

RESOLUTION NO. 07-442

A RESOLUTION AS IT PERTAINS TO A NONEXCLUSIVE  
PIPELINE EASEMENT WITH SQUARE MILE ENERGY,  
L.L.C. AT THE CITY OF PORT ARTHUR SECTION 4A  
ECONOMIC DEVELOPMENT CORPORATION SPUR 93  
BUSINESS PARK

WHEREAS, on September 19, 2007, the Board of Directors of the City of Port Arthur Section 4A Economic Development Corporation approved the Nonexclusive Pipeline Easement with Square Mile Energy, L.L.C., as delineated in Exhibit "A".

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT ARTHUR, TEXAS:

Section 1. That the facts and opinions in the preamble are true and correct.

Section 2. That the City Council herein approves the Nonexclusive Pipeline Easement with Square Mile Energy, L.L.C., in substantially the same form as attached hereto as Exhibit "A".

Section 3. That a copy of the caption of this Resolution be spread upon the Minutes of the City Council.

READ, ADOPTED AND APPROVED on this 25<sup>th</sup> day of September, A.D., 2007, at a Meeting of the City Council of the City of Port Arthur, Texas, by the following vote: AYES:

Mayor Prince, Mayor Pro Tem Anegal  
Councilmembers Chatman, Jones

Henderson, Flood and  
Williamson;

NOES: none.

Delvin Prince  
MAYOR

ATTEST:

Evangelina Green  
CITY SECRETARY

APPROVED AS TO FORM:

Mark Scholom  
CITY ATTORNEY

APPROVED FOR ADMINISTRATION:

St M  
CITY MANAGER

**EXHIBIT "A"**

**TO THE RESOLUTION**

**NONEXCLUSIVE PIPELINE EASEMENT**

STATE OF TEXAS           §  
                                  §       **KNOW ALL MEN BY THESE PRESENTS**  
COUNTY OF JEFFERSON §

**WHEREAS**, Square Mile Energy, L.L.C. will be drilling a well near Lot 14, Block 25 of the Port Acres Subdivision, Jefferson County, Texas.

**WHEREAS**, Square Mile Energy, L.L.C. has an agreement with the City of Port Arthur for a royalty interest therein pursuant to City of Port Arthur Resolution No. 07-025. The proposed well site is located south of the acreage that the Port Arthur Section 4A Economic Development Corporation owns.

**WHEREAS**, Square Mile Energy either has or will obtain a permit from the City of Port Arthur to drill the oil and gas well and to lay and operate a pipeline in the City of Port Arthur in accordance with the Code of Ordinances of the City of Port Arthur.

**WHEREAS**, Square Mile Energy, L.L.C. has indicated that it has, or will require easements from the well site to the Duke pipeline located in the area as described in Exhibit "A" from the other landowners.

**WHEREAS**, Samadan Oil Corporation is presently servicing the Duke pipeline and has an Easement and Surface

Use Agreement dated March 2002 for the use of Samadan, the City of Port Arthur Section 4A Economic Development Corporation and Entergy,

**WHEREAS,** Square Mile Energy, L.L.C. plans to use the same inspection and monitoring company that Samadan uses as to monitor and inspect their meters

**WHEREAS,** the City of Port Arthur Section 4A Economic Development Corporation will be extending Jade Avenue across the Samadan easement and will provide curb cuts thereon,

**WHEREAS,** the City of Port Arthur Section 4A Economic Development Corporation, desires to cooperate with Square Mile Energy, L.L.C. for the development and production of oil and gas, which will assist in the economic development of the area and will facilitate funding of royalties to the City of Port Arthur.

**WHEREAS,** this easement to Square Mile Energy is subject to and subordinate to the use of the business park as a location of businesses using incentives under Section 4A, Article 5190.6 VTCA;

**NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

**THAT** the City of Port Arthur Section 4A Economic Development Corporation organized and existing under the laws of the State of Texas (hereinafter called "Grantor"), for and in consideration of the sum of \$2,500 (TWO THOUSAND-FIVE HUNDRED AND XX/100) and other good and valuable consideration, receipt of all of which is hereby acknowledged and confessed, does hereby grant, convey, and warrant unto Square Mile Energy, L.L.C. , a Nevada Limited Liability Company, (hereinafter called "Grantee), the nonexclusive right, privilege and easement to survey, construct, maintain and operate a 60 feet x 60 feet fenced meter site and the right to install approximately a pipeline of no more than 1320 feet or 80 rods and appurtenances thereto on, over, under, across and through a strip of land owned by Grantor situated in Jefferson County, Texas.

Said nonexclusive easement shall be limited to an easement of five feet in width on the portion of the land, as shown on Exhibit "A", attached hereto and made a part

hereof. Grantee agrees to provide an "as-built" survey of the nonexclusive easement prepared by a registered surveyor promptly upon finalization of construction of same; Grantor and Grantee further agree that any monies payable by Grantee to Grantor hereunder shall be adjusted to actual footage per said survey and shall be paid at such time as the survey is furnished by Grantee to Grantor.

Said easement shall be for the purpose of constructing, installing, maintaining, operating, replacing, and repairing one (1) gathering line not to exceed six (6) inches in diameter, and all appurtenances thereto (except valves), and centered on the above described line. Said Easement is granted subject to the following provisions:

1. Grantee shall make an initial payment of \$2,500 for the 60 feet by 60 feet fenced meter site, with an annual rental of \$2,000 per year (payable on October 1<sup>st</sup> of each year).
2. Grantee shall also make a one time payment of \$37.50 per rod for the pipeline easement.
3. The Pipeline shall be buried a minimum of five (5) feet below the surface of natural ground.
4. Pipeline shall be bored under the existing business park detention pond, with a minimum of 10 feet of cover. Profile and alignment to be approved by the City Engineer of Port Arthur.

