

STATE OF TEXAS

COUNTY OF MILAM

ROAD DAMAGE REMEDIATION AGREEMENT

This Road Damage Remediation Agreement, (hereafter the “Agreement”), is made and entered into on this the _____ day of _____, 2015, by and between the City of Rockdale, Texas (hereafter the “City”), a municipal corporation and a home-rule municipality of the State of Texas, located within Milam County, Texas; and _____ (hereafter the “Operator”) for the payment of fees for damage remediation of certain streets and/or roadways within the City of Rockdale, Texas, as more fully described herein.

WHEREAS, Operator is in the business of drilling oil wells and, in connection therewith, shall be engaged in drilling and production activities on property identified on Operator’s oil well permit, which abuts or is adjacent to, and/or is accessed by roadways within the City of Rockdale, and

WHEREAS, the Operator’s oil well permits for the wells known as _____ is made a part of this Agreement by reference; and

WHEREAS, the nature of heavy vehicular traffic during oil well development (“drilling”) post-production well stimulation (“fracking”) and re-working activities will exceed the normal and anticipated use of the public roadways within the City’s corporate limits; and

WHEREAS, the life expectancy of a roadway decreases with heavy vehicular traffic traveling upon it, and heavy equipment loads produce greater amounts of road distress; and

WHEREAS, distress which may either be structural or functional, which in turn, increases overall maintenance oversight, repair, and replacement costs to the City respecting the roadways, in connection with the Operator’s oil well drilling and production activities; and

WHEREAS, structural distress is recognized as the pavement’s ability to carry traffic and/or cracking or deterioration of the pavement section; whereas functional distress is recognized as the ride quality and safety of the pavement; and

WHEREAS, use of the roadways by the Operator for the purpose of performing the activities described hereinabove causes distress to the roadways as a result of the frequency of their specific operations and such distress may be immediate or it may be

gradual and delayed, and also will exceed the design criteria of said roadways, thus causing greater than ordinary wear and tear and damaging of the roadways; and

WHEREAS, the City and Operator, for the mutual consideration hereinafter stated, desire to enter into this Agreement for Operator to compensate City for the maintenance and damage remediation of such roadways for the duration of the term of this Agreement in consideration for Operator's use of such roadways for the purpose of the activities described hereinabove;

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

ARTICLE 1 **RECITALS**

The foregoing recitals are understood and agreed upon by the parties and are incorporated into the terms of this Agreement.

ARTICLE 2 **DAMAGE REMEDIATION OBLIGATION**

- 1. Fee:** City and Operator understand and agree that use by Operator, its contractors, subcontractors, employees and agents (all hereafter referred to as "Operator") of roadways that abut and lead to the property for which a Oil Well permit has been issued to Operator, will decrease the life expectancy of such roadways. Operator and City agree that it is and will continue to be impracticable and extremely difficult to determine the actual amount of such damage. Therefore, City and Operator hereby agree that Operator shall pay to City a road damage remediation fee based upon the formula set forth in Exhibit "A" to this Agreement, a copy of which is attached hereto and incorporated herein. Both City and Operator agree that the amount assessed pursuant to the formula set forth herein is the minimum value of the costs and actual damage and decreased life expectancy of roadways caused by the normal use for the roadways by Operator. Such sum of money shall be paid by Operator to the City prior to the commencement of any activity under the Oil Well Permit. It is expressly understood and agreed that such formula and fee are not to be considered a penalty, nor a tax, but shall be deemed taken and treated as a fee that is roughly proportionate and necessary for City to repair and maintain its roadways based upon normal usage by Operator acting in the ordinary course of its business.
- 2. Truck Route:** Operator shall be liable for and shall pay additional road damage assessments should Operator deviate from the truck route that is designated in the Oil Well Permit.
- 3. Timely Payment:** In the event that Operator does not timely and adequately make payment under this Agreement upon written demand of the City, the City

has the authority to prohibit further use of its roadways by Operator's vehicles, to suspend any and all Oil Well permits issued to Operator, and to make a claim on Operator's bond or other security instrument.

ARTICLE 3 **ROAD DAMAGE REMEDIATION FEE**

- 1. Methodology:** The Road Damage Remediation Fee shall be calculated using the method outlined in Exhibit "A." Replacement costs for asphalt and/or concrete road segments shall be determined from current fair market value cost per square yard of road surface material, including installation and labor. The City shall provide as an attachment to this Agreement, a copy of the calculations directly related to the methodology used to determine the fee paid by Operator; such attachment is identified as Exhibit "A", a copy of which is attached hereto and incorporated herein.

