. CATEGORICAL INDUSTRIES (Instructions, Pages 47-48)

Is this facility subject to any of the 40 CFR categorical ELGs outlined on page 52 of the instructions?

🗆 Yes 🖾 No

If **no**, this worksheet is not required. If **yes**, provide the appropriate information in the table below.

40 CFR Effluent Guidelines

Industry	40 CFR Part

2. PRODUCTION/PROCESS DATA (Instructions, Page 48)

a. Production Data

Provide the appropriate data for effluent guidelines with production-based effluent limitations.

Production Data

Subcategory	Actual Quantity/Day	Design Quantity/Day	Units

b. Organic Chemicals, Plastics, and Synthetic Fibers Manufacturing Data (40 CFR Part 414)

Provide each applicable subpart and the percent of total production. Provide data for metal-bearing and cyanide-bearing wastestreams, as required by *40 CFR Part 414, Appendices A and B*.

Percentages of Total Production

Subcategory	Percent of Total Production	Appendix A and B - Metal	Appendix A – Cyanide

c. Refineries (40 CFR Part 419)

Provide the applicable subcategory and a brief justification.

3. PROCESS/NON-PROCESS WASTEWATER FLOWS (Instructions, Page 48)

Provide a breakdown of wastewater flow(s) generated by the facility, including both process and nonprocess wastewater flow(s). Specify which wastewater flows are to be authorized for discharge under this permit and the disposal practices for wastewater flows, excluding domestic, which are not to be authorized for discharge under this permit.

4. NEW SOURCE DETERMINATION (Instructions, Page 48)

Provide a list of all wastewater-generating processes subject to EPA categorical ELGs, identify the appropriate guideline Part and Subpart, and provide the date the process/construction commenced.

Wastewater-generating Processes Subject to Effluent Guidelines

Process	EPA Guideline: Part	EPA Guideline: Subpart	Date Process/ Construction Commenced	

None of these pollutants are used at the facility or could reasonably contribute to contamination in the wastewater streams.

WORKSHEET 2.0 POLLUTANT ANALYSES REQUIREMENTS

Worksheet 2.0 **is required** for all applications submitted for a TPDES permit. Worksheet 2.0 is not required for applications for a permit to dispose of all wastewater by land disposal or for discharges solely of stormwater associated with industrial activities.

1. LABORATORY ACCREDITATION (Instructions, Page 49)

Effective July 1, 2008, all laboratory tests performed must meet the requirements of *30 TAC Chapter 25*, *Environmental Testing Laboratory Accreditation and Certification* with the following general exemptions:

a. The laboratory is an in-house laboratory and is:

- i. periodically inspected by the TCEQ; or
- ii. located in another state and is accredited or inspected by that state; or
- iii. performing work for another company with a unit located in the same site; or
- iv. performing pro bono work for a governmental agency or charitable organization.
- b. The laboratory is accredited under federal law.
- c. The data are needed for emergency-response activities, and a laboratory accredited under the Texas Laboratory Accreditation Program is not available.
- d. The laboratory supplies data for which the TCEQ does not offer accreditation.

Review *30 TAC Chapter 25* for specific requirements. The following certification statement shall be signed and submitted with every application. See Instructions, Page 32, for a list of approved signatories.

I, certify that all laboratory tests submitted with this application meet the requirements of *30 TAC Chapter 25, Environmental Testing Laboratory Accreditation and Certification.*

(Signature)

2. GENERAL TESTING REQUIREMENTS (Instructions, Pages 49-51)

- a. Provide the date range of all sampling events conducted to obtain the analytical data submitted with this application (e.g., 05/01/2018-05/30/2018): <u>11/18/2019</u>
- b. Check the box to confirm all samples were collected no more than 12 months prior to the date of application submittal.
- c. Read the general testing requirements in the instructions for important information about sampling, test methods, and MALs. If a contact laboratory was used, attach a list which includes the name, contact information, and pollutants analyzed for each laboratory/firm. **Attachment:**

3. SPECIFIC TESTING REQUIREMENTS (Instructions, Pages 51-62)

Attach correspondence from TCEQ approving submittal of less than the required number of samples, if applicable. Attachment: N/A

TABLE 1 and TABLE 2 (Instructions, Page 50)

Completion of Tables 1 and 2 **is required** for **all external outfalls** for all TPDES permit applications.

Table 1 for Outfall No.: <u>001</u>

Samples are (check one): Composite Grab

Pollutant	Sample 1 (mg/L)	Sample 2 (mg/L)	Sample 3 (mg/L)	Sample 4 (mg/L)
BOD (5-day)	N/A			
CBOD (5-day)	N/A			
Chemical oxygen demand	N/A			
Total organic carbon	N/A			
Dissolved oxygen	N/A			
Ammonia nitrogen	N/A			
Total suspended solids	1.1			
Nitrate nitrogen	N/A			
Total organic nitrogen	N/A			
Total phosphorus	N/A			
Oil and grease	0			
Total residual chlorine	N/A			
Total dissolved solids	N/A			
Sulfate	N/A			
Chloride	N/A			
Fluoride	N/A			
Total alkalinity (mg/L as CaCO3)	N/A			
Temperature (°F)	N/A			
pH (standard units)	8.3			

Table 2 for Outfall No.: 001

Samples are (check one):
Composites Grabs

Pollutant	Sample 1 (µg/L)	Sample 2 (µg/L)	Sample 3 (µg/L)	Sample 4 (µg/L)	MAL (µg/L)
Aluminum, total	N/A				2.5
Antimony, total	N/A				5
Arsenic, total	N/A				0.5
Barium, total	N/A				3
Beryllium, total	N/A				0.5
Cadmium, total	N/A				1
Chromium, total	N/A				3
Chromium, hexavalent	N/A				3
Chromium, trivalent	N/A				N/A
Copper, total	N/A				2
Cyanide, available	N/A				2/10
Lead, total	N/A				0.5
Mercury, total	N/A				0.005/0.0005
Nickel, total	N/A				2
Selenium, total	N/A				5
Silver, total	N/A				0.5
Thallium, total	N/A				0.5
Zinc, total	N/A				5.0

TABLE 3 (Instructions, Page 50)

Completion of Table 3 is required for all external outfalls which discharge process wastewater.

Partial completion of Table 3 **is required** for all **external outfalls** which discharge non-process wastewater and stormwater associated with industrial activities commingled with other wastestreams (see instructions for additional guidance).

Table 3 for Outfall No.: <u>N/A</u>

Samples are (check one):	posites 🛛	Grabs			
Pollutant	Sample 1 (µg/L)*	Sample 2 (µg/L)*	Sample 3 (µg/L)*	Sample 4 (µg/L)*	MAL (μg/L)*
Acrylonitrile					50
Anthracene					10
Benzene					10
Benzidine					50
Benzo(a)anthracene					5
Benzo(a)pyrene					5
Bis(2-chloroethyl)ether					10
Bis(2-ethylhexyl)phthalate					10
Bromodichloromethane [Dichlorobromomethane]					10
Bromoform					10
Carbon tetrachloride					2
Chlorobenzene					10
Chlorodibromomethane [Dibromochloromethane]					10
Chloroform					10
Chrysene					5
m-Cresol [3-Methylphenol]					10
o-Cresol [2-Methylphenol]					10
p-Cresol [4-Methylphenol]					10
1,2-Dibromoethane					10
m-Dichlorobenzene [1,3-Dichlorobenzene]					10
o-Dichlorobenzene [1,2-Dichlorobenzene]					10
p-Dichlorobenzene [1,4-Dichlorobenzene]					10
3,3'-Dichlorobenzidine					5
1,2-Dichloroethane					10
1,1-Dichloroethene [1,1-Dichloroethylene]					10
Dichloromethane [Methylene chloride]					20
1,2-Dichloropropane					10
1,3-Dichloropropene [1,3-Dichloropropylene]					10

Pollutant	Sample 1	Sample 2	Sample 3	Sample 4	MAL
	(µg/L)*	(µg/L)*	(µg/L)*	(µg/L)*	(µg/L)*
2,4-Dimethylphenol					10
Di-n-Butyl phthalate					10
Ethylbenzene					10
Fluoride					500
Hexachlorobenzene					5
Hexachlorobutadiene					10
Hexachlorocyclopentadiene					10
Hexachloroethane					20
Methyl ethyl ketone					50
Nitrobenzene					10
N-Nitrosodiethylamine					20
N-Nitroso-di-n-butylamine					20
Nonylphenol					333
Pentachlorobenzene					20
Pentachlorophenol					5
Phenanthrene					10
Polychlorinated biphenyls (PCBs) (**)					0.2
Pyridine					20
1,2,4,5-Tetrachlorobenzene					20
1,1,2,2-Tetrachloroethane					10
Tetrachloroethene [Tetrachloroethylene]					10
Toluene					10
1,1,1-Trichloroethane					10
1,1,2-Trichloroethane					10
Trichloroethene [Trichloroethylene]					10
2,4,5-Trichlorophenol					50
TTHM (Total trihalomethanes)					10
Vinyl chloride					10

(*) Indicate units if different from μg/L.
 (**) Total of detects for PCB-1242, PCB-1254, PCB-1221, PCB-1232, PCB-1248, PCB-1260, and PCB-1016. If all non-detects, enter the highest non-detect preceded by a "<".

TABLE 4 (Instructions, Pages 50-51)

Partial completion of Table 4 is required for each external outfall based on the conditions below.

a. Tributyltin

Is this facility an industrial/commercial facility which currently or proposes to directly dispose of wastewater from the types of operations listed below or a domestic facility which currently or proposes to receive wastewater from the types of industrial/commercial operations listed below?

 \boxtimes Yes \square No

If **yes**, check the box next to each of the following criteria which apply and provide the appropriate testing results in Table 4 below (check all that apply).

- □ Manufacturers and formulators of tributyltin or related compounds.
- □ Painting of ships, boats and marine structures.
- Ship and boat building and repairing.
- □ Ship and boat cleaning, salvage, wrecking and scaling.
- □ Operation and maintenance of marine cargo handling facilities and marinas.
- □ Facilities engaged in wood preserving.
- Any other industrial/commercial facility for which tributyltin is known to be present, or for which there is any reason to believe that tributyltin may be present in the effluent.

b. Enterococci (discharge to saltwater)

- i. This facility discharges/proposes to discharge directly into saltwater receiving waters **and** Enterococci bacteria are expected to be present in the discharge based on facility processes.
 - 🗆 Yes 🖾 No
- ii. Domestic wastewater is/will be discharged.
 - 🗆 Yes 🖾 No

If yes to either question, provide the appropriate testing results in Table 4 below.

c. E. coli (discharge to freshwater)

- i. This facility discharges/proposes to discharge directly into freshwater receiving waters **and** *E. coli* bacteria are expected to be present in the discharge based on facility processes.
 - 🗆 Yes 🖾 No
- ii. Domestic wastewater is/will be discharged.

🗆 Yes 🖾 No

If **yes to either** question, provide the appropriate testing results in Table 4 below.

Commonitor

Table 4 for Outfall No.: $\underline{N/A}$

Samples are (check one).							
Pollutant	Sample 1	Sample 2	Sample 3	Sample 4	MAL		
Tributyltin (µg/L)					0.010		
Enterococci (cfu or MPN/100 mL)					N/A		
<i>E. coli</i> (cfu or MPN/100 mL)					N/A		

Crehe
TABLE 5 (Instructions, Page 51)

Completion of Table 5 is required for all external outfalls which discharge process wastewater from a facility which manufactures or formulates pesticides or herbicides or other wastewaters which may contain pesticides or herbicides.

If this facility does not/will not manufacture or formulate pesticides or herbicides and does not/will not discharge other wastewaters which may contain pesticides or herbicides, check N/A.

 \boxtimes N/A

Table 5 for Outfall No.:

Samples are (check one):	□ Composite	s 🛛 Gral	bs		
Pollutant	Sample 1 (µg/L)*	Sample 2 (µg/L)*	Sample 3 (µg/L)*	Sample 4 (µg/L)*	MAL (μg/L)*
Aldrin					0.01
Carbaryl					5
Chlordane				<u> </u>	0.2
Chlorpyrifos				1	0.05
4,4'-DDD					0.1
4,4'-DDE					0.1
4,4'-DDT				1	0.02
2,4-D				1	0.7
Danitol [Fenpropathrin]				<u> </u>	_
Demeton				1	0.20
Diazinon				1	0.5/0.1
Dicofol [Kelthane]				1	1
Dieldrin				1	0.02
Diuron				1	0.090
Endosulfan I (<i>alpha</i>)				1	0.01
Endosulfan II (<i>beta</i>)				1	0.02
Endosulfan sulfate				<u> </u>	0.1
Endrin				1	0.02
Guthion [Azinphos methyl]				1	0.1
Heptachlor				1	0.01
Heptachlor epoxide				1	0.01
Hexachlorocyclohexane (alpha)				1	0.05
Hexachlorocyclohexane (beta)				1	0.05
Hexachlorocyclohexane (gamma) [Lindane]				T	0.05
Hexachlorophene					10
Malathion					0.1
Methoxychlor					2.0
Mirex					0.02
Parathion (ethyl)				<u> </u>	0.1
Toxaphene				1	0.3
2,4,5-TP [Silvex]					0.3

* Indicate units if different from $\mu g/L$.

TABLE 6 (Instructions, Page 52)

Completion of Table 6 is required for all external outfalls.

Samples are (check one):	🗆 Com	posites	🛛 Grabs	5			
Pollutants	Believed Present	Believed Absent	Sample 1 (mg/L)	Sample 2 (mg/L)	Sample 3 (mg/L)	Sample 4 (mg/L)	MAL (µg/L)*
Bromide		\boxtimes					400
Color (PCU)							_
Nitrate-Nitrite (as N)		\boxtimes					-
Sulfide (as S)		\boxtimes					
Sulfite (as SO3)		\boxtimes					_
Surfactants		\boxtimes					
Boron, total		\boxtimes					20
Cobalt, total		\boxtimes					0.3
Iron, total		\boxtimes					7
Magnesium, total		\boxtimes					20
Manganese, total		\boxtimes					0.5
Molybdenum, total		\boxtimes					1
Tin, total		\boxtimes					5
Titanium, total		\boxtimes					30

Table 6 for Outfall No.: 001 and 002

* Indicate units if different from μ g/L.

