

FOR COUNTY USE ONLY

PERMIT # _____
APPLICATION DATE: _____
DATE OF EXPIRATION: _____



**LAVACA COUNTY ROUTING AGREEMENT
AND ROAD USE BOND AGREEMENT**

TO: THE COMMISSIONERS COURT OF LAVACA COUNTY, TEXAS

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

WHEREAS, Company is located at:

Name: _____

Address: _____

Telephone: _____

Email: _____

Primary
Contact: _____

In connection with the use of Company of overweight loads on Lavaca County roads as defined,
Company identified above, Company agrees to only use those roads in Lavaca County that are
identified by Company as follows:

WHEREAS, the location of Company's proposed operation(s) will require the use and
transportation of heavy, oversized equipment along Lavaca County Roads 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 Lavaca County Roads and related infrastructure; and

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

WHEREAS, Company and Lavaca 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 Lavaca County; and

WHEREAS, Company and Lavaca 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 Lavaca County, Texas 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 LAVACA COUNTY, TEXAS 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 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 45th day after the Company's delivery of written notice to Lavaca County, Texas 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 Lavaca County, Texas 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, and must list Lavaca County, Texas as an additional insured.
2. Company, as used herein, shall include: Company, operator of Company, and any contractors, subcontractors, vendors, agents, and/ or all other affiliates of Company.
 3. Company agrees that it shall apply for a Development Permit with Lavaca County for each Oil and Gas Development within Lavaca 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 Permits, etc.
 4. Company agrees that it shall only utilize the route(s) and roads specified in the Development permit issued by Lavaca 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, Lavaca County 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 Lavaca County do not guarantee or warranty that any such road, bridge, or culvert is capable of withstanding the contemplated or expected road use. Prior to beginning any work utilizing County Roads, Company and Lavaca County will examine and document the condition of County Roads to be utilized in Company's oil and gas drilling activities.
 5. Company agrees that maintaining safe roads easily accessible to the citizens of Lavaca County, Texas is a top priority and agrees to use its vehicles and equipment in such a manner as not to block or otherwise unreasonably 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 Lavaca 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 Lavaca 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 Lavaca County Commissioner in whose precinct the damage occurred or if the emergency occurs outside normal working hours, the Lavaca County Sheriff's Office at 361-798-2121;

8. Within 10 days of discovery, Lavaca County shall notify Company when damages to road, bridges and related infrastructure suspected to have been caused by Company occurs. Company shall designate in its Development Permit the Company representative to whom notice shall be given. Company shall repair the road, bridge, and/or related infrastructure caused by Company and return the road, bridge, and/or related infrastructure to substantially the same condition that existed prior to Company's use. In the event Lavaca County is not reasonably satisfied by Company's repairs, Lavaca County (through the County Commissioner(s) in whose precinct the damage occurred) and Company agrees to informally meet to settle any potential damage claims by Lavaca County, Texas. If an informal agreement is reached and Lavaca County performs the necessary repairs and is to be reimbursed, the Commissioner shall invoice Company within ninety (90) days of completion of repairs. Company shall remit payment to Lavaca County, Texas within sixty (60) days from the date of the invoice. Nothing herein prohibits Lavaca County and Company from 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 Lavaca County, Texas for the cost of materials (including freight), labor, and equipment to repair county roads damaged by Company.
 - a. Absent informal agreement, Lavaca County agrees that Company's obligations shall not begin until Company has received Lavaca 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 Lavaca County and Company, Lavaca 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. Billing shall be to the address as shown on this Agreement. Failure to pay upon demand shall be grounds for Lavaca County, Texas to file suit against Company. Company agrees that venue for any such suit lies in Lavaca County, Texas.

10. Company agrees that its failure to pay the cost of repairing any such damage shall be grounds for the Lavaca County Commissioner's Court to revoke this Road Use and Blanket Bond Agreement.

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- 12. The rights and duties under this agreement will not be assigned without the prior written consent of the other party, which consent shall not be unreasonably withheld. Assignment by the Company shall not become effective until the assignee has replaced the bonds required hereunder and such bond has been accepted by Lavaca County.
- 13. 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.
- 14. Company recognizes that the maximum weight permitted on Lavaca County Roads is 80,000 pounds total weight or 18,000 pounds per axle and agrees not to exceed that total weight in its use or motor vehicles on Lavaca County Roads. However; load limits on specific Lavaca County road and bridges were established by Lavaca County Commissioners Court Order and are posted on said Lavaca County roads and bridges.

Executed and Signed on this day of _____, _____, 20_____.

Signature of Company Applicant
Signature of Officer or Authorized
Representative of Company

THE STATE OF TEXAS §
COUNTY OF _____ §

BEFORE ME, the undersigned authority on this day personally appeared _____ (Name), _____(Title) known to me to be the person and officer whose name is subscribed to the foregoing instrument and after being sworn, acknowledged to me that the same was the act of _____(Company) of _____(City and State), and that he/she executed the same as the act of such Company for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ___ day of _____, 20_____.

Notary Public Signature

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**ACTION OF THE LAVACA COUNTY COMMISSIONERS COURT
CONCERNING THE APPLICATION**

The Foregoing Application is Approved and granted by Order of the Lavaca County Commissioners Court on this the _____ day of _____, 20__:

Keith Mudd
Lavaca County Judge

Lavaca County Commissioner
Precinct _____

ATTEST:

Barbara K. Steffek
Lavaca County Clerk