The City's investigation and determination of any and all aspects of the above referenced methodologies constitute generally accepted practices of road replacement, repair, and maintenance professionals undertaking similar project evaluations at the same time, and in the same geographical area. The City observes the same degree of care and skill generally exercised by professionals under similar circumstances and conditions.

- 2. Payment Due:** The Road Damage Remediation Fee is required to be paid in full at the time of issuance of a Oil Well Permit by the City, such permit application shall be considered administratively incomplete until this Agreement is executed, Road Damage Remediation Fee payment received, and both are on file with the City.

ARTICLE 4 **TERM OF AGREEMENT**

This agreement shall commence upon the date indicated above and shall continue in full force and effect until Operator has completed and/or permanently discontinued the activities upon the roadways, as described hereinabove.

ARTICLE 5 **INSURANCE AND INDEMNITY**

- 1. Insurance:** the Operator shall provide or cause to be provided the insurance and other securities that meet the requirements of Section 4.06.015, Ordinance

Number Proposed Oil/Gas Ord. of the City of Rockdale, Texas as amended.. Such insurance shall be maintained and in effect at all times when the Operator is engaged in exploration, development, and production of oil in the City of Rockdale.

2. **Indemnification:** Operator hereby agrees to indemnify, defend and save harmless the City, its departments, agents, officers, servants and employees from all suits, actions or claims of any character name and description brought forth on account of any injuries or damages received as sustained by any person, persons or property, including personal injury or death, on account of the operations of Operator, its agents, employees, contractors, subcontractors or representatives, or on account of any negligent act or fault of Operator, its agents, employees, contractors, subcontractors or representatives in connection with the obligations of Operator under this Agreement; and Operator shall pay any judgment, with costs, and if applicable attorney's fees which are a part of the judgment, which may be obtained against the City growing out of such injury or damage. It is understood and agreed that such indemnity is an indemnity extended by the Operator to indemnify and protect the City of Rockdale and/or its departments, agents, officers, servants, or employees *from the consequences of the negligence of the City of Rockdale, Texas and/or its departments, agents, officers, servants, or employees whether that negligence is the sole or a contributing cause of the resultant injury, death, and/or damage.* Operator specifically agrees that road damage in excess of the road damage remediation fee assessment provided for in this Agreement shall be paid from Operator's security required under Section 4.06.014, Ordinance Number _____, of the City of Rockdale, Texas, as amended.

ARTICLE 6 **INDEPENDENT CONTRACTOR**

Operator understands and agrees that Operator, its employees, servants, agents, and representatives shall at no time represent themselves to be employees, servants, agents, and/or representatives of the City. The City shall not have any control over the means or methods by which Operator shall perform its obligations hereunder. Operator shall furnish all equipment and materials necessary to perform hereunder and shall at all times be acting as an independent contractor. No action by either party should be construed to create a partnership, joint venture, or other dual enterprise between the parties.

ARTICLE 7 **GOVERNMENTAL IMMUNITY**

By entering into this Agreement, the City does not waive, nor shall it be deemed to waive, any immunity or defense that would otherwise be available to it against claims arising by third parties.

ARTICLE 8 **NO IMPACT FEE**

Operator agrees that the Road Damage Remediation Fee provided hereunder is not an impact fee under Chapter 395 of the Texas Local Government Code, and expressly agrees that this road Damage Remediation Fee is not a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the cost of capital improvements or facility expansions necessitated by and attributable to new development. Further, Operator agrees that the Road Damage Remediation Fee provided hereunder will not be credited to any subsequent roadway impact fees if the subject property is subdivided or developed in the future.

The Road Damage Remediation Fee shall not be applied to roadways other than those maintained by the City and designated as "haul routes" as part of the permit application. Funds from these fees shall not be expended on public roadways or streets, other than those designated as City maintained oil well haul routes.

ARTICLE 9 **FORCE MAJEURE**

In the event that the performance by either party of any of its obligations or undertakings hereunder shall be interrupted or delayed by any occurrence and not occasioned by the conduct of either party hereto, whether such occurrence be an act of God or the common enemy or the result of war, riot, civil commotion, sovereign conduct, or the act or conduct of any person or persons not party or privy hereto, then such party shall be excused from performance for a period of time as is reasonably necessary after such occurrence to remedy the effects thereof, and each party shall bear the cost of any expense it may incur due to the occurrence.