TABLE 7 (Instructions, Page 52)

Check the box next to any of the industrial categories applicable to this facility. If no categories are applicable, check N/A. If GC/MS testing is required, check the box provided to confirm the testing results for the appropriate parameters are provided with the application.

🖂 N/A

Table 7 for Applicable Industrial Categories

Indu	strial Category	40 CFR Part	Volatiles	Acids	Acids Bases/Neutrals	
_	Adhesing and Soclanta	Turt				No.
	Admesives and Searants					No
	Autominum Forming	407				NO
	Auto and Other Laundries	. (.	Tes V			
	Battery Manufacturing	461	⊔ Yes	No	□ Yes	No
	Coal Mining	434	No	No	No	No
	Coil Coating	465	□ Yes	□ Yes	□ Yes	No
	Copper Forming	468	□ Yes	□ Yes	□ Yes	No
	Electric and Electronic Components	469	□ Yes	□ Yes	□ Yes	□ Yes
	Electroplating	413	□ Yes	□ Yes	□ Yes	No
	Explosives Manufacturing	457	No	□ Yes	□ Yes	No
	Foundries		□ Yes	□ Yes	□ Yes	No
	Gum and Wood Chemicals - Subparts A,B,C,E	454	□ Yes	□ Yes	No	No
	Gum and Wood Chemicals - Subparts D,F	454	□ Yes	□ Yes	□ Yes	No
	Inorganic Chemicals Manufacturing	415	□ Yes	□ Yes	□ Yes	No
	Iron and Steel Manufacturing	420	□ Yes	□ Yes	□ Yes	No
	Leather Tanning and Finishing	425	□ Yes	□ Yes	□ Yes	No
	Mechanical Products Manufacturing		□ Yes	□ Yes	□ Yes	No
	Nonferrous Metals Manufacturing	421,471	□ Yes	□ Yes	□ Yes	□ Yes
	Ore Mining - Subpart B	440	No	□ Yes	No	No
	Organic Chemicals Manufacturing	414	□ Yes	□ Yes	□ Yes	□ Yes
	Paint and Ink Formulation	446,447	□ Yes	□ Yes	□ Yes	No
	Pesticides	455	□ Yes	□ Yes	□ Yes	□ Yes
	Petroleum Refining	419	□ Yes	No	No	No
	Pharmaceutical Preparations	439	□ Yes	□ Yes	□ Yes	No
	Photographic Equipment and Supplies	459	□ Yes	□ Yes	□ Yes	No
	Plastic and Synthetic Materials Manufacturing	414	□ Yes	□ Yes	□ Yes	□ Yes
	Plastic Processing	463	□ Yes	No	No	No
	Porcelain Enameling	466	No	No	No	No
	Printing and Publishing		□ Yes	□ Yes	□ Yes	□ Yes
	Pulp and Paperboard Mills - Subpart C	430	□ *	□ Yes	□ *	□ Yes
	Pulp and Paperboard Mills - Subparts F, K	430	□ *	□ Yes	□ *	
	Pulp and Paperboard Mills - Subparts A. B. D. G. H	430	□ Yes	□ Yes	□ *	- *
	Pulp and Paperboard Mills - Subparts I, J, L	430	□ Yes	□ Yes	□ *	□ Yes
	Pulp and Paperboard Mills - Subpart E	430	□ Yes	□ Yes	□ Yes	□ *
	Rubber Processing	428	□ Yes	□ Yes	□ Yes	No
	Soap and Detergent Manufacturing	417	□ Yes	□ Yes	□ Yes	No
	Steam Electric Power Plants	423	□ Yes	□ Yes	No	No
	Textile Mills (Not Subpart C)	410	□ Yes	□ Yes	□ Yes	No
	Timber Products Processing	420	□ Yes	□ Yes	□ Yes	□ Yes
	Timber Products Processing	429	□ Yes	□ Yes	□ Yes	□ Yes

* Test if believed present.

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TABLES 8, 9, 10, and 11 (Instructions, Page 52)

Completion of Tables 8, 9, 10, and 11 **is required** as specified in Table 7 for all **external outfalls** that contain process wastewater.

Completion of Tables 8, 9, 10, and 11 **may be required** for types of industry not specified in Table 7 for specific parameters that are believed to be present in the wastewater.

Table 8 for Outfall No.: <u>N/A</u>	<u>\</u> : V	olatile Compou	ınds	
Samples are (check one):		Composites		Grabs

Pollutant	Sample 1 (µg/L)*	Sample 2 (µg/L)*	Sample 3 (µg/L)*	Sample 4 (µg/L)*	MAL (µg/L)
Acrolein					50
Acrylonitrile					50
Benzene					10
Bromoform					10
Carbon tetrachloride					2
Chlorobenzene					10
Chlorodibromomethane					10
Chloroethane					50
2-Chloroethylvinyl ether					10
Chloroform					10
Dichlorobromomethane [Bromodichloromethane]					10
1,1-Dichloroethane					10
1,2-Dichloroethane					10
1,1-Dichloroethylene [1,1-Dichloroethene]					10
1,2-Dichloropropane					10
1,3-Dichloropropylene [1,3-Dichloropropene]					10
Ethylbenzene					10
Methyl bromide [Bromomethane]					50
Methyl chloride [Chloromethane]					50
Methylene chloride [Dichloromethane]					20
1,1,2,2-Tetrachloroethane					10
Tetrachloroethylene [Tetrachloroethene]					10
Toluene					10
1,2-Trans-dichloroethylene [1,2-Trans-dichloroethene]					10
1,1,1-Trichloroethane					10
1,1,2-Trichloroethane					10
Trichloroethylene [Trichloroethene]					10
Vinyl chloride					10

* Indicate units if different from μ g/L.

Table 9 for Outfall No.: <u>N/A</u> : Acid Compounds

Samples are (check one): 🔲 Composites 🔲 Grabs

Pollutant	Sample 1 (µg/L)*	Sample 2 (µg/L)*	Sample 3 (µg/L)*	Sample 4 (µg/L)*	MAL (µg/L)
2-Chlorophenol					10
2,4-Dichlorophenol					10
2,4-Dimethylphenol					10
4,6-Dinitro-o-cresol					50
2,4-Dinitrophenol					50
2-Nitrophenol					20
4-Nitrophenol					50
p-Chloro-m-cresol					10
Pentachlorophenol					5
Phenol					10
2,4,6-Trichlorophenol					10

* Indicate units if different from μg/L.

Table 10 for Outfall No.: $\underline{N/A}$: Base/Neutral Compounds

Samples are (check one): Composites		abs			
Pollutant	Sample 1 (µg/L)*	Sample 2 (µg/L)*	Sample 3 (µg/L)*	Sample 4 (µg/L)*	MAL (µg/L)
Acenaphthene					10
Acenaphthylene					10
Anthracene					10
Benzidine					50
Benzo(a)anthracene					5
Benzo(a)pyrene					5
3,4-Benzofluoranthene [Benzo(b)fluoranthene]					10
Benzo(ghi)perylene					20
Benzo(k)fluoranthene					5
Bis(2-chloroethoxy)methane					10
Bis(2-chloroethyl)ether					10
Bis(2-chloroisopropyl)ether					10
Bis(2-ethylhexyl)phthalate					10
4-Bromophenyl phenyl ether					10
Butylbenzyl phthalate					10
2-Chloronaphthalene					10
4-Chlorophenyl phenyl ether					10
Chrysene					5
Dibenzo(a,h)anthracene					5
1,2-Dichlorobenzene [o-Dichlorobenzene]					10
1,3-Dichlorobenzene [m-Dichlorobenzene]					10
1,4-Dichlorobenzene [p-Dichlorobenzene]					10
3,3'-Dichlorobenzidine					5

Pollutant	Sample 1 (µg/L)*	Sample 2 (µg/L)*	Sample 3 (µg/L)*	Sample 4 (µg/L)*	MAL (µg/L)
Diethyl phthalate					10
Dimethyl phthalate					10
Di-n-butyl phthalate					10
2,4-Dinitrotoluene					10
2,6-Dinitrotoluene					10
Di-n-octyl phthalate					10
1,2-Diphenylhydrazine (as Azobenzene)					20
Fluoranthene					10
Fluorene					10
Hexachlorobenzene					5
Hexachlorobutadiene					10
Hexachlorocyclopentadiene					10
Hexachloroethane					20
Indeno(1,2,3-cd)pyrene					5
Isophorone					10
Naphthalene					10
Nitrobenzene					10
N-Nitrosodimethylamine					50
N-Nitrosodi-n-propylamine					20
N-Nitrosodiphenylamine					20
Phenanthrene					10
Pyrene					10
1,2,4-Trichlorobenzene					10

* Indicate units if different from μ g/L.

Table 11 for Outfall No.: N/A : Pesticides

Samples are (check one): 🔲 Composites 🔲 Grabs									
Pollutant	Sample 1 (µg/L)*	Sample 2 (µg/L)*	Sample 3 (µg/L)*	Sample 4 (µg/L)*	MAL (µg/L)				
Aldrin					0.01				
alpha-BHC [alpha-Hexachlorocyclohexane]					0.05				
beta-BHC [beta-Hexachlorocyclohexane]					0.05				
gamma-BHC [gamma-Hexachlorocyclohexane]					0.05				
delta-BHC [delta-Hexachlorocyclohexane]					0.05				
Chlordane					0.2				
4,4'-DDT					0.02				
4,4'-DDE					0.1				
4,4'-DDD					0.1				
Dieldrin					0.02				
Endosulfan I (alpha)					0.01				
Endosulfan II (beta)					0.02				
Endosulfan sulfate					0.1				

Pollutant	Sample 1 (µg/L)*	Sample 2 (µg/L)*	Sample 3 (µg/L)*	Sample 4 (µg/L)*	MAL (µg/L)
Endrin					0.02
Endrin aldehyde					0.1
Heptachlor					0.01
Heptachlor epoxide					0.01
PCB 1242					0.2
PCB 1254					0.2
PCB 1221					0.2
PCB 1232					0.2
PCB 1248					0.2
PCB 1260					0.2
PCB 1016					0.2
Toxaphene					0.3

* Indicate units if different from μ g/L.

Attachment:

TABLE 12 (DIOXINS/FURAN COMPOUNDS)

Complete of Table 12 is required for external outfalls, as directed below. (Instructions, Pages 53-54)

a. Indicate which compound(s) are manufactured or used at the facility and provide a brief description of the conditions of its/their presence at the facility (check all that apply).

	2,4,5-trichlorophenoxy acetic acid (2,4,5-T)	CASRN 93-76-5
	2-(2,4,5-trichlorophenoxy) propanoic acid (Silvex, 2,4,5-TP)	CASRN 93-72-1
	2-(2,4,5-trichlorophenoxy) ethyl 2,2-dichloropropionate (Erbon)	CASRN 136-25-4
	0,0-dimethyl 0-(2,4,5-trichlorophenyl) phosphorothioate (Ronnel)	CASRN 299-84-3
	2,4,5-trichlorophenol (TCP)	CASRN 95-95-4
	hexachlorophene (HCP)	CASRN 70-30-4
\boxtimes	None of the above	

Description:

b. Does the applicant or anyone at the facility know or have any reason to believe that 2,3,7,8tetrachlorodibenzo-p-dioxin (TCDD) or any congeners of TCDD may be present in the effluent proposed for discharge?

🗆 Yes 🖂 No

Description:

If **yes** to either Items a **or** b, complete Table 12 as instructed.

Samples are (chec	kone):	Composites	Grabs			
Compound	Toxicity Equivalent Factors	Wastewater Concentration (ppq)	Wastewater Toxicity Equivalents (ppq)	Sludge Concentration (ppt)	Sludge Toxicity Equivalents (ppt)	MAL (ppq)
2,3,7,8-TCDD	1					10
1,2,3,7,8-PeCDD	1.0					50
2,3,7,8-HxCDDs	0.1					50
1,2,3,4,6,7,8-HpCDD	0.01					50
2,3,7,8-TCDF	0.1					10
1,2,3,7,8-PeCDF	0.03					50
2,3,4,7,8-PeCDF	0.3					50
2,3,7,8-HxCDFs	0.1					50
2,3,4,7,8-HpCDFs	0.01					50
OCDD	0.0003					100
OCDF	0.0003					100
PCB 77	0.0001					500
PCB 81	0.0003					500
PCB 126	0.1					500
PCB 169	0.03					500
Total						

Table 12 for Outfall No.: <u>N/A</u>

TABLE 13 (HAZARDOUS SUBSTANCES)

Complete Table 13 is required for all external outfalls as directed below. (Instructions, Page 54)

- a. Are there any pollutants listed in the instructions (pages 55-62) believed present in the discharge?
 - Yes \boxtimes No
- b. Are there pollutants listed in Item 1.c. of Technical Report 1.0 which are believed present in the discharge and have not been analytically quantified elsewhere in this application?
 - Yes \boxtimes No

If **yes** to either Items a **or** b, complete Table 13 as instructed.

Table 13 for Outfall No.: <u>N/A</u>

Samples are (check one):		sites 🛛	Grabs			
Pollutant	CASRN	Sample 1 (µg/L)	Sample 2 (µg/L)	Sample 3 (µg/L)	Sample 4 (µg/L)	Analytical Method

WORKSHEET 3.0 LAND APPLICATION OF EFFLUENT

This worksheet is required for all applications for a permit to dispose of wastewater by land application.

