

LEE COUNTY ROUTING AND ROAD USE BLANKET BOND AGREEMENT

WHEREAS, _____ (hereinafter COMPANY) intends to conduct oil and gas drilling operations at a site or sites located in Lee County, Texas which will necessitate travel over and across roads maintained by Lee County, Texas; and

WHEREAS, said COMPANY is located at:

| | |
|-------|----------------------|
| _____ | (Name) |
| _____ | (Address) |
| _____ | |
| _____ | (Telephone) |
| _____ | (Email) |
| _____ | (Contact Individual) |

WHEREAS, the location of COMPANY's proposed operation(s) will require the transportation of heavy, oversized equipment along county approved routes as will be set forth and authorized in separate Development Permits for each oil and gas drill site location; and

WHEREAS, the weight of COMPANY's vehicles and equipment may exceed the capacity of county roads and bridges on routes set forth in any Development Permit; and

WHEREAS, the transportation of the equipment may cause substantial damage to county roads and related infra-structure; and

WHEREAS, each Lee County Commissioner has the jurisdiction and obligation to maintain the roads within each of his/her precinct; and

WHEREAS, COMPANY and Lee County understand that pursuant to §251.151 Texas Transportation Code: "The commissioners court of a county may regulate traffic on a county road or on real property owned by the county that is under the jurisdiction of the commissioners court," and agree that "County Roads" are those roads designated for use by COMPANY in any Development Permit issued by County; and

WHEREAS, COMPANY and Lee County agree that the transportation of this equipment is necessary for these operations and that the County should be compensated for any damages or maintenance costs incurred for the County Roads as a result of the COMPANY's operations;

COMPANY agrees as follows:

1. To secure its performance hereunder, COMPANY agrees to post a \$250,000 corporate surety bond made payable to Lee County to insure performance of the obligations incurred herein and specifically any damage that might be sustained to any county road,

bridge, or related infrastructure as a result of COMPANY's movement of vehicles and equipment on County roads. **THIS BOND IS INTENDED AS A BLANKET BOND TO COVER ALL OF COMPANY'S OIL AND GAS DEVELOPMENT ROAD USE ACTIVITIES IN LEE COUNTY AS AUTHORIZED IN THIS AGREEMENT.** In no event shall COMPANY'S liability for damages be limited to the bond amount, and COMPANY agrees to pay any additional sums on demand. Said bond covers damages resulting from travel on County roads.

- a. COMPANY's obligation to post the bond shall begin upon filing of COMPANY's first commercial development application.
 - b. The bond shall remain in full force and effect throughout the COMPANY's oil and gas drilling operations activities.
 - c. The bond shall be released and the surety and COMPANY shall be relieved of all obligations hereunder and under the terms of the bond the 90th day after the COMPANY's delivery of written notice to the County that drilling operations from spud through completion have been performed on all COMPANY's wells for which a development permit was issued to leave only maintenance and operation status of all wells.
 - d. COMPANY shall post the bond and provide County a copy of said bond prior to any Development permits being issued to COMPANY for which a bond is required.
 - e. The bond or insurance policy must be written by an insurance company licensed to do business in the State of Texas.
2. COMPANY, as used herein, shall include: COMPANY, operator of COMPANY, contractors, subcontractors, vendors, agents, and/ or all other affiliates.
 3. COMPANY agrees that it shall apply for a Development Permit with County for each Oil and Gas Development within County. Each Development Permit issued shall establish routes and/or roads to be used by COMPANY for a particular Oil and Gas Development. COMPANY agrees and acknowledges that it will timely apply for any other applicable permits, e.g., flood plain development, County Road Entry Permits, Temporary Water Line Road Crossing Permit,
 4. COMPANY agrees that it shall only utilize the route(s) and roads specified in the Development permit issued by COUNTY for the transport of all necessary equipment to the project location specified in the development permit, without weight limitations, for such time as operations continue on the location. Notwithstanding the foregoing, COMPANY shall determine the weight limits for roads to be utilized and the strength and design sufficiency of the roads, bridges, and culverts on the roads to carry and withstand the weight of COMPANY's vehicles traveling on the roads. **Routes approved by County do not guarantee or warranty that any such road, bridge, or culvert is capable of withstanding the contemplated or expected road use.**
 5. COMPANY agrees to use its vehicles and equipment in such a manner as not to block or otherwise interfere with other traffic along the route specified and that said route will be open to public traffic at all times, and further agrees to provide 48 hour notice to the County before transporting any equipment along the route set forth above that would interrupt the normal flow of traffic.
 6. COMPANY agrees and accepts responsibility and liability for damages of whatever nature to the road bed, road surface, bridges, culverts, signs, structures, fences, right of ways, etc. that result from the movement of COMPANY's vehicles and equipment over any roads