ARTICLE 10 **ASSIGNABILITY/CONSENT**

Except as otherwise provided herein, or except as may be hereafter determined by the parties and added as a written amendment or modification hereto, no party to this Agreement may sell, assign, or transfer its interest in this Agreement, or any of its right, duties, or obligations hereunder, without the prior written consent of the other party.

ARTICLE 11 **NOTICE**

Any notice given by one party to the other in connection with this Agreement shall be in writing and shall be by personal delivery; sent by registered mail or certified mail; or by United States Mail, return receipt requested, postage prepaid; to:

CITY: City Manager
 City of Rockdale
 505 West Cameron Ave.
 P.O. Box 586
 Rockdale, TX 76567

Notice shall be deemed to have been received on the date of receipt as shown on the return receipt or other written evidence of receipt.

ARTICLE 12 **MODIFICATION**

No waiver, amendment, or modification of this Agreement or of any covenant, condition, limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding arising between the parties hereto out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver, amendment, or modification is in writing, duly executed by both parties. The parties further agree that the provisions of this Article will not be waived unless as herein set forth.

ARTICLE 13 **SAVINGS/SEVERABILITY**

In the event that anyone or more of the provisions, terms, phrases or clauses of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect; such invalidity, illegality, or unenforceability shall not affect the other provisions, terms, phrases or clauses of the provisions contained herein and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision, term, phrase, or clause had never been contained in this Agreement.

ARTICLE 14
GOVERNING LAW AND VENUE

This Agreement shall be construed under and governed by, and in accordance with the laws of the State of Texas, and venue for any action arising under the terms and conditions of this Agreement shall lie in the state courts located in Milam County, Texas.

ARTICLE 15
ENTIRE AGREEMENT

This Agreement and the exhibits and other documents attached hereto and/or referenced herein, constitute the entire agreement among the parties hereto with respect to the subject matter hereof, and supersede any prior understandings or written or oral agreements between the parties with respect to the subject matter of this Agreement. No amendment, modification, cancellation or alteration of the terms of this Agreement shall be binding on any party hereto unless the same is in writing, dated subsequent to the date hereof, and is duly authorized and executed by the parties hereto. Notwithstanding the foregoing, this Agreement is cumulative of all applicable City Ordinances, as amended.

ARTICLE 16
CAPTIONS

The captions contained in this Agreement are for informational purposes only and shall not in any way affect the substantive terms or conditions of this Agreement.

ARTICLE 17
CONSTRUCTION OF AGREEMENT

The parties hereto have negotiated the terms of this Agreement and therefore agree that as a negotiated document, this contract shall not be more strictly construed against either party.

ARTICLE 18
COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and constitute one and the same instrument.

IN WITNESS WHEREOF, the parties do hereby affix their signatures and enter into this Agreement as of the _____ day of _____, 2015.

City of Rockdale, Texas

Attest:

By: _____
Chris Whittaker, City Manager

Terry Blanchard, City Secretary

“OPERATOR”

By: _____

Printed Name

Title: _____

Name of Entity: _____

STATE OF TEXAS

COUNTY OF MILAM

Before me, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared _____ (title) _____ for _____, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of _____ and that he executed the same as the act of such Operator for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 2015.

(SEAL)

Notary Public

EXHIBIT "A"
ROAD DAMAGE REMEDIATION FEE CALCULATION

ROUTE IS ON VICKERY BOULEVARD FROM WELL SITE TO INTERSTATE HIGHWAY 20. THIS ROUTE SCALES TO BE 6,700 LINEAR FEET WHICH IS 1.28 MILES. THE PAVEMENT THICKNESS IS 7" OF REINFORCED CONCRETE. THE FEE ACCORDING TO THE STUDY WOULD BE TYPE VI WITH AN E2 SCENARIO WHICH WOULD BE \$132 PER LANE MILE

THIS WOULD CALCULATE AS FOLLOWS:
1.28 TIMES \$132 OR \$168.96 PER WELL.

SIX WELLS WOULD BE $6 \times \$168.96 = \1013.76

DRAFT