1. TYPE OF DISPOSAL SYSTEM (Instructions, Page 63)

Check the box next to the type of land disposal requested by this application:

- □ Irrigation
- □ Evaporation
- □ Evapotranspiration beds
- □ Drip irrigation system

- □ Subsurface application
- □ Subsurface soils absorption
- □ Surface application
- \Box Other, specify:

2. LAND APPLICATION AREA (Instructions, Page 63)

Land Application Area Information

Effluent Application (gallons/day)	Irrigation Acreage (acres)	Describe land use & indicate type(s) of crop(s)	Public Access? (Y/N)

3. ANNUAL CROPPING PLAN (Instructions, Page 63)

Attach the required cropping plan that includes each of the following:

- Cool and warm season plant species
- Breakdown of acreage and percent of total acreage for each crop
- Crop growing season
- Harvesting method/number of harvests
- Minimum/maximum harvest height
- Crop yield goals
- Soils map
- Nitrogen requirements per crop
- Additional fertilizer requirements
- Supplemental watering requirements
- Crop salt tolerances
- Justification for not removing existing vegetation to be irrigated

Attachment:

4. WELL AND MAP INFORMATION (Instructions, Page 64)

- a. Check each box to confirm the required information is shown and labeled on the attached USGS map:
 - The exact boundaries of the land application area
 - □ On-site buildings
 - □ Waste-disposal or treatment facilities
 - Effluent storage and tailwater control facilities
 - \Box Buffer zones
 - All surface waters in the state onsite and within 500 feet of the property boundaries
 - All water wells within ¹/₂-mile of the disposal site, wastewater ponds, or property boundaries
 - All springs and seeps onsite and within 500 feet of the property boundaries

Attachment:

b. List and cross reference all water wells located on or within 500 feet of the disposal site, wastewater ponds, or property boundaries in the following table. Attach additional pages as necessary to include all of the wells.

Well and Map Information Table

Well ID	Well Use	Producing? Y/N/U	Open, cased, capped, or plugged?	Proposed Best Management Practice

Attachment:

c. Groundwater monitoring wells or lysimeters are/will be installed around the land application site or wastewater ponds.

🗆 Yes 🗆 No

If **yes**, provide the existing/proposed location of the monitoring wells or lysimeters on the site map attached for Item 4.a. Additionally, attach information on the depth of the wells or lysimeters, sampling schedule, and monitoring parameters for TCEQ review, possible modification, and approval.

Attachment:

d. Attach a short groundwater technical report using *30 TAC § 309.20(a)(4)* as guidance.

Attachment:

5. SOIL MAP AND SOIL INFORMATION (Instructions, Page 65)

Check each box to confirm that the following information is attached:

- a. USDA NRCS Soil Survey Map depicting the area to be used for land application with the locations identified by fields and crops
- b. D Breakdown of acreage and percent of total acreage for each soil type
- c.
 Copies of laboratory soil analyses

Attachment:

6. LABORATORY ACCREDITATION CERTIFICATION (Instructions, Page 66)

Effective July 1, 2008, all laboratory tests performed must meet the requirements of *30 TAC Chapter 25, Environmental Testing Laboratory Accreditation and Certification* with the following general exemptions:

- a. The laboratory is an in-house laboratory and is:
 - i. periodically inspected by the TCEQ; or
 - ii. located in another state and is accredited or inspected by that state; or
 - iii. performing work for another company with a unit located in the same site; or
 - iv. performing pro bono work for a governmental agency or charitable organization.
- b. The laboratory is accredited under federal law.
- c. The data are needed for emergency-response activities, and a laboratory accredited under the Texas Laboratory Accreditation Program is not available.
- d. The laboratory supplies data for which the TCEQ does not offer accreditation.

Review *30 TAC Chapter 25* for specific requirements. The following certification statement shall be signed and submitted with every application. See Instructions, Page 32, for a list of approved signatories.

I, certify that all laboratory tests submitted with this application meet the requirements of *30 TAC Chapter 25*, *Environmental Testing Laboratory Accreditation and Certification*.

(Signature)

7. EFFLUENT MONITORING DATA (Instructions, Page 66)

Completion of Table 14 **is required** for all **renewal** and **major amendment** applications. Complete the table with monitoring data for the previous two years for all parameters regulated in the current permit. An additional table has been provided with blank headers for parameters regulated in the current permit which are not listed in Table 14.

able 14 for Site No.: amples are (check one):												
Date (mo/yr)	Daily Avg Flow (gpd)	BOD ₅ (mg/L)	TSS (mg/L)	Nitrogen (mg/L)	Conductivity (mmhos/cm)	Total acres irrigated	Hydraulic Application rate (acre-feet/month)					

Attach an explanation of all persistent excursions to permitted parameters and corrective actions taken.

Attachment:

Use this table to provide effluent analysis for parameters regulated in the current permit which are not listed in Table 14.

Additional Parameter	Effluent Analysis
-----------------------------	--------------------------

Date (mo/yr)				

Attach an explanation of all persistent excursions to permitted parameters and corrective actions taken.

Attachment:

8. POLLUTANT ANALYSIS (Instructions, Page 66)

- a. Provide the date range of all sampling events conducted to obtain the analytical data submitted with this application (e.g., 05/01/2018-05/30/2018):
- b. Check the box to confirm all samples were collected no more than 12 months prior to the date of application submittal.
- c. Completion of Tables 15 and 16 **is required** for all applications for the authorization of land application.

Table 15 for Site No.:	; Samples	are (check one):	Composites	□ Grabs
Pollutant	Sample 1 (mg/L)	Sample 2 (mg/L)	Sample 3 (mg/L)	Sample 4 (mg/L)
BOD (5-day)				
CBOD (5-day)				
Chemical oxygen demand				
Total organic carbon				
Ammonia nitrogen				
Total suspended solids				
Nitrate nitrogen				
Total organic nitrogen				
Total phosphorus				
Oil and grease				
Total residual chlorine				
Total dissolved solids				
Sulfate				
Chloride				
Fluoride				
Fecal Coliform (cfu/100 mL)				
Specific conductance (mmhos/cm)				
pH (standard units; min/max)				
Soluble sodium				
Soluble calcium				
Soluble magnesium				
SAR (unitless)				

Table 16: for Site No.:		; Samples are (check one): 🛛	Composites	Grabs
Pollutant	Sample 1 (µg/L)	Sample 2 (µg/L)	Sample 3 (µg/L)	Sample 4 (µg/L)	MAL (µg/L)
Aluminum, total					2.5
Antimony, total					5
Arsenic, total					0.5
Barium, total					3
Beryllium, total					0.5
Boron, total					20
Cadmium, total					1
Chromium, total					3
Chromium, hexavalent					3
Chromium, trivalent					N/A
Copper, total					2
Cyanide					2/10
Lead, total					0.5
Mercury, total					0.005/0.0005
Nickel, total					2
Selenium, total					5
Silver, total					0.5
Thallium, total					0.5
Zinc, total					5.0

Attachment C Core Data Form



TCEQ Core Data Form

For detailed instructions regarding completion of this form, please read the Core Data Form Instructions or call 512-239-5175. SECTION I: General Information

1. Reason fo	r Submiss rmit. Reai	ion (If other is cl stration or Authori	hecked please ization (Core D	describ ata Forr	e in spa m shoul	ace provid Id be subr	ed.) nitted	with t	he program applicatio	on.)	
Renewa	al (Core D	Data Form should	be submitted v	vith the	renewa	al form)		Othe	er	,	
2. Customer Reference Number (if issued)											
CN 6	0032315	8		Follov for Cl	v this lii N or RN	nk to searc	in	RN	100613959		
SECTION	II: Custo	mer Informati	ion	<u>Cen</u>	tral R	egistry*	_				
4. General C	ustomer Ir	nformation	5. Effective D	Date for	Custon	ner Inform	ation I	Jpdat	tes (mm/dd/yyyy)		
New Cus	tomer	me (Verifiable wit	th the Texas Se	Jpdate to	o Custo	omer Infor	matior) Introlly	Change in	Regulated I	Entity Ownership
The Custo	mer Nar	ne submitted	here may b	e upda	ated a	utomati	cally	bas	ed on what is cu	, irrent and	active with the
Texas Sec	retary o	f State (SOS)	or Texas Co	omptro	oller o	of Public	Acc	ount	ts (CPA).		
6. Customer	Legal Nan	ne (If an individual,	print last name f	first: e.g.	: Doe, Jo	ohn)		lf new	v Customer, enter prev	vious Custom	er below:
John Bludw	orth Ship	oyard, LLC									
7. TX SOS/C	PA Filing	Number	8. TX State 1	Tax ID (1	1 digits)			9. Fe	deral Tax ID (9 digits)	10. DUN	S Number (if applicable)
704525322			176059224	-53							
11. Type of 0	Customer:	Corporati	ion		ln	dividual			Partnership: 🗌 Gene	ral 🗌 Limited	
Government	: City	County EFederal	State Other		So So	ole Proprie	etorshi	р	X Other: Limited L	iability Com	pany
12. Number	of Employe	ees	251-500	50)1 and I	higher		13. lr 🗙 γ	rdependently Owned	and Operate	/d?
14. Custome	r Role (Pro	posed or Actual) -	as it relates to th	ne Regul	ated En	tity listed o	n this f	orm. P	Please check one of the	following:	
Owner	onal Licens	see Respo	ator onsible Party		🗙 Owi 🗌 Volu	ner & Ope untary Cle	rator anup /	Applic	cant Other:		
15 Mailing	PO Box	2441									
Address:											
	City	Corpus Chris	ti	Sta	ite	TX	ZIP	7	8403	ZIP + 4	
16. Country	Mailing Info	ormation (if outside	USA)			17.	E-Mai	l Addı	ress (if applicable)		
						gda	nna@)jblu	dshipyard.com	<i>// e</i>	
18. Lelephor	ne Number	•		19. Ext	ension	or Code			20. Fax Numbe	er (if applicab	le)
(361)	887 - 79	981							(361)887	- 6014	
SECTION	III: Regu	lated Entity Ir	nformation								
21. General F	Regulated	Entity Information	ı (If `New Regu	lated Er	ntity" is	selected b	below	this fo	orm should be accom	panied by a	permit application)
New Reg	gulated En	tity 🗌 Update	to Regulated I	Entity Na	ame	Upda	ite to F	Regula	ated Entity Informatio	n	
The Regi	ulated El	ntity Name su	bmitted ma	y be u	pdate	ed in ora	ier to	mee	et TCEQ Agency	Data Star	idards (removal
22. Regulate	d Entity Na	ame (Enter name o	f the site where t	he regula	ated act	ion is taking	g place	.)			
John Bludv	vorth Shi	pyard, LLC		-							
	45)										
ICEQ-10400 (04/	10)										Page 10f 2

23. Street Address of the Regulated Entity:	3101	Navig	ation Boule	vard									
(No PO Boxes)	City	Corpu	us Christi	St	ate	Тх		ZIP	78402	71	>+4		
24. County	Nue	ces		1.		1,			110,102	•]			
	1100	En	ter Physical Lo	ocation	Descriptio	on if no st	reet	address is	provided.	-			
25. Description to Physical Location:												3 1	
26. Nearest City		1							State	18. 17. m		Nea	rest ZIP Co
												- Contraction	
27. Latitude (N) In Decima	al:	2	7.825458			28	. Lon	gitude (W)	In Dec	imal:	-97.438	760	
Degrees	Minute	s		Seconds		De	grees		Mi	nutes	5	Seconds	
29. Primary SIC Code (4 dig	its)	30. Se	condary SIC (Code (4	digits)	31. Pri	mary	NAICS C	ode	32. 5	Secondary 6 digital	/ NAICS	Code
3731					HW 24	3366	11		15	(5 Or	o digits)		
33. What is the Primary Bus	siness	of this er	ntity? (Do not	repeat the	e SIC or NA	AICS descrin	tion.)						
Provides new construc	tion, d	lesign	and repair s	ervice	s for inla	and and	offs	hore ves	sels				
	POB	lox 2441											
34. Mailing													
Address:	City	Corp	us Christi		State	ТХ	1	710	78403		7		
35 E-Mail Address	049	odanna	a@ibludshipva	ard.com	State			415	10100			IF + 4	
36. Telepho	ne Nur	nber	0,,	3	7. Extens	sion or Co	ode	1	38. F	ax Num	ber (if ap	plicabl	e)
(361)8	387 - 7	7981							(36') 887	- 6014	1	
39. TCEQ Programs and ID Num form instructions for additional gui	ibers Ch dance.	eck all Pro	ograms and write i	in the peri	nits/registra	ation numbe	rs that	will be affect	ted by the up	dates sub	mitted on	this form.	See the Core
Dam Safety		Districts			Edwards	Aquifer		Emis	sions Inve	ntory Ai	r 🗙 Inc	lustrial H	lazardous Wi
				1							SWR #32816		
Municipal Solid Waste		lew Sou	rce Review Ai	r 🗆 (OSSF			Petroleum Storage Tank				D PWS	
	49080	1											
Sludge		Storm W	/ater		Title V Air	r			S			Jsed O	
	TXR04	5N455											
Voluntary Cleanup	X	Waste V	Vater		Vastewate	er Agricul	ture	Wat	er Rights			ther: P	2 Plan
	WQ00	0488900	0							P0744	0	L F 16294	
SECTION IV: Preparer	Inform	nation		1				t			P VI TI		
0. Name: Gasper D'Anna								41. Title:	Presiden				
42. Telephone Number	43. E	Ext./Cod	e	44. F	ax Numh	ber		45. E-Ma	il Address				
(361) 887 - 7981		42. relephone Number 43. Ext./Code			44. Fax Number			adappa@ibludehinvard.com					
				1 7 4	61 \ 88	17 - 6014	21 - C	I adappa?	ihhludehin	von meu			

46. By my signature below, I certify, to the best of my knowledge, that the information provided in this form is true and complete, and that I have signature authority to submit this form on behalf of the entity specified in Section II, Field 6 and/or as required for the updates to the ID numbers identified in field 39

Company:	John Bludworth Shipyard, LLC	Job Title:	President
Name(In Print):	Gasper D'Anna	Phone:	(361)887-7981
Signature:	un pro-	Date:	11/14/17

Attachment D Site Maps







Attachment E Copy of Permit Fee Attachment F Copy of Lease Agreement

LEASE AGREEMENT

Between

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS ("Authority")

And

JOHN BLUDWORTH SHIPYARD, LLC ("Lessee")

February 14, 2012

Bludworth 11.634 Acre Lease Renewal Revised as of 01-23-12

Cover Page

LEASE AGREEMENT

STATE OF TEXAS COUNTY OF NUECES

148.14

This LEASE AGREEMENT is made this 14th day of February, 2012 (the "Effective Date"), by and between **PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**, pursuant to authorization by its Port Commissioners (hereinafter called "Authority"), and **JOHN BLUDWORTH SHIPYARD, LLC**, a Texas limited liability corporation, whose principal address is P. O. Box 2441, Corpus Christi, Texas 78403, (hereinafter called "Lessee").