5. Excavations made on Grantor's property shall be promptly refilled by Grantee, the earth well tamped, the ground left in the same condition as before laying of said pipeline, and locations of the line marked at points of turn and the markers maintained and plainly visible. All street and drainage conditions shall be restored to as good or better condition than the original state.
6. All driveways and public streets shall be crossed by the bored method.
7. This pipeline shall be bored beneath all utility lines, including storm drainage, with a minimum of three (3) feet vertical clearance.
8. Grantee shall have the right of ingress to and egress to read and monitor the meters for the aforesaid purposes of this Easement, with said ingress and egress not interfering with the activities of the owners of other businesses in the business park and shall be on a route as approved by the CEO of the EDC, utilizing, if possible the existing gravel roadway as shown on Exhibit "B" attached hereto. Said access shall be subject to the conditions of the Samadan easement. If Samadan objects to the usage thereof, the parties will negotiate in good faith a new nonexclusive access agreement with the costs of construction thereof to be paid by Square Mile Energy.
9. A temporary construction easement of 30 feet in width is granted herein, and being adjacent to the heretofore described line. The temporary easement is granted for a period of sixty (60) days for construction, with the right to use said temporary easement in the event of repairs, replacement, or removal of said pipeline in the future.
10. All damages caused to the road and to the surface of the business park by the Grantee



or his affiliates shall be promptly repaired at the Grantee's expense. This includes but is not limited to damage caused by heavy equipment to the roads and utility structures and any ruts as well as to the landscaping at the business park.

11. In the event Grantor, at any time, decides a change in the location of, or other changes in, said pipeline is desirable or necessary, other than any portion of said pipeline which has been bored under the detention pond pursuant to provision (4.) above, Grantee will, at its own expense, make the changes within 90 days of Grantor's request.
12. Grantee shall provide adequate warning devices to protect the public for the duration of the work, and shall comply with all safety requirements as are normal to the industry.
13. If said pipeline is abandoned for a continuous period of one (1) year, said Easement shall immediately terminate, free of any claim or right by Grantee.
14. Grantee has the sole responsibility for the operation and maintenance of the pipeline in a safe manner for the duration of this Easement.
15. This Easement shall continue in full force for so long as (1) the pipeline is utilized to transport oil and gas, (2) the annual rentals are paid to the City of Port Arthur Section 4A Economic Development Corporation, (3) the royalty payments are being made to the City of Port Arthur, (4) so long as Square Mile Energy has a permit with the City to produce oil and gas at the well location, (5) so long as Square Mile Energy has a pipeline permit with the City of Port Arthur and (6) so long as the Grantee is in compliance with the terms of this Easement. Upon termination hereof, Grantee shall immediately abandon the pipeline, in

accordance with Section 66-68 of the City of Port Arthur Code of Ordinances and other applicable state and federal laws.

16. Grantee may terminate the Easement by giving Grantor ninety (90) days written notice. Grantor may terminate the Easement by giving Grantee thirty (30) days written notice if Grantee is in noncompliance with the terms of this Easement for a period of thirty (30) days after receipt of such notice.
17. That the right of ingress and egress granted herein is limited to the above described easement and the routes depicted on Exhibit "A" hereto, and does not include the right of ingress and egress to any part of Grantor's other lands. Upon commencing construction, repair, maintenance or removal of said pipeline, Grantor shall be given reasonable notice, either oral or written, when the initial entry shall be made.
18. The surface of the property can be used by the Grantor and its assignees, so long as it does not materially interfere with the pipeline.
19. The location of the fenced meter site shall be placed in a location as far westerly as practicable at a location to be mutually designated by Square Mile Energy, the City of Port Arthur Section 4A Economic Development Corporation CEO and the City Engineer.

Rights herein granted to Grantee are not assignable without Grantor's written consent (which shall not be unreasonably withheld) and provisions herein shall be binding upon successors and assigns of both parties.

In consideration of the privilege herein granted, Grantee agrees to indemnify and hold harmless Grantor from any and all claims, suits, or demands for damage or loss to property, or for personal injuries to or death of persons, including all necessary costs and expenses to Grantor relating to such claims, suits, or demands caused by, resulting from, or arising from the construction, maintenance, operation, repair, or removal of said pipeline and fenced meter site, except for negligent acts of Grantor. In addition, Grantee shall furnish a bond in a form and with corporate surety satisfactory to Grantor, in an amount of Forty-Five Thousand and no/100 (\$45,000) Dollars. Such Bond shall inure to the benefit of Grantor and any person who may suffer a loss or injury as a result of Grantee's operations.

The venue of any cause of action herein shall be in Jefferson County, Texas.

Signed and Agreed to on the \_\_\_\_\_ day of \_\_\_\_\_ 2007

**GRANTOR:**

**BY:** CITY OF PORT ARTHUR SECTION 4A  
ECONOMIC DEVELOPMENT CORPORATION

\_\_\_\_\_  
Signature:

\_\_\_\_\_  
Printed Name:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

Signed and Agreed to on the \_\_\_\_\_ day of \_\_\_\_\_ 2007

**GRANTEE:**

**BY:**  
SQUARE MILE ENERGY, L.L.C.

\_\_\_\_\_  
Signature:

\_\_\_\_\_  
Printed Name:

\_\_\_\_\_  
Title:

EXHIBIT "A"

60' x 60' Meter Site

Pipeline Route

Road Access

Pipeline Route

Sassine No. 1 Well Location

Image © 2007 DigitalGlobe  
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Streaming 100%



Westport



Google™

Eye all 4643 11

Point 29°55'16.83" N 94°01'53.29" W