described in a Development permit or any other County Road. **COMPANY agrees to immediately report any damage caused by COMPANY to the Lee County Commissioner of the precinct where the damage occurred.**

7. In the event that COMPANY's operations cause an immediate and serious safety hazard, COMPANY or COMPANY'S representative shall, without delay, call the Lee County Commissioner in whose precinct the damage occurred, the Lee County Permitting Office at 979-212-8070, or, if the emergency occurs outside normal working hours, the Lee County Sheriff's Office at 979-542-2800;
8. Within 10 days of discovery, County shall notify COMPANY when damages to road, bridges and related infra structure suspected caused by COMPANY occurs. COMPANY shall designate in its Development Permit the COMPANY representative to whom notice shall be given. County (through the County Commissioner(s) in whose precinct the damage occurred) and COMPANY agree to informally meet to settle any potential damage claims by County. If an informal agreement is reached and the County performs the necessary repairs and is to be reimbursed, the Commissioner shall invoice COMPANY within ninety days of completion of repairs. COMPANY shall remit payment to County within 60 days from the date of the invoice. Nothing herein prohibits COUNTY and COMPANY agreeing that COMPANY may provide in-kind materials, equipment, and labor for the repair of any damages caused by COMPANY. Nothing in this subsection shall operate to negate COMPANY'S responsibility to repair the damages caused by COMPANY.
9. COMPANY agrees and it is COMPANY'S responsibility to reimburse Lee County for the cost of materials (including freight), labor, and equipment (based on published 2019 FEMA Schedule of Equipment Rates) to repair county roads damaged by COMPANY.
 - a. Absent informal agreement, County agrees that COMPANY's obligations shall not begin until COMPANY has received the County's notice of the nature and extent of the damage and an estimate of the cost of repair.
 - b. If no informal agreement is reached between County and COMPANY, County shall bill COMPANY the actual cost to repair the road and related infrastructure. COMPANY agrees to pay the billed cost within 60 days from billing. In the event County does not have sufficient resources to repair the road with County materials, equipment, and/or labor, County may hire a contractor or contractors to perform all or any part of the work to repair the damaged roads at COMPANY'S expense. Billing shall be to the address as shown on this Agreement. Failure to pay upon demand shall be grounds for County to file suit against COMPANY. COMPANY agrees that venue for any such suit lies in Lee County, Texas.
10. COMPANY agrees that its failure to pay the cost of repairing any such damage shall be grounds for the Lee County Commissioner's Court to revoke this Road Use and Blanket Bond Agreement.
11. The rights and duties under this agreement are not assignable.
12. No transfer of interest by COMPANY in the subject operations, whether it be drilling or any other operation involving oversize or overweight vehicles operating on County

Roads, shall negate the responsibility of COMPANY to repair damages caused by COMPANY.

Executed and agreed on this the _____ day of _____, 20_____.

By: _____ for COMPANY
Name and Title

Printed Name and Title _____

Approved by Lee County

BY: _____ DATE: _____

RETURN TO:

Kayla Schnell
Code Enforcement/Permitting Office
200 S. Main, Ste. 203
Giddings, TX 78942
Office: 979-212-8070
permitting@co.lee.tx.us