This LEASE AGREEMENT supersedes, cancels and replaces Lessee's current Lease Agreement, as amended, dated November 10, 1998 by and between PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS, and JAY BLUDWORTH, INC.

ARTICLE 1 LEASE OF PREMISES

Section 1.01. Description of Premises and Term

§ § § §

Authority, in consideration of the rents to be paid and the terms, covenants, and conditions hereinafter set forth, hereby leases to Lessee and Lessee leases from Authority for the entire Term, stated in this Section, real property situated in Nueces County, Texas, which is described as follows:

The surface estate of that certain tract of 11.634 acres of land, more or less, which tract is particularly described on <u>Exhibit A</u> attached hereto and incorporated herein by reference and all Authority owned improvements situated thereon described on <u>Exhibit B</u> attached hereto, (hereinafter called "Leased Premises").

TO HAVE AND TO HOLD the Leased Premises for an initial term (the "Initial Term") of five (5) years, beginning on the 14th day of February, 2012, and (subject to earlier termination as herein provided) ending at midnight, Central Time, the 13th day of February, 2017. The "Term" of this lease means the period of time beginning with the Effective Date and ending upon termination of this lease.

Authority hereby grants to Lessee the option to extend the Term of this lease for five (5) additional option periods of five (5) years each, beginning on the first day after the expiration of the Initial Term and each option period hereof; but if, at the date the Initial Term or any option period expires, Lessee is in default beyond any grace period provided in this lease agreement in performing any of the terms of this lease agreement, the remaining option or options are void. The option to extend shall be exercised by Lessee giving to Authority notice in writing of such exercise at least sixty (60) days prior to the expiration of the Initial Term or any option period of this lease. Notice of an intention to exercise an option under this lease agreement must, to be Bludworth Shipyard Lease Agreement 248360v2

1

effective, be sent by certified mail to Authority at the address provided in the Section in this lease agreement entitled Payments and Notices and must be postmarked no later than the latest date provided in this Section for Lessee's exercising the option. Annual rent shall be determined for each option period pursuant to <u>Section 3.02</u> of this lease agreement.

Section 1.02. Holding Over

If Lessee holds over beyond the Initial Term or any option period of this lease without the written consent of Authority, Lessee is deemed to be occupying the Leased Premises as a tenant at sufferance. During any holdover period, Lessee will pay two (2) times the monthly rent being charged Lessee in the month prior to the commencement of Lessee's holding over, and Lessee will be subject to all other terms of this lease agreement applicable to a tenant at sufferance.

ARTICLE 2

INSPECTION OF LEASED PREMISES

Lessee has inspected the Leased Premises, including all improvements, fixtures, equipment and personal property situated on the Leased Premises and has conducted any environmental assessment survey it desired and on the date of this lease agreement accepts the Leased Premises As Is, Where Is, and in the condition it existed on that date, as reasonably suited and fit for Lessee's intended uses of the Leased Premises. Lessee acknowledges that Authority has made no express warranties with regard to the premises and to the maximum extent permitted by applicable law, Authority hereby disclaims, and lessee waives the benefit of, any and all implied warranties, including implied warranties of habitability, or fitness or suitability for lessee's purpose.

ARTICLE 3 RENT

Section 3.01. Annual Rent

Subject to adjustments provided for herein, Lessee agrees to pay to Authority at its offices in Corpus Christi, Texas, annual rent for the Leased Premises equal to ten percent (10%) of the product *of* Equalization Value of the Leased Premises multiplied by the number of acres of land in the Leased Premises. For the purpose of fixing annual rent for the Initial Term of this lease, the Equalization Value of the Leased Premises is fixed at One Hundred Fifty Thousand and NO/100 Dollars (\$150,000.00) per acre and includes Authority owned improvements consisting of approximately 500 feet of steel bulkhead and a 100 foot wide and 150 foot long bulkheaded dry-dock slip dredged to a depth of 30 feet. The total sum to be paid Authority by Lessee as rent during the Initial Term of this lease, subject to any adjustments of rent made pursuant to this lease agreement, is Eight Hundred Seventy-Two Thousand, Five Hundred Fifty and NO/100 Dollars (\$872,550.00), and may be paid in monthly installments of Fourteen Thousand Five Hundred Forty-Two and 50/100 Dollars (\$14,542.50). "Equalization Value" is that value per acre placed on the Leased Premises by Authority from time to time for the purpose of equalizing, to the extent practicable, the rent paid by its tenants leasing property of the Authority of the same general type and in the same general area as the Leased Premises.

The first annual or monthly installment of rent hereunder is due and payable on or before the 9th day of January, 2012 or ten days after the approval of this lease by Authority, whichever occurs last. Rent for any fractional year or month at the beginning or end of the Term will be prorated on a per-day basis. Such monthly installment of rent is due and payable on or before the 1st day of each succeeding month thereafter; or each annual payment of rent is due and payable on or before 9th day of January of each succeeding year following the first year of the Initial Term of this lease. If Lessee should fail to pay Authority any sum to be paid by Lessee to Authority hereunder within thirty (30) days after such payment is due, interest on the unpaid amount shall accrue at a rate of fifteen percent (15%) per annum or the maximum rate allowed by law, whichever is lesser, from the date payment was due until the date payment is made. Authority may also impose a late charge of Twenty-Five Dollars (\$25.00) or five percent (5%) of the unpaid amount, whichever is greater, to defray Authority's administrative costs incurred as a result of Lessee's failure to timely make such payment, the amount of such costs not being readily ascertainable if the monthly rent due under this agreement is paid after the 10th day of a month. Any such late charge shall be in addition to all other rights and remedies available to Authority hereunder or at law or in equity and shall not be construed as liquidated damages or limiting Authority's remedies in any manner. Failure to pay such interest or late charge within thirty (30) days after written demand shall be an event of default hereunder. Following the dishonor of any check presented for payment, Authority shall have the right, at Authority's option, to require all further payments to be made by certified check, money order or wire transfer. For purposes of this Section, any adjustment payment made by Lessee to correct a prior underpayment shall be treated as due on the date such underpayment was due; provided, however, an adjustment payment made by Lessee as the result of an independent audit conducted at Lessee's expense shall not be subject to a late charge as described herein.

Rent must be paid to Authority at its address for notice hereunder or to such other person or at such other address in Nueces County, Texas, as Authority may from time to time designate in writing. Rent must be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset.

This is a net lease. Authority shall not be required to make any expenditure, incur any obligation, or incur any liability of any kind whatsoever in connection with this lease or the financing, ownership, construction, reconstruction, maintenance, operation, or repair of the Leased Premises or the improvements thereon.

Section 3.02. Adjustment of Rent

The annual rent for each option period of this lease may be adjusted by Authority for changes in the Equalization Value of the Leased Premises. If the Equalization Value of the Leased Premises increases during the Initial Term or any option period of this lease, the Authority shall give Lessee written notice of the new Equalization Value at least ninety (90) days prior to the end of the Initial Term or option period, as the case may be. Unless Lessee objects to the new Equalization Value as provided herein, the annual rent for the Leased Premises during the next succeeding option period will be ten percent (10%) of the product of the new Equalization Value of the Leased Premises multiplied by the number of acres of land in the Leased Premises.

If Lessee is not notified of a new Equalization Value at least ninety (90) days before expiration of the Initial Term or the current option period of this lease, as the case may be, it shall be conclusively presumed that the Equalization Value for the ensuing option period of this lease will be the same as the then current Equalization Value.

In the event Lessee does not agree with the new Equalization Value, Lessee shall have the option, to be exercised in writing to Authority within thirty (30) days after the date notice is given to it of the new Equalization Value, to either (1) terminate this lease agreement and surrender the Leased Premises effective at Midnight, Central Time, of the last day of the Initial Term or the current option period, as the case may be, or (2) agree in writing to binding arbitration to fix the Equalization Value of the Leased Premises for the ensuing option period.

In the event Lessee agrees to binding arbitration, the arbitration will be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association (although the parties do not have to use the services of the American Arbitration Association).

The arbitrator selected by the parties, as a part of his duties as an arbitrator will select an appraiser who is MIA certified, and has greater than ten (10) years experience appraising land such as the Leased Premises. The appraiser selected by the arbitrator will make an appraisal of the Leased Premises_using comparable property and the following criteria for the appraisal process.

Comparables used shall include all recent sales and lease information available on similarly situated properties along the channels of ports located on the Texas Gulf Coast.

The comparables used shall be the average values during the most recent year in which there are comparables sales or leases.

The fair market value of the Leased Premises shall be based on the highest and best use for the Leased Premises, regardless of the use to which the Leased Premises is being put.

The arbitrator will, within sixty (60) days after receipt of the appraisal, determine the fair market value for the next ensuing option period of this lease agreement. The fair market value determined by the appraiser will be the Equalization Value, and the annual rent or monthly rent for the next ensuing option period of the Term will be determined and paid in accordance with <u>Section 3.01</u> of this lease agreement. The arbitrator's decision will be final and is binding on all parties to this lease agreement.

In no event, however, will the Equalization Value of the Leased Premises for an option period be less than the then current Equalization Value of the Leased Premises.

Section 3.03. Utilities and Taxes

In addition to the annual rent described hereinabove, Lessee agrees to pay when due all charges it contracts for (a) water, gas, electricity, and other utilities, (b) garbage service, (c) security or guard services, or (d) railroad services in connection with the Leased Premises. If

at Lessee's request or because of Lessee's failure to pay for services to the Leased Premises it contracted for, Authority provides any such services to the Leased Premises or pays the cost for any such services, Lessee will pay to Authority the cost of such services as additional rent upon receiving Authority's invoice therefore, payment to be made pursuant to the terms of said invoice.

Lessee will also pay as additional rent its pro rata share of any utility services provided by Authority.

During the Term of this lease, Lessee must pay or cause to be paid when due all taxes, assessments, fees or charges imposed on the Leased Premises by virtue of Lessee's tenancy or upon Lessee's property on, or Lessee's interest in, the Leased Premises.

Lessee may, at its expense, contest any tax, assessment, fee or charge for which it is responsible under this Section. Except as provided in the following paragraph, Lessee need not pay the tax, assessment, fee or charge while the contest is pending. Except as provided in the following paragraph, Lessee may prevent Authority from paying any tax, assessment, fee or charge that Lessee is contesting under this Section, pending resolution of the contest, by depositing with Authority the full amount of the tax, assessment, fee or charge plus the amount of any penalty that might be imposed for failing to make timely payment and one (1) year of interest at the rate imposed by the entity levying the tax, assessment, fee or charge. When the contest is resolved, Lessee must pay the tax, penalty and interest imposed and may use the money deposited with Authority to pay any tax, assessment, fee or charge, plus any penalty or interest, due under the final resolution and keep any balance of the deposit. If the deposit is insufficient to pay these amounts, Lessee must immediately pay the balance due to the entity imposing the tax, assessment, fee or charge.

Notwithstanding the provisions of the foregoing paragraph, Authority may pay - or require Lessee to pay - any tax, assessment, fee or charge for which Lessee is responsible under this Section, pending resolution of Lessee's contest of the tax, assessment, fee or charge, if payment is demanded by a holder of a mortgage on the premises or if failing to pay will subject all or part of the premises to forfeiture or loss.

Any of said taxes, fees or charges that are payable by Lessee for the tax year in which this lease agreement commences, as well as during the year in which this lease agreement terminates, shall be apportioned so that Lessee shall pay its proportionate share of the taxes, fees or charges for such periods of time. Lessee may pay such taxes, fees or charges in installments as and when such installments become due. Lessee must deliver to Authority evidence of payment of all taxes, fees or charges, which Lessee is obligated to pay hereunder concurrently with making such payment.

ARTICLE 4 USE OF LEASED PREMISES

Section 4.01. Use

The Leased Premises may be used for the following purposes, and for no other purpose, unless written permission for other use is obtained from Authority:

For the operation and maintenance of a ship repair and ship building yard with a floating drydock and other related facilities. Lessee agrees to coordinate the loading and unloading of the drydock with Authority's Harbor Master's office.

Lessee agrees to maintain, service and repair the Authority owned improvements (i.e. the steel bulkhead and drydock slip) at its own expense during the Term of this lease, such that these improvements are kept in a safe and serviceable condition. These items will be delivered back to Authority in the condition they were in on the date this lease agreement was made, less normal wear and tear, upon termination of the lease.

Lessee will not:

A. Use, occupy or permit the use or occupancy of the Leased Premises for any purpose or in any manner, which is directly or indirectly:

Inconsistent with the requirements of Section 4.01 hereof;

Violative of (a) judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, promulgations, directives, permits, certificates or ordinances of any governmental authority in any way applicable to Lessee or the Leased Premises, including zoning, environmental and utility conservation matters; (b) Authority's Tariffs or Rules and Regulations; (c) insurance requirements; or (d) other documents, instruments or agreements relating to the Leased Premises or to which the Leased Premises may be bound or encumbered;

Dangerous to life or property or a public or private nuisance; or

Disruptive to the activities of any other tenant or occupant of property adjacent to the Leased Premises;

B. Bring or permit to remain on the Leased Premises any asbestos, petroleum or petroleum products, explosives or toxic materials except for commercially reasonable amounts of materials used in the ordinary course of Lessee's business, nor commit or permit to remain any waste or damage to the Leased Premises; or

C. Commit, or permit to be committed, any action or circumstance on or about the Leased Premises which, directly or indirectly, would or might justify any insurance carrier in increasing the rate of or canceling the insurance policies maintained by Lessee or Authority on

the Leased Premises or improvements thereon, or those of other lessees of Authority's property adjacent to the Leased Premises.

