

**AGREEMENT FOR USE OF PIPELINE
(CITY OF LEMOORE AND SK FOODS)**

This Agreement is entered into effective July 1, 2009 between SK Foods, Inc., a California corporation ("SK Foods") and the City of Lemoore ("City") with respect to the following recitals, which are a substantive part of this Agreement:

RECITALS

- A. City owns real property and fixtures on Jackson Avenue in the County of Kings, State of California, consisting of a 12 inch underground pipeline ("Pipeline") and a booster pump station ("Pump Station"), as further described in Exhibit "A" ("Property"). City previously used the Pipeline as a sewer outfall line, but currently has no use for the Pipeline.
- B. SK Foods owns and operates a food processing facility on property adjacent to the Pipeline and desires to use the Pipeline and Pump Station to transport wastewater from the facility to SK Foods' disposal site west of Highway 41. SK Foods will connect the Pipeline to pipelines SK owns just prior to and after the City's Pipeline. Pursuant to various mutual understandings, SK Foods has used the Pipeline and Pump Station for these purposes for several years without a formal agreement.
- C. City and SK Foods desire to memorialize the terms of their prior understandings regarding SK Foods' use of the Pipeline and Pump Station.

NOW, THEREFORE, the parties agree as follows:

1. Use of Pipeline and Pump Station. SK Foods shall have a right to use (nonexclusive as to the City) the Pipeline and Pump Station as described in Exhibit A for the purposes set forth in the Recitals. Additionally, SK Foods may access City property along Jackson Avenue for the maintenance and servicing of the Pipeline and Booster Pump station.
2. Term. The term of this Agreement shall be from July 1, 2009 through December 31, 2010, unless extended in writing by mutual agreement of the parties.
3. Maintenance and Utilities. SK Foods shall be solely responsible for operation and maintenance of the Pipeline and Pump Station, and all costs associated therewith. SK Foods shall promptly pay for all utilities associated with use of those facilities, including all electricity costs. Any maintenance or utility costs incurred by City arising out of SK Foods' use of the Pipeline or Pump Station shall be paid within ten (10) days of City's submittal of an invoice to SK Foods. Notwithstanding the foregoing, it is understood and agreed that City shall have no responsibility to provide the Pipeline or

Pump Station to SK Foods in any particular condition and SK Foods accepts use of the Pipeline and Pump Station in an "**AS IS**" condition.

4. Discing of City Property. In exchange for use of the Pipeline and Pump Station, SK Foods shall provide three separate discing services during the term of this Agreement (twice per calendar year), at times determined by City, for City's storm water site directly west of SK Foods food processing facility. The discing services shall be performed satisfactory to City. If not performed satisfactory to City, City may cause the discing services to be performed and those costs shall be paid by SK Foods within ten (10) days of City's submittal of an invoice to SK Foods.

5. Hold Harmless and Indemnification. SK Foods shall hold harmless, indemnify, and defend City, its officers, employees, agents, and volunteers from all liability, damages, and other expense, including the costs of attorneys fees and staff time, arising out of SK Foods' use, operation, or maintenance of the Pipeline and Pump Station. If City is required to defend itself from any action arising out of SK Foods' use, operation, or maintenance of the Pipeline or Pump Station, City may use its own attorneys for that defense and SK Foods shall promptly pay for those expenses.

6. Successors and Assigns. This agreement is for the benefit of and shall apply to and bind each of the parties hereto, and their respective heirs, successors, and assigns.

7. Entire Agreement. This agreement constitutes the sole and only Agreement between the parties. Any agreements or representations not expressly set forth in this Agreement are null and void.

July __, 2009

SK Foods, Inc., a California Corporation

By: _____

Address: P.O. Box 160
Lemoore, CA 93245

July __, 2009

City of Lemoore

By: _____

Address: 119 Fox St.
Lemoore, Ca 93245

EXHIBIT "A"

Property and fixture description:

One (1) 12" underground pipeline of cement construction located along the northern portion of Jackson Ave, between 19th Avenue and 21st Avenue.

One (1) Booster Pump station along the northern portion of Jackson Avenue, west of Highway 41.