



CITY COUNCIL COMMUNICATION

January 12, 2010

SUBJECT: EASEMENT AGREEMENT – William R. Loving Survey, A-944

SUBMITTED BY: Mike Collins, Director of Economic Development and Administrative Services

REFERENCE NO:

ACTION REQUESTED:

Authorize the Mayor to grant an easement to ETC Texas Pipeline, LTD (Energy Transfer) on a city owned parcel known as the William R. Loving Survey, A-944.

ALTERNATIVES:

1. Approve the request – *simple majority*.
2. Approve the request with modifications – *simple majority*.
3. Deny the request – *simple majority*.

SUMMARY OF SUBJECT:

The City of Euless owns a 31.256 acre tract of land located near Trinity Blvd. and Raider Drive out of the William R. Loving Survey, A-944. ETC Texas Pipeline, LTD (Energy Transfer) desires to enter into an easement agreement with the City of Euless that would create a variable width temporary workspace easement and a 20" wide permanent easement across a portion of this tract of land south of Trinity Blvd. Energy Transfer would install a gas distribution pipeline within this easement. The City of Euless would receive a one-time payment of \$18,836.00 (\$46.00 per linear foot x 409.48').

The City Council approved a Gas Lease with Larry Dale Resources, LLC in June 2006 that granted surface rights to the operator. Chesapeake Operating, Inc. later purchased this lease and has since drilled two (2) wells. Two wells (1H, 2H) have been drilled and shut-in, for which a shut-in royalty of \$10,000 per well was paid on January 21, 2009. One subsequent shut-in royalty payment can be made. Two Units have been formed that include approximately 34 acres each out of the Loving tract. Chesapeake has reviewed the proposed easement alignment and plans to tie into this distribution pipeline and enable the two shut-in wells to be put into production.

Staff recommends that the City Council authorize the Mayor to enter into an agreement with ETC Texas Pipeline, LTD.

Previously, the City Council approved two easement use agreements for gas distribution pipelines related to the Loving Tract with Texas Midstream Gas Services, LLC (Texas Midstream). On November 13, 2007, Texas Midstream was granted an easement for which the City of Euless received a one-time payment of \$70,033.50. On June 10, 2008, Texas Midstream received approval of an easement for which the City of Euless received a one-time payment of \$29,718.00.

FINANCIAL CONSIDERATIONS:

Revenue Sources:

Expenditure Accounts:

Budgeted Fiscal Year(s):

Estimated Expenditure:

Over/Under Projection By:

Other Comments:

SUPPORTING DOCUMENTS:

- Exhibits
- Easement Agreement

APPROVED BY:

_____ **LG** _____

City Manager's Office

_____ **SC** _____

City Secretary's Office