Section 4.02. Environmental Representations, Restrictions and Environmental Indemnity

Lessee hereby represents and warrants to Authority:

That Lessee's construction, occupancy, operation or use of the Leased Premises will not violate any applicable law, statute, ordinance, rule, regulation, order or determination of any governmental authority or any board of fire underwriters (or other body exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Leased Premises, including but not limited to all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations (hereinafter sometimes collectively called "Applicable Laws");

That, without limitation of Section 4.01A above, in its use of the Leased Premises Lessee will not violate any Applicable Laws pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), 42, U.S.C. Section 9601 et seq; the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Section 6901 et seq; the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101 et seq; the Clean Air Act and Amendments of 1990, 42 U.S.C. Section 7401 et seq; the Clean Water Act of 1977, 33 U.S.C. Section 1251 et seq; the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 et seq; the Toxic Substances Control Act, 15 U.S.C. Section 2606; the Texas Solid Waste Disposal Act, Chapter 361, Texas Health and Safety Code; the Texas Clean Air Act, Chapter 382, Texas Health and Safety Code; the Oil Spill Prevention Act of 1991, Chapter 40, Texas Natural Resource Code, and Chapter 26, Texas Water Code; and the Texas Water Quality Act, Chapter 26, Texas Water Code; Texas Hazard Communication Act, Chapter 502, Texas Health and Safety Code; Texas Community Right-to-Know Acts, Chapters 505 - 507 Texas Health and Safety Code; Authority's Tariffs, Rules and Regulations and the Port of Corpus Christi Authority's Design and Construction Guidelines set forth in Authority's Real Estate Manual.

That the use which Lessee intends to make of the Leased Premises will not result in the Disposal or other Release of any Hazardous Substance or Solid Waste on or to the Leased Premises--the terms "Hazardous Substance" and "Release" have the meanings specified in CERCLA, and the terms "Solid Waste" and "Disposal" (or "Disposed") have the meanings specified in RCRA--and, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning will apply to such terms used in this lease agreement subsequent to the effective date of such amendment and, further, to the extent the laws of the state of Texas establish a meaning for "Hazardous Substance," "Release," "Solid Waste," or "Disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning will apply to such terms used in this lease agreement, and in either of said instances Lessee must immediately cease activities prohibited by Applicable Laws or Applicable Environmental Laws upon the Leased Premises and notify Authority in writing.

Lessee understands and agrees that the Leased Premises are being leased in an "As Is, Where Is" condition and that improvements, grading, filling, removal of existing improvements, and relocation of utility lines shall be made and performed by Lessee at the sole cost and expense of Lessee. Lessee further understands and agrees that the "As-Is, Where Is" condition of the Leased Premises includes any contamination of the Leased Premises, including structures, soils, groundwater, and any adjacent channel or bay water and sediment, and that information received from Authority regarding such matters may not be complete or accurate and should not be accepted as such.

In the event of a Release of any environmental contaminants which exceed permitted levels as defined by any city, state or federal law or regulation, Lessee must immediately stop the Release and cease any prohibited activities which may be resulting in such Release; and immediately notify the proper environmental and safety agencies, federal, state, and local, as well as Authority, in writing, of the date, time, and nature of the Release, including, but not limited to, a description of the environmental contaminants discharge or released, and provide a MSDS for each of the said environmental contaminants.

In addition, upon receipt from any agency or department of the state of Texas or the federal government, Lessee will immediately furnish PCCA written information concerning any citation, notice of violation, enforcement action or penalty regarding any safety or environmental violation sent to Lessee, or any entity consulting or working on the Lessee's behalf relative to or at the Leased Premises. This information must include:

A. A general description of the conduct that resulted in the citation, notice of violation, enforcement action or penalty; and

B. The document(s) sent from the agency or department to Lessee, or any entity consulting or working on the Lessee's behalf, which state the citation, violation, enforcement action or penalty.

Further, in the event of a Release, Lessee hereby acknowledges that excavation of soils from the Leased Premises could result in exportation of a regulated waste requiring appropriate characterization, handling, transport and disposal (together "Regulated Waste Removal"). Authority takes no responsibility and assumes no liability whatsoever for Regulated Waste Removal. Accordingly, Lessee hereby waives any claim, or potential claim, it may have to recover costs or expenses arising out of or associated with Regulated Waste Removal and agrees to indemnify, defend and hold harmless Authority, its Port Commissioners, directors, managers, employees, and agents from and against any and all claims, liabilities, losses, damages, costs, and expenses arising from, out of, or in any way related to Regulated Waste Removal. If any action or proceeding is brought against Authority, its Port Commissioners, directors, managers, employees, and agents based upon any and all such claims, liabilities, losses, damages, costs and expenses, Authority will be represented by its general counsel, or another attorney selected by Authority and approved by Lessee, which approval will not be unreasonably withheld.

Also, in the event of a Release, Authority accepts no liability or responsibility for ensuring that Lessee's workers, including without limitation those conducting testing, construction and maintenance activities on the Leased Premises, are satisfactorily protected from residual contaminants described in 29 Code of Federal Regulations. Lessee shall assess all human health risks from vapor transport or direct contact with residual hazardous substances or contaminants and incorporate such engineering and institutional controls as may be required to sufficiently protect human health of onsite workers and transient visitors. Lessee hereby waives any claim, or potential claim, it may have to recover any damages, losses, costs and expenses related to worker exposure or alleged exposure to any residual onsite contamination, and to indemnify, defend and hold harmless Authority, from and against any and all such claims, liabilities, losses, damages, costs and expenses. If any action or proceeding is brought against Authority, its Port Commissioners, directors, managers, employees, and agents based upon any and all such claims, liabilities, losses, damages, costs and expenses, Authority, its Port Commissioners, directors, managers, employees, and agents will be represented by its general counsel, or another attorney selected by Authority and approved by Lessee, which approval will not be unreasonably withheld.

In claims against Authority, its Port Commissioners, directors, managers, employees, and agents by or for an employee of Lessee, its agents, contractors, owners, invitees, or licensees, the Lessee's indemnification obligation under this <u>Section 4.02</u> shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the Lessee, its agents, contractors, owners, invitees, or licensees, under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. If an action for damages is brought by an injured employee of Lessee, a legal beneficiary, or an insurance carrier against Authority, its agents, contractors, owners, invitees, or licensees, to pay damages for the injury or death of such employee under Chapter 417 (Third-Party Liability), Texas Labor Code, that results in a judgment against the Authority, its agents, contractors, owners, invitees, or licensees, or a settlement by Authority, its agents, contractors, owners, invitees, or licensees, invitees, or licensees, for the damages based on such judgment or settlement as provided in this <u>Section 4.02</u>.

Lessee will cooperate with the Authority's Tenant Audit Program (the "Program"). The audit will consist of a scheduled review of Lessee's operations and activities, a review of Lessee's environmental management programs, and a tour of the Leased Premises. Authority staff involved in the Program intend to gain an understanding of Lessee's operations and activities and what measures the Lessee is utilizing to comply with local, state, and federal laws, rules and regulations, this lease agreement, and Authority's Tariffs, Rules, and Regulations. Through the Program they will seek to achieve cooperative conservation between Authority and Lessee that are actions relating to the use, enhancement and enjoyment of natural resources and protection of the environment. The audit will be conducted at a minimum annually and more frequently if determined by Authority staff to be necessary. A letter from Authority staff setting forth staff's observations will be provided to the Lessee following the audit. If violation of applicable laws, rules, regulations, this lease agreement or the tariff have been observed, then

Lessee will be notified of the same in the letter, and required to immediately take action to come into compliance, and to verify it has done so to Authority staff.

Lessee must clean up, remove, remediate and repair any soil or ground water contamination or damage caused by the presence or release of any Hazardous Substance or Solid Waste in, on, under, or about the Leased Premises during occupancy of the Leased Premises in conformance with the requirements of Applicable Laws or Applicable Environmental Laws. Lessee shall immediately give Authority written notice of any suspected breach of this paragraph, upon learning of the presence or any release of any Hazardous Substance or Solid Waste, or upon receiving any notice from governmental agencies pertaining to any Hazardous Substance or Solid Waste which may affect the Leased Premises. The obligations of Lessee hereunder shall survive the expiration or earlier termination, for any reason, of this lease.

All of the foregoing representations and warranties made by Lessee are continuing and must be true and correct for the entire Term of this lease, and all of such representations and warranties will survive expiration or termination of this lease agreement.

Section 4.03. Underground Storage Tanks

Lessee may not construct, install, maintain, use or otherwise operate on the Leased Premises any petroleum or chemical underground storage tank.

Section 4.04. Wharfage

The Leased Premises contain frontage on the Corpus Christi Ship Channel, and Lessee is granted access to the Leased Premises from, and right of use of said channel without payment of dockage or wharfage charges, for shipping and receiving, by water transportation, materials used for construction of the Leased Premises and materials and commodities used or consumed by Lessee in its business conducted on the Leased Premises. All other commodities or cargo moved from or to water transportation at the Leased Premises will pay all of Authority's tariff charges applicable to the same. Lessee must report in writing monthly to Authority the amount of such commodities handled and pay to Authority at its offices in Corpus Christi monthly the amount due pursuant to this lease agreement and Authority's tariff. Authority shall have the right at reasonable times during business hours to inspect the books and records of Lessee concerning such shipments and payments.

Section 4.05. Permitted Use; Continuous Operation

Lessee will continuously maintain the Leased Premises open for its usual business and available for the purposes permitted hereunder during its usual business hours on days other than Saturday, Sunday or legal holidays.

The covenants of this <u>Section 4.05</u> are material to this lease, and should Lessee fail to satisfy such covenants, Authority may employ the remedies set forth in the Article of this lease agreement entitled Default.

Section 4.06. Live Loads

Live loads in proximity to any bulkhead on the Leased Premises must be limited to weight and distances from the bulkhead so as not to damage the bulkhead.

Section 4.07. Mooring of Vessels

Only ships, boats, barges, or other vessels or equipment being loaded, unloaded, repaired, or constructed by Lessee may be moored along the water frontage of the Leased Premises. Lessee must notify the Harbormaster of all vessel movements into and out of the slip at Leased Premises. Mooring ships, boats and barges of others, including pleasure craft and houseboats, is prohibited unless special arrangements are made with Authority for the payment of Authority's charges for such berthing.

Lessee will provide at its expense all moorings necessary, or required by Authority's Harbormaster, to moor ships, boats, barges or other vessels or equipment at the Leased Premises. Such moorings must be located so as not to be in contact with either tieback rods or anchorage for the bulkhead at the Leased Premises. Lessee agrees to remove, or cause to be removed, within twenty-four (24) hours after notice from Authority's Harbormaster, any vessel owned or controlled by Lessee and docked at the Leased Premises, which in the sole opinion of the Authority's Harbormaster is a hazard to navigation.

ARTICLE 5 IMPROVEMENTS OR ALTERATIONS AND MAINTENANCE

Section 5.01. Permanent Improvements

All improvements made, placed, or constructed on the Leased Premises by Lessee after the date of this lease agreement will be at the sole cost and expense of Lessee. Lessee must construct and install Lessee's improvements in a good and workmanlike manner. New or additional improvements may not be constructed nearer than 8.5 feet to the centerline of any existing or proposed railroad track on or adjacent to the Leased Premises.

While constructing improvements, maintaining, or carrying on its activities, on the Leased Premises, Lessee must comply with the *Antiquities Code of Texas (Texas Natural Resources Code*, Chapter 191) and applicable rules promulgated thereunder by the Texas Historical Commission, or its successor. Lessee shall undertake its activities on the Leased Premises in a manner consistent with public policy relating to the location and preservation of archeological sites and other cultural resources in, on, or under public lands. Lessee shall use the highest degree of care and all reasonable safeguards to prevent the taking, alteration, damage, destruction, salvage, or excavation of cultural resources and/or landmarks on the Leased Premises. Upon discovery of an archeological site, Lessee shall immediately give written notice of such discovery to Authority and to the Texas Historical Commission, as set out in the Committee's rules. Lessee, its contractors and employees, shall have no right, title, or interest in or to any archaeological articles, objects, or artifacts, or other cultural resources located or discovered on the Leased Premises.

Section 5.02. Maintenance and Return of Leased Premises

Lessee will, throughout the Term, at its own expense and risk, maintain the Leased Premises and all improvements on them in good order and condition, including but not limited to making all repairs and replacements necessary to keep the premises and improvements in that condition. All maintenance, repairs, and replacements required by this Section must be performed promptly when required and so as not to cause depreciation in the value of the Leased Premises.

If Lessee fails to perform its obligation to repair, replace, or maintain, as set forth above, within a reasonable time after notice from Authority of the need for repair, replacement, or maintenance, Authority may enter the Leased Premises and make the repairs or replacements, or perform the maintenance, or have the repairs or replacements made or maintenance performed, at its own expense. Upon Authority's notice to Lessee of the performance and cost of any maintenance, repairs, or replacements under this Section, Lessee must immediately reimburse Authority for the costs incurred by Authority pursuant to this Section, together with interest on the sum at a rate of 10% annually from the date of the notice until the date paid by Lessee to Authority.

At the expiration of the Term, Lessee will surrender the premises in good order and repair except for reasonable wear and tear since the last necessary repair, replacement, restoration or renewal made by Lessee pursuant to its obligations under this lease agreement.

Section 5.03. Approval of Alterations and Improvements

Lessee must submit to Authority plans for any proposed buildings, drainage or improvements of any kind on the Leased Premises, or any alterations or additions to existing buildings or improvements, and they must be approved in writing by, the Director of Engineering Services of Authority prior to the commencement of work on the same. To facilitate the Authority's review, two (2) sets of formal plans that clearly define the project must be submitted to Authority for its prior approval. The drawings must be prepared on a standard engineering format (24" x 36" drawings) and show all physical features and improvements in and around the project site and must be signed and sealed by a Professional Engineer registered in the State of Texas. In addition, a detailed site plan (minimum 1'' = 50' scale) depicting the location and physical layout of the project site, and including, but not limited to, any area to be dredged, adjacent docking facilities, property lines, federal channels, bulkhead lines, and existing channel depth elevations must be included with the plans submitted. The site plan must clearly show the bottom of cut line and top of slope line of any planned dredging. If any dredging is planned by Lessee, its agents, servants, contractors or employees that will, in Authority's judgment, based upon customary dredging operations, result in removal of a substantial quantity of earth or material from, or damage to, adjacent real property, Lessee must obtain the written permission of the adjacent property owner to carry out the work described for the project and submit it to the Authority with the formal plans.
Slips at any dock located on the Leased Premises must be maintained by Lessee at a sufficient depth to prevent vessels berthed at the dock from striking bottom due to lowering of the water level from passing vessels or seasonal low tides.

Copies of all permits for work in navigable waters issued to Lessee by the Department of Army or any other federal, state or other governmental agency shall be filed with Authority.

No approval by Authority of Lessee's designs, site plans, plans, specifications or other matters may ever be construed as representing or implying that Lessee's designs, site plans, plans, specifications or other matters will, if followed, result in a properly-designed building or other improvements constructed on the Leased Premises. Such approvals shall in no event be construed as a representation or guaranty by the Authority that any improvements will be built in a workmanlike manner, nor shall such approvals relieve Lessee of its obligation to construct the building in a workmanlike manner. Lessee will defend, indemnify, and hold harmless Authority from and against any lawsuits, actions, causes of action or claims arising out of Authority's approval of any of Lessee's designs, site plans, plans, specifications or other matters relating to the Leased Premises.

Section 5.04. No Liens

Unless otherwise agreed, Lessee may not grant, place or suffer, or permit to be granted, placed or suffered, against all or any part of the Leased Premises or Lessee's leasehold estate created hereby, any lien, security interest, pledge, conditional sale contract, claim, charge or encumbrance (whether constitutional, contractual or otherwise) and if any of the aforesaid should occur or be asserted, Lessee will, promptly upon demand by Authority and at Lessee's expense, cause same to be released.

Section 5.05. Laborers and Materials

Lessee will pay for all labor and services performed for, materials used by, or furnished to, any contractor employed by Lessee with respect to the Leased Premises and defend, indemnify and hold Authority and the Leased Premises harmless and free from any liens, claims, encumbrances or judgments created or suffered by Lessee's failure to pay for labor or materials provided to the Leased Premises. If Lessee elects to post a payment or performance bond or is required to post an improvement bond with a public agency in connection with such labor, services or materials, Lessee agrees to include Authority as an additional obligee thereunder.

Section 5.06. Storm Sewers/Railroad Spur Tracks

Lessee agrees to construct or to pay for the construction of (a) storm sewers required by Authority to drain the Leased Premises or (b) railroad spur tracks requested by Lessee, and approved by Authority, to serve the Leased Premises. If requested by Authority or the railroad, Lessee will enter into a reasonable joint maintenance agreement with the railroad and bear Lessee's pro rata share of the cost of maintaining any railroad spur on the Leased Premises.

Section 5.07. Building Code

All improvements placed on the Leased Premises by Lessee must comply with all applicable codes unless they are modified by Port of Corpus Christi Authority Design and Construction Guidelines found in the current Port of Corpus Christi Authority Project Manual which may be obtained from Authority's Department of Engineering Services.

Section 5.08. Permits

Lessee must obtain and maintain in effect at all times during the Term of this Lease Agreement all permits, licenses and consents required or necessary for the construction, installation, maintenance, use and operation of Lessee's improvements and Lessee's use and occupancy of, and operations at, the Leased Premises. Lessee will provide Authority's Department of Engineering Services with copy of its permits, licenses and consents as the same are obtained.

Section 5.09. Ownership or Removal of Alterations, Modifications or Improvements by Lessee

At the expiration or earlier termination of this lease, all alterations, modifications or improvements upon the Leased Premises made by Lessee, including all buildings, rail spurs and tracks, paneling, decorations, partitions, heating, ventilating and air-conditioning machinery and equipment, lighting fixtures, plumbing equipment, sprinkler system, and the like, shall, absent any agreement between Authority and Lessee to the contrary at the time of installation, or unless Authority otherwise elects, which election shall be made by giving a notice in writing (a) not less than fifteen (15) days prior to the expiration of this lease, or (b) not more than fifteen (15) days following any termination of this lease other than by expiration, become the property of Authority and shall remain upon and be surrendered with the Leased Premises as a part thereof at the end of the Term. In the event Authority notifies Lessee to remove any or all of the alterations, additions or improvements made by Lessee, Lessee must do so and must repair any damage caused by such removal, all within forty-five (45) days after the date of expiration or termination of this lease agreement. Trade fixtures, furnishings and equipment, except for those referred to above, which are installed by Lessee, at its expense, may be removed by Lessee provided Lessee removes the same and repairs any damage caused by such removal within thirty (30) days after the date of expiration or termination of this lease. Any trade fixtures not removed by Lessee when this lease terminates are considered abandoned by Lessee and will automatically become Authority's property. If any trade fixture installed by Lessee is abandoned when the lease terminates, Lessee must pay Authority any reasonable expense actually incurred by Authority to remove the fixture from the premises, less the fair market value of the fixture once removed, if Authority uses the trade fixture.

Section 5.10. Signs

Lessee may not place any signs at or on the Leased Premises nor paint any signs on any building on the Leased Premises unless first approved in writing by the Director of Engineering Services of Authority. Lessee must remove all its signs when this lease terminates and repair any damage resulting from erecting or removing the signs.

Section 5.11. Floodplain

Lessee acknowledges that Lessee has been advised by Authority that the Leased Premises is in the FEMA floodplain and that construction of improvements must conform to the laws and regulations applicable to construction of improvements in a floodplain.

Section 5.12. Side Yard Limits

No permanent improvements may be constructed within five (5) feet of the Leased Premises' boundary lines.

ARTICLE 6 USE BY AUTHORITY

Authority reserves the right to use any streets or roadways on the Leased Premises. Authority further reserves the right to use as much of the Leased Premises as is necessary to lay mains for gas, water or sewers on the Leased Premises, to place poles and necessary wires and attachments for electricity or for telephone and fiber optic lines over and across any part of the Leased Premises, and to lay, or grant easements or rights of way for the laying of, pipelines for oil, petroleum, petroleum products, fiber optics and any other products over, under and upon the Leased Premises; provided, however, that the same shall not interfere with Lessee's buildings, improvements or Lessee's use of the Leased Premises. Authority has the right to use third parties for the performance of the rights reserved to Authority in this Article, and Authority has the right to grant easements or rights of way reserved to Authority in this Article to other parties so long as doing so does not interfere with Lessee's use of the leased premises.

ARTICLE 7 SUBLETTING OR TRANSFER

Section 7.01. Sublease or Transfer

Lessee may not assign or sublet this lease agreement in whole or in part nor any interest therein nor sublet the Leased Premises nor any part thereof nor grant any license, concession or other right of occupancy of any portion of the Leased Premises, nor permit the transfer of this lease by operation of law or otherwise without the prior written consent of Authority. Consent of Authority to one or more assignments or subletting does not operate as a waiver of Authority's rights concerning any subsequent assignments or subletting. If this lease agreement is assigned, or if any of the Leased Premises, or any part thereof, is sublet or occupied by anyone other than the Lessee, then Authority may, after default by the Lessee, collect rent from the assignee,

subtenant or occupant and apply the net amount collected, less any costs of collection, attorneys' fees or other costs incurred by Authority, to the rent provided for in this lease agreement. No assignment, subletting, occupancy or collection waives the obligations of Lessee under this lease agreement upon acceptance of same by Authority. Authority may assign or transfer any of its interests under this Lease Agreement. Furthermore, Lessee shall not, without Authority's express written consent, cause or permit an interest, direct or indirect, in itself to be sold, assigned, transferred, exchanged, or otherwise disposed of (each a "Disposition") such that, after the Disposition, the Lessee shall cease to be controlled by substantially the same individuals and/or entities who Control it as of the effective date of the Lease; provided, however, that this restriction shall not be operative if, on the date of the Disposition, the net worth of Transferee (who is defined in <u>Section 7.02</u>) is more than Ten Million and NO/100 Dollars (\$10,000,000.00). As used in this paragraph "Control" means the power to elect a majority of the directors or other members of the governing body of Lessee, or in any other manner to control or determine the management of the Lessee.

Section 7.02. Conditions

The following conditions automatically apply to each sublease, assignment or transfer by Lessee or any sublessee without the necessity of same being stated in or referred to in Authority's written consent:

A. Lessee must execute, have acknowledged and deliver to Authority and cause the sublessee, assignee or other transferee ("Transferee") of any portion of Lessee's interest in this lease agreement, the leasehold estate created hereby or the Leased Premises to execute, have acknowledged and deliver to Authority, an instrument in form and substance acceptable to Authority in which:

The Transferee adopts this lease agreement and assumes and agrees to perform, jointly and severally with Lessee, all of the obligations of Lessee hereunder, as to the interest transferred to it;

Lessee subordinates to Authority's statutory lien, contract lien and security interest any liens, security interests or other rights, which Lessee may claim with respect to any property of the Transferee;

Lessee and any guarantor of this lease agreement agrees with Authority that, if the rent or other consideration due by the Transferee exceeds the rent for the transferred space, then Lessee shall (and any guarantor guarantees that Lessee shall) pay Authority as additional rent hereunder all such excess rent and other consideration immediately upon Lessee's receipt thereof;

The Transferee agrees to use and occupy the transferred space solely for the purposes permitted under <u>Article 4</u> and otherwise in strict accordance with this lease agreement; and

Lessee and any guarantor acknowledge and agree in writing that, notwithstanding the transfer, Lessee and any guarantor remain directly and primarily liable for the performance of

all the obligations of Lessee hereunder (including, without limitation, the obligation to pay all rent), and Authority shall be permitted to enforce this lease agreement against Lessee, any guarantor or the Transferee, or all of them, without prior demand upon or proceeding in any way against any other persons.

B. Lessee must deliver to Authority a counterpart of all instruments relative to the sublease, assignment or other transfer executed by all parties to such transaction (except Authority); and

C. Lessee shall pay or cause to be paid to Authority, at the time of the execution and delivery of the documents, the sum of \$500.00 to cover Authority's administrative and legal costs for each amendment, assignment, sublease, and any estoppel certificate requested from Authority by Lessee or any sublessee.

ARTICLE 8 DEFAULT

Section 8.01. Rights and Remedies of Authority

If for ten (10) calendar days after service by mail or otherwise to Lessee by Authority of written notice of a breach or default by Lessee under any provision of this lease agreement, the Lessee does not or shall neglect or fail to comply with or remedy such breach or default, or if the said breach or default complained of shall be of such a nature that the same cannot be completely remedied or cured within such ten (10) day period, then such breach or default shall not be an enforceable breach or default against Lessee if Lessee shall have commenced curing such breach or default within such ten (10) day period, and shall with reasonable diligence and in good faith, proceed to remedy the default complained of; or if any proceedings concerning Lessee or the Leased Premises be had in bankruptcy, reorganization, arrangement or receivership, or if any assignment shall be attempted to be made of this lease agreement for the benefit of creditors; or if Lessee abandons or vacates a substantial portion of the Leased Premises for fourteen (14) consecutive days not due to a casualty loss or Force Majeure; then in any of said cases or in any similar case which, in the sole judgment of Authority, evidences a serious financial insecurity of Lessee, Authority shall have the rights and remedies that may be provided at law or in equity and the following options:

A. Without terminating this lease agreement, Authority may terminate Lessee's right of possession of the Leased Premises under this lease agreement by giving Lessee three (3) calendar days notice of termination of Lessee's right of possession and Lessee's right of possession shall thereupon cease and come to an end and Authority may reenter and take possession of the Leased Premises; provided, however, Authority shall not be required to give such notice prior to the filing of an action of forcible detainer or at common law upon default by Lessee in the payment of rent. Upon entering and taking possession of the Leased Premises, Authority may:

1. Relet for the account of, or as agent for, Lessee the Leased Premises or any part thereof, to a tenant acceptable to Authority, without terminating this lease agreement or

working a forfeiture of the rent to be paid, and after receiving the rent therefrom apply the same, first to the payment of all expense the Authority may be put to in recovering possession of the Leased Premises and in reletting same, including but not limited to the costs of renovating, altering and repairing for a new tenant and attorneys' and brokers' fees, and then to the payment of the rent and additional rent payable under this lease agreement and to the fulfillment of Lessee's covenants hereunder. Lessee shall be entitled to any balance remaining after subtracting such costs and debts. Authority may at any time after reletting terminate this lease agreement for the breach or default on account of which it reentered and relet; or

2. Accelerate the future rent and additional rent due under this lease agreement and seek recovery of such rent and additional rent and any other damages provided for in this lease agreement, at law or in equity. Authority is entitled to recover future rent and additional rent from Lessee based upon the present value of the rent and additional rent discounted to present value at the rate of 3% per annum for the remainder of the Term of the lease reduced by the fair market rental value of the Leased Premises during that period.

B. Terminate this lease agreement.

C. Lessee pledges with Authority all of its rents from the Leased Premises in addition to the other security for the performance of the lease; and in connection with such pledging of the rents, the Lessee covenants and agrees with Authority that if Authority, upon default of Lessee, elects to file a suit to enforce this lease agreement and protect Authority's rights thereunder, Authority may apply to any court having jurisdiction, for the appointment of a Receiver of all and singular the demised premises, the improvements and buildings located thereon, and the personal property located therein, and thereupon it is expressly covenanted and agreed that the court shall without notice forthwith appoint a Receiver with the usual powers and duties of receivers in like cases, and such appointment shall be made by such court as a matter of strict right to Authority, and without reference to the adequacy or inadequacy of a remedy at law, the value of the property that is subject to Landlord's lien, or to the solvency or insolvency of Lessee; and without reference to the commission of waste.

Section 8.02. No Waiver

Any assent, expressed or implied, by the Authority or Lessee to any breach of any agreement, covenant or obligation herein contained shall operate as such only in the specific instance and shall not be construed as an assent or a waiver to any such agreement, covenant or obligation generally or of any subsequent breach thereof. The remedies provided herein or at law or equity shall not be mutually exclusive.

Section 8.03. Consequential Damages

Authority shall in no event be charged with default in the performance of any of its obligations hereunder, unless and until Authority shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default) after written notice by Lessee to Authority, properly specifying wherein Authority has failed to perform any such obligation.

Notwithstanding anything in this lease agreement to the contrary, Authority shall in no event be charged with or liable for any consequential damages suffered by Lessee as a result of Authority's breach of this lease agreement or failure to perform any of its obligations under this lease agreement.

ARTICLE 9 LIEN AND SECURITY INTEREST

In consideration for the mutual benefits arising under this lease agreement, and as security for Lessee's performance of all its obligations under this lease agreement, Lessee hereby grants to Authority a lien and security interest in and on all property of Lessee now or hereafter placed in or upon the Leased Premises, and such property shall be and remain subject to such lien and security interest of Authority for payment of all rent and other sums agreed to be paid by Lessee herein. The provisions of this Section shall constitute a security agreement under the Texas Uniform Commercial Code so that Authority has and may enforce a security interest on all property of Lessee now or hereafter placed in or on the Leased Premises, including but not limited to all fixtures, machinery, equipment, furnishings and other articles of personal property now or hereafter placed in or upon the Leased Premises by Lessee. An event of default under this lease agreement shall be default under the security agreement. Authority may at its election at any time file a copy of this lease agreement as a financing statement. Authority, as secured party, is entitled to all of the rights and remedies afforded to a secured party under the Texas Uniform Commercial Code, which rights and remedies shall be in addition to and cumulative to the Authority's liens and rights provided by law or by the other terms and provisions of this lease. Promptly upon request, and without further consideration, Lessee agrees to execute as debtor such additional financing statement or statements as Authority may now or hereafter reasonably request in order that Authority's security interests may be protected pursuant to the Texas Uniform Commercial Code, which financing statement Authority may at its election file in the appropriate records.

ARTICLE 10 SUBORDINATION

Section 10.01. Subordination of Landlord's Lien

It is contemplated that Lessee may be required to borrow funds for construction of improvements on the Leased Premises from time to time during the Term, and it may be desirable or convenient for Lessee to borrow additional funds for additional improvements, alterations, repairs or for other purposes to benefit the Leased Premises. Accordingly, it is agreed that Lessee shall at all times during the Term of this lease, without the consent of Authority (but provided written notice and a copy of the security instruments are delivered to Authority), have the right to mortgage or convey by deed of trust or any other security instrument the leasehold rights of Lessee created by this lease agreement, together with all of Lessee's rights, titles, and interest in the buildings and improvements then or thereafter to be placed on the Leased Premises; provided, however, that any such mortgage, deed of trust, security conveyance or encumbrance will at all times be subject to and shall recognize the superior right, title and interest of Authority to the Leased Premises and to Authority's rights

hereunder to require Lessee's payment of all rent due hereunder and Lessee's full and faithful performance of all covenants and conditions of this lease agreement due Authority.

Subject to the conditions stated in this Article, Authority subordinates its landlord's lien on the improvements and other property Lessee places on the Leased Premises to the rights of the holder of any such mortgage, deed of trust or other security instrument.

Section 10.02. Holder of Security

In the event at any time during the Term Lessee or anyone holding under Lessee shall be in default of any of the covenants or any of the conditions of this lease agreement, then and in such event the holder of the mortgage, deed of trust or other security instrument may, before forfeiture is invoked by Authority, make any and all payments and do and perform any and all acts or things which may be necessary or required to prevent a forfeiture of this lease agreement; and the party making such payments or performing such acts or things shall thereby and thereupon be subrogated to all the rights of Lessee under this lease agreement. Authority agrees that, if requested in writing by the holder of any mortgage, deed of trust or other security instrument, it will send to the said holder at the address specified in the written request copies of all written notices of demand which Authority may serve upon Lessee, or anyone holding under Lessee, under and pursuant to the terms of this lease agreement.

It is understood, however, that the mortgagee, trustee, beneficiary of said deed of trust or other holder of security above-mentioned shall in no way be liable to Authority for the payment of any rent or for the performance of any other covenants and conditions under this lease agreement until such time as it shall acquire by conveyance from Lessee or by foreclosure or other proceedings provided by law or by the terms of mortgage, deed or trust, or security instrument, all the right, title and interest of Lessee under this lease agreement; provided, however, that any party who shall acquire said right, title and interest of Lessee as above provided shall thereupon and thereby become liable for the full performance and all payments theretofore and thereafter required to be made by Lessee under the covenants and conditions of this lease agreement, as fully and completely and to the same extent as Lessee itself would have been if it still had retained its right, title and interest under this lease agreement.

ARTICLE 11 INDEMNITY/WAIVER

Section 11.01. Indemnity and Waiver

A. As used in this <u>Section 11.01</u>, each of the following terms shall have the meanings set forth in this <u>Section 11.01A</u>:

(1) "Beneficiary" means the intended recipient of the benefits of another party's Indemnity, Waiver or obligation to Defend.

(2) "Claims" means all claims, damages (including actual, consequential, and punitive), losses, fines, penalties, liens, causes of action, suits, judgments, settlements,

and expenses [including court costs, attorney's fees (including attorney's fees in defending and/or settling a Claim and attorney's fees to collect on this Indemnity), costs of investigation, and expert witnesses] of any nature, kind or description by, through, or of any person or entity.

(3) "Defend" means to oppose on behalf of another party a Claim in litigation, arbitration, mediation or other alternative dispute resolution proceeding and to pay all costs associated with the preparation or prosecution of such Defense.

(4) "Indemnify" means to protect and hold harmless a party from and against a potential Claim and/or to compensate a party for a Claim actually incurred.

(5) "Indemnified Persons" means the Authority, its Port Commissioners, directors, managers, employees and agents.

(6) "Lessee Parties" means the Lessee, its agents, contractors, employees, owners, invitees, or licensees.

(7) "Waive" means to knowingly and voluntarily relinquish a right and/or to release another party from liability.

B. Subject to the terms of this <u>Section 11.01</u>, Lessee shall Defend and Indemnify the Indemnified Persons from and against all Claims resulting from, arising out of, or alleged to have arisen out of or resulted from, in whole or in part, any of the following matters (these Claims being referred to herein as the "Indemnified Claims"):

- (1) the conduct of Lessee's business on the Leased Premises;
- (2) Lessee's breach of this lease agreement;

(3) any property loss or damage occurring in, on, or about the Leased Premises or relating to the condition, use or occupancy of the Leased Premises;

(4) any bodily or personal injury, sickness, disease, and/or death (including the bodily or personal injury and/or death of any employee of an Indemnified Person or a Lessee Party) occurring in, on, or about the Leased Premises or relating to the condition, use of occupancy of the Leased Premises; or

(5) any act, omission, willful misconduct, strict liability, breach of warranty, express or implied, or violation of any laws, ordinances, rules, regulations, or codes, now or hereafter existing, of or by any Lessee Party, including the sole, joint, concurrent, or comparative negligence of any Lessee Party in connection with or pertaining to this lease agreement.

C. The Indemnities, Waivers and obligation to Defend in this <u>Section 11.01</u> shall be enforced to the fullest extent permitted by applicable law for the benefit of the applicable Beneficiary thereof, regardless of any extraordinary shifting of risks, and even if the applicable Claim is caused by the joint, concurrent, or comparative negligence of such Beneficiary, and regardless of whether liability without fault or strict liability is imposed upon or alleged against such Beneficiary; provided, however, that an Indemnity will not be enforced to the extent that a court of competent jurisdiction holds in a final judgment that the applicable Claim against a Beneficiary was caused by the willful misconduct or sole negligence of such Beneficiary.

D. Notwithstanding anything to the contrary contained in this <u>Section 11.01</u>, to the extent an Indemnified Claim arises out of the joint, concurrent, or comparative negligence, causation, responsibility or fault of the Indemnified Persons and the Lessee Parties, then the Lessee's obligation to the Indemnified Persons shall only extend to the percentage of the total responsibility of the Lessee Parties in contributing to such Indemnified Claim.

E. In claims against any Indemnified Person by or for an employee of a Lessee Party, the Lessee's indemnification obligation under this <u>Section 11.01</u> shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for the Lessee Party under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts. If an action for damages is brought by an injured employee of Lessee, a legal beneficiary, or an insurance carrier against an Indemnified Person liable to pay damages for the injury or death of such employee under Chapter 417 (Third-Party Liability), Texas Labor Code, that results in a judgment against the Indemnified Person or a settlement by the Indemnified Person, Lessee expressly agrees to reimburse and hold harmless the Indemnified Person for the damages based on such judgment or settlement as provided in this <u>Section 11.01</u>.

F. Except as otherwise expressly limited in this <u>Section 11.01</u>, it is the intent of the parties to this lease agreement that all indemnity obligations and liabilities contracted for in this lease agreement be without monetary limit and without regard to the cause or causes thereof (including pre-existing conditions on Authority's Property or as the result of an indemnification agreement with a third party), and will not be limited by damages paid under the Workers' Compensation Act. The indemnity contained in this <u>Section 11.01</u> applies, without limitation, to any violation of any law, rules or regulations referred to in <u>Section 4.02</u> in effect during the Term, and any and all matters arising out of any act, omission, event or circumstance existing or occurring during the Term, regardless of whether the act, omission, event or circumstance constituted a violation of any law, rules or regulations referred to in <u>Section 4.02</u> at the time of its existence or occurrence.

G. If any action or proceeding is brought against an Indemnified Person by reason of any Indemnified Claim described in this <u>Section 11.01</u>, the Indemnified Person will be represented by its general counsel, or another attorney selected by the Indemnified Person and approved by Lessee, which approval will not be unreasonably withheld.

H. If Lessee should fail or refuse, after written notice to Lessee that an Indemnified Person intends to make a settlement of an Indemnified Claim, to participate in

the settlement of such Indemnified Claim, then the Indemnified Person may settle with the claimant without prejudice to the Indemnified Person's indemnity rights set forth herein, and a settlement after such notice to Lessee will constitute a settlement of the proportionate fault, including but not limited to negligence, of both Lessee and the Indemnified Person, which settlement may later be apportioned between Indemnified Person and Lessee.

I. Lessee agrees to support its obligations to Indemnify and Defend the Indemnified Persons by the purchase of insurance, including contractually assumed liability coverage.

ARTICLE 12 INSURANCE

Section 12.01. Insurance

Without limiting the indemnity obligations or liabilities of Lessee, or its insurers, provided herein, Lessee agrees at all times this lease agreement is in effect to carry and maintain at its sole expense policies of insurance ("the Policies") of the types and in the minimum amounts as follows:

A. "All Risks" of Direct Physical Loss, including Flood, on buildings, improvements and betterments situated on the Leased Premises in an amount sufficient to cover 100% of the Insurable Value of the said buildings, improvements and betterments; and in builder's risk completed value form during substantial construction of improvements (including malicious mischief and vandalism); in amounts sufficient to provide coverage for 100% of the Insurable Value of such improvements. Lessee is responsible for insurance for its personal property on the Leased Premises. "Insurable Value" means replacement cost value.

B. For all its employees engaged in performing work, workers' compensation required by the Texas Workers' Compensation Code, and employer's liability insurance with limits of at least \$500,000.00 each employee accident and disease, or such similar insurance which is in accordance with state and federal law applicable to said employees.

C. Commercial General Liability (CGL) coverage with policy limits of at least \$1,000,000.00 per occurrence and \$2,000,000.00 general aggregate at the Leased Premises

D. Business Auto Liability coverage for all owned and non-owned vehicles, with a policy limit of \$1,000,000.00 (Combined Single Limit.)

E. Umbrella liability coverage limits of not less than \$5,000,000.00 over and above the underlying primary coverage limits stated in subparagraph B, C and D in this Section.

F. Pollution Legal Liability including cleanup and defense costs for premises and operations including pollution of any body of water with limits of not less than \$5,000,000.00 per occurrence.

The minimum insurance protection amounts set forth in the Policies shall be increased from time to time upon request by Authority to an amount, which is commercially reasonable at the time.

Authority shall be furnished, to the attention of Authority's Real Estate Manager, prior to Lessee taking possession or occupancy of the Leased Premises, as proof of the insurance required of Lessee a certificate or certificates of insurance (and the endorsements required in this paragraph shall be attached to the certificate or certificates of the insurance) describing the Policies, which certificates must be acceptable, in their form and content, to PCCA. Each of the Policies will be endorsed to (a) (except for Workers' Compensation and employer's liability insurance) name Authority, its Port Commissioners, officers, officials, employees and agents as an additional insured (b) provide that it will not be suspended, voided, canceled or reduced in coverage or limits without thirty (30) days' prior written notice from Lessee to Authority, Attention: Real Estate Manager, and (c) provide that notwithstanding any language in any policy of insurance held by Authority ("Authority Insurance") to the effect that the Authority Insurance is primary, the policy or policies held by Lessee are primary coverage and the Authority Insurance is non-contributory so that Authority Insurance will not share with the Policies.

Lessee shall deliver to Authority certificates of renewal at least thirty (30) days prior to the expiration date of each of the Policies and copies of new policies at least thirty (30) days prior to terminating any of the Policies. The deductible or self-insured retention for each of the Policies must be stated in the certificate of insurance provided to Authority if either exceeds \$50,000.00; and, in such event, Authority may decline to approve this lease agreement without any liability to Lessee. The company writing each of the Policies must possess a current rating with A.M. Best Company of at least A: VI. If Lessee neglects or refuses to provide any insurance required herein, or if any insurance is canceled, Authority may procure such insurance at Lessee's expense, and Authority is entitled to reimbursement from Lessee for all amounts spent to procure and maintain the insurance, with interest on such expense at a rate of 10% annually from the date Lessee receives Authority's notice of payment until reimbursement.

Section 12.02. Waiver of Subrogation

Lessee waives every claim which arises or may arise in its favor against Authority during the Term for any and all claims against it, or for loss of, or damage to, any of its property located within or upon, or constituting a part of, the Leased Premises, covered by applicable insurance policies, to the extent that such claim, loss or damage is covered or recoverable under said insurance policies. Said waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this lease agreement with respect to any loss of or damage to property of the parties hereto. Lessee agrees to immediately give to each insurance company which has issued to it policies of insurance applicable to provisions of this lease agreement written notice of the terms of the waiver set forth in this Section, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waiver; and Lessee will provide to Authority a copy of said endorsement or endorsements or evidence that such endorsement is not necessary to prevent the invalidation of the insurance coverage by reason of such waiver.

ARTICLE 13 PROPERTY LOSS

Section 13.01. Obligation to Restore

If all or any part of the improvements located on (or constituting a part of) the Leased Premises are destroyed or damaged by any casualty during any Term, Lessee will promptly commence and thereafter prosecute diligently to completion the restoration of the same to the condition in which the destroyed or damaged portion existed prior to the casualty. Lessee will perform such restoration with at least as good workmanship and quality as the improvements being restored and in compliance with the provisions of <u>Article 5</u> hereof. Notwithstanding the foregoing provisions of this paragraph to the contrary, if all of such improvements are wholly destroyed by any casualty or are so damaged or destroyed that, in Lessee's good faith judgment reasonably exercised, it would be uneconomic to cause the same to be restored (and Lessee shall give written notice of such determination to Authority within ninety (90) days after the date casualty occurred), then Lessee shall not be obligated to restore such improvements and this lease agreement shall terminate as of the date of the casualty, and Authority shall be entitled to receive and retain the insurance proceeds for the loss.

If a property loss affecting the Leased Premises occurs, all insurance proceeds arising from policies maintained by Lessee for the damages arising from such casualty shall be distributed and paid directly to Authority, and Authority shall distribute such insurance proceeds to Lessee to the extent necessary to reimburse Lessee for costs incurred by Lessee in restoring the damaged Leased Premises in satisfaction of this <u>Section 12.01</u>, and any balance of such proceeds remaining after such restoration is complete shall be paid to Lessee within sixty (60) days after the restoration is complete and approved by Authority.

Section 13.02. Damage Near End of Term

If the Leased Premises are damaged to the extent of fifty per cent (50%) or destroyed in whole or in part during the last twenty-four (24) months of the Term, Lessee shall have the right to terminate this lease agreement and not rebuild the improvements on the Leased Premises, in which event Authority shall be entitled to receive and retain the insurance proceeds from the loss or Lessee will rebuild as provided herein.

If the Port of Corpus Christi or its ship channel are damaged or destroyed in whole or in part to the extent that it is not economically or physically feasible to re-open the same, in Authority's sole judgment, then Authority shall have the option to terminate this lease agreement.

The party electing to terminate this lease agreement shall give notice to the other party of such election within ninety (90) days after the occurrence of such event. If such notice is given, the rights and obligations of the parties shall cease as of the date of such notice, and rent shall be adjusted as of the date of such notice of termination.

Section 13.03. Notice of Damage

Lessee shall immediately notify Authority of any material destruction of or damage to the Leased Premises.

ARTICLE 14 CONDEMNATION

Section 14.01. Total Taking

If a total taking of the Leased Premises by condemnation occurs, then this lease agreement shall terminate as of the date the condemning authority takes lawful possession of the Leased Premises, and Authority is entitled to receive and retain the award for the taking of the Leased Premises except for damages awarded to Lessee.

Section 14.02. Partial Taking

If a partial taking of the Leased Premises by condemnation occurs, (a) this lease agreement will continue in effect as to the portion of the Leased Premises not taken, and (b) Lessee must promptly commence and thereafter prosecute diligently to completion the restoration of the remainder of Lessee's improvements located on (or constituting a part of) the Leased Premises to an economically viable unit with at least as good workmanship and quality as existed prior to the taking. In the event of a partial taking of the Leased Premises, Authority is entitled to receive and retain the award for the portion of the Leased Premises taken. In addition, upon a partial taking, the annual rent payable during the remainder of the Term (after the condemning authority takes lawful possession of the portion taken) shall be reduced proportionally, giving due regard to the relative value of the portion of the Leased Premises taken as compared to the remainder thereof.

Section 14.03. Voluntary Conveyance

Nothing in this article prohibits Authority from voluntarily conveying all or part of the premises to a public utility, agency, or authority under threat of a taking under the power of eminent domain. Any such voluntary conveyance will be treated as a taking within the meaning of this Article.

Section 14.04. Notice of Proposed Taking

Lessee and Authority shall immediately notify the other of any proposed taking by condemnation of the Leased Premises.

ARTICLE 15 QUIET ENJOYMENT

Lessee, on paying the rent and all other sums called for herein and performing all of Lessee's other obligations contained herein, shall and may peaceably and quietly have, hold,

occupy, use and enjoy the Leased Premises during the Term, subject to the provisions of this lease agreement. Authority agrees to warrant and forever defend Lessee's right to occupancy of the Leased Premises against the claims of any and all persons whomsoever lawfully claiming the same or any part thereof, by, through or under Authority (but not otherwise) subject to (a) the provisions of this lease agreement, (b) the lawful use of the Leased Premises by any mineral owner of part or all of the Leased Premises or a lessee in an oil, gas or mineral lease granted by any mineral owner of all or part of the Leased Premises, (c) all matters of record in Nueces County, Texas, and (d) any unrecorded easements or licenses executed by Authority to the extent the foregoing are validly existing and applicable to the Leased Premises. Lessee shall have no right to voluntarily permit any portion of the Leased Premises to be used for the purpose of drilling an oil or gas well without Authority's prior written consent.

ARTICLE 16 MEDIATION

Section 16.01. Mediation

Authority and Lessee agree they will, before taking any other legal action, including the filing of an action in State or Federal Court, attempt in good faith, to mediate in Corpus Christi, Texas, any controversy or claim arising out of or related to this lease agreement before a mediator to be agreed upon by Authority and Lessee. Authority and Lessee must agree upon a mediator within fifteen (15) days after a written request for mediation by either party, or either party may request any State District Judge sitting in Nueces County, Texas, to appoint a mediator and such appointment will be final. The mediator will schedule a mediation meeting at a time and place determined by the mediator. Authority and Lessee will each pay one-half of the costs of mediation to the mediator.

ARTICLE 17 GENERAL PROVISIONS

Section 17.01. Compliance

Lessee must comply with all federal, state and local laws, rules or regulations, including Authority's Tariff 100-A, applicable to Lessee's tenancy or operations on the Leased Premises. Lessee must comply with the requirements of Item 669 of Authority's Tariff 100-A to the extent the same apply to Lessee, its agents, servants and employees.

Section 17.02. Inspection

Upon reasonable request Lessee will permit Authority and Authority's agents, representatives or employees to enter on the Leased Premises for the purpose of inspection to determine whether Lessee is in compliance with the terms of this lease agreement, for purposes of maintaining, repairing or altering the premises, or for the purposes of showing the Leased Premises to prospective lessees, purchasers, mortgagees or beneficiaries under deeds of trust.

In an emergency, Authority, its agents, servants and employees, may use any reasonable means to open any gate or door into or on the Leased Premises without any liability for doing so. Entry into the Leased Premises by Authority for any purpose permitted herein shall not constitute a trespass nor an eviction (constructive or otherwise), nor entitle Lessee to any abatement or reduction of rent, nor constitute grounds for any claim by Lessee (and Lessee hereby waives any such claim) for damages for any injury to or interference with Lessee's business, for loss of occupancy or quiet enjoyment or for consequential damages except due to negligence of Authority.

Section 17.03. No Partnership

The relationship between Authority and Lessee at all times shall remain solely that of landlord and tenant and not be deemed a partnership or joint venture. This lease agreement is for the sole benefit of Authority and Lessee and no other person, entity or third party unless the benefit to a person, entity or third party is expressly stated in this lease agreement.

Section 17.04. Payments and Notices

All payments, notices, demands or requests from Lessee to Authority shall be given to Authority, Attention: Executive Director, P.O. Box 1541, Corpus Christi, Texas 78403, or at such other address as Authority shall request in writing. All payments, notices, demands or requests from Authority to Lessee shall be given to Lessee, John Bludworth Shipyard, LLC, at P. O. Box 2441, Corpus Christi, Texas 78403, or at such other address as Lessee shall request in writing. Any notice required or permitted under this lease agreement must be in writing. Any notice required by this lease agreement will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage paid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this lease agreement. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received.

Section 17.05. Estoppel Certificate

On request, Lessee will execute an estoppel certificate that states the commencement date and termination date of the lease, describes any rights to extend the Term, lists defaults by Authority and provides any other information reasonably requested.

Section 17.06. Abatement

Lessee's covenant to pay rent and additional rent and Authority's covenants are independent. Except as otherwise provided, Lessee is not entitled to abatement of rent or additional rent for any reason.

Section 17.07. Abandoned Property

Authority may retain, destroy or dispose of any property left on the Leased Premises at the expiration or termination of this lease.

ARTICLE 18 MISCELLANEOUS

Section 18.01. Parties Bound

This agreement binds and inures to the benefit of the parties and their respective legal representatives, heirs, distributees, successors and assigns where assignment is permitted by this lease agreement.

Section 18.02. Applicable Law

This agreement must be construed and its performance enforced under Texas law. Venue of any action arising out of this lease agreement will be in Nueces County, Texas.

Section 18.03. Severability

If any part of this lease agreement is for any reason found to be unenforceable, all other portions nevertheless remain enforceable.

Section 18.04. Time of Essence

Time is of the essence with respect to each date or time specified in this lease agreement by which an event is to occur.

Section 18.05. Rights and Remedies Cumulative

The rights and remedies provided by this lease agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. All the rights and remedies may be exercised and enforced concurrently or whenever occasion for the exercise arises.

Section 18.06. Attorneys' Fees

In the event Authority or Lessee breach or default upon any of the terms of this lease agreement and the party not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting party agrees to pay the reasonable attorneys' fees incurred by the prevailing party.

Section 18.07. Captions

All captions in this lease agreement are for reference and convenience only and shall not modify or affect the provisions of this lease agreement in any manner.

Section 18.08. Public Disclosure

Authority is a governmental authority subject to the requirements of the Texas Open Meetings Act and the Texas Public Information Act (Texas Government Code, chapters 551 and 552), and as such Authority is required to disclose to the public (upon request) this lease agreement and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, Lessee agrees that the disclosure of this lease agreement or any other information or materials related to the consummation of the transactions contemplated hereby to the public by Authority as required by the Texas Open Meetings Act, Texas Public Information Act or any other law will not expose Authority (or any party acting by, through or under Authority) to any claim, liability or action by Lessee.

Section 18.09. Brokers

Lessee hereby warrants and represents unto Authority that it has not incurred or authorized any brokerage commission, finder's fees or similar payments in connection with this lease agreement, and agrees to defend, indemnify and hold harmless Authority from and against any claim for brokerage commission, finder's fees or similar payment arising by virtue of authorization by, through or under Lessee in connection with this lease agreement.

Section 18.10. Authority

The person executing this lease agreement on behalf of the Lessee personally warrants and represents unto Authority that (a) (if applicable) Lessee is a duly organized and existing legal entity, in good standing in the state of Texas, (b) Lessee has full right and authority to execute, deliver and perform this lease agreement, (c) the person executing this lease agreement on behalf of Lessee was authorized to do so, and (d) upon request of Authority, such person will deliver to Authority satisfactory evidence of his or her authority to execute this lease agreement on behalf of Lessee.

Section 18.11. Recording

Neither this lease agreement (including any exhibit hereto) nor any memorandum shall be recorded without the prior written consent of Authority.

Section 18.12. Interpretation

Both Authority and Lessee and their respective legal counsel have reviewed and have participated in the preparation of this lease agreement. Accordingly, no presumption will apply in favor of either Authority or Lessee in the interpretation of this lease agreement or in the resolution of the ambiguity of any provision hereof.

Section 18.13. Force Majeure

In the event either party hereto shall be delayed or hindered in or prevented from the performance required hereunder by reason of *force majeure*, which includes strikes, lockouts, labor troubles, failure of power, riots, insurrection, war, acts of God, or other reason of like nature not the fault of the party delayed in performing work or doing acts (hereinafter "*force majeure*"), such party shall be excused for the period of time equivalent to the delay caused by such *force majeure*.

Notwithstanding the foregoing, any extension of time for *force majeure* shall be conditioned upon the party seeking an extension of time and delivering written notice of such *force majeure* to the other party within five (15) calendar days of the event causing the *force majeure*, and the maximum period of time which a party may delay any act or performance of work due to *force majeure* shall be sixty (120) days.

Section 18.14. Contractual Relationship

Nothing contained in this agreement shall create a contractual relationship with or a cause of action in favor of a third party against Authority or Lessee.

Section 18.15. Entire Agreement

This lease agreement, including any exhibits, constitutes the parties' final and mutual agreement. There are no written or oral representations or understandings that are not fully expressed in this lease agreement. No change, waiver or discharge is valid unless in a writing that is signed by the party against whom it is sought to be enforced.

IN TESTIMONY WHEREOF, this lease agreement is executed in duplicate originals, either of which shall be deemed to be an original, at Corpus Christi, Texas, on the date first above mentioned.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS



By:__

John P. LaRue

Executive Director

"Authority"

JOHN BLUDWORTH SHIPYARD, LLC

By: D'ANNA Name: GASPER C. Title: HusiDeni

"Lessee"

STATE OF TEXAS § SCOUNTY OF NUECES §

This instrument was acknowledged before me on the 14th day of February, 2012, by JOHN P. LARUE, Executive Director of the Port of Corpus Christi Authority of Nueces County, Texas, on behalf of said Authority.



NOTARY PUBLIC, STATE OF TEXAS

STATE OF TEXAS § SCOUNTY OF NUECES §

This instrument was acknowledged before me on the <u>1st</u> day of <u>March</u>, 2012, by <u>brasper b'Anna</u> <u>president</u> of John Bludworth Shipyard, LLC, a Texas Limited Liability Corporation, on behalf of said corporation.



OTARY PUBL/IC, STATE OF TEXAS



EXHIBIT A

EXHIBIT B

Authority Owned Improvements:

- 1. Approximately 500 feet of steel bulkhead.
- 2. A bulkheaded dry-dock slip, which is 100 feet wide, 150 feet long and dredged to a nominal depth of 30 feet.

All of these improvements will be delivered back to Authority upon termination of the lease.