

CHICKASHA MUNICIPAL AUTHORITY

AGENDA
LOCATION OF MEETING
CITY HALL COUNCIL CHAMBERS
117 NORTH FOURTH STREET
CHICKASHA, OKLAHOMA 73018

TIME OF MEETING
6:30 PM

DATE OF MEETING
AUGUST 7, 2023

All items on this agenda, including but not limited to any agenda item concerning the adoption of any ordinance, resolution, contract, agreement, or any other item of business, are subject to amendment, including additions and/or deletions. This rule will apply to every individual agenda item without exception, and without providing this same amendment language with respect to each individual agenda item. Such amendments should be rationally related to the topic of the agenda item, or the governing body will be advised to continue the item.

The governing body may adopt, approve, ratify, deny, defer, recommend, amend, strike, or continue any agenda item. When more information is needed to act on an item, the governing body may refer the matter to its City/Trust Manager, staff, attorney or to the recommending board, commission or committee.

- 1. Call to Order / Roll Call.**
- 2. Consent Docket:**
 - a. Acceptance of the Minutes of the July 17, 2023 regular meeting.
 - b. Acceptance of the Claims List.
- 3. Discussion/Approval of Items Removed from Consent Docket:**
- 4. Consideration and Discussion Items:**
 - a. Discussion, consideration and possible action to approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 5.173773

acres, more or less, in Section 28, Township 7 North, Range 7 West, Grady County, Oklahoma.

- b. Discussion, consideration and possible action to approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 4.849762 acres, more or less, in Section 34, Township 7 North, Range 7 West, Grady County, Oklahoma.
- c. Discussion, consideration and possible action to approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 1.104728 acres, more or less, in Section 27, Township 7 North, Range 7 West, Grady County, Oklahoma.

5. Motion for Adjournment.



City of
CHICKASHA

Meeting Type: CMA Agenda 8-7-2023

Meeting Date: 8/7/2023

Department: City Clerk

Agenda Item No. 2.a.

AGENDA ITEM: Acceptance of the Minutes of the July 17, 2023 regular meeting.

I. BACKGROUND/DESCRIPTION:

II. RECOMMENDED ACTION:

Accept the Minutes of the July 17, 2023 regular meeting.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director: Susan M. McDaniel, City Clerk	Fund	Account	Amount
	(To)		
	FUND	ACCOUNT	AMOUNT
Meeting Date: August 17, 2023	(From)		

V. ATTACHMENTS:

1. CMA 7-17-2023

July 17, 2023

The **REGULAR** meeting of the **CHICKASHA MUNICIPAL AUTHORITY** was held in the council chambers in city hall on the 17th day of July 2023 as specified by advance public notice with a properly prepared agenda stating the subject matter or matters to be discussed at said meeting. Chairman Mosley called the meeting to order at 6:43 p.m.

ITEM 1.

Call to Order / Roll Call:

CHAIRMAN AND TRUSTEES

PRESENT:

Chris Mosley, Chairman
Zachary Grayson, Vice Mayor
Oscar Nelson
Kea Ginn
Georgianne Hebblethwaite
Rick Croslin
Brian Gerdes

ABSENT:

R. P. Ashanti-Alexander
Kelly Boyd

STAFF

PRESENT:

Keith Johnson, City Manager
Amanda Mullins, City Attorney
Rachel Bernish, Asst. City Manager
Susan M. McDaniel, City Clerk
G. G. Music, Interim Police Chief
Spencer Winzenried, Parks & Rec. Director
Robert Brooks, Staff Accountant
Lille Huckaby, Library Director
Tony Samaniego, Fire Chief
Shae Mortimer, Marketing and Civic Engagement Manager

ITEM 2.

Consent Docket: ITEM 2a thru ITEM 2b

ITEM 2a.

Acceptance of the Minutes of July 3, 2023, regular meeting.

ITEM 2b.

Acceptance of the Claims List.

*Motion by Trustee Hebblethwaite, second by Trustee Nelson to approve Item 2a thru Item 2b.

TIME 6:43 P.M.

Roll call vote:

Ayes:"	Nelson, Ginn, Hebblethwaite, Grayson, Croslin, Gerdes, and Mosley.
"Nays:"	None
"Abstain:"	None
Motion carried.	7-0

ITEM 3. **Discussion / Approval of Items Removed from Consent Docket:**

No action taken on Item 3.

ITEM 4. **Discussion and Consideration Items:**

ITEM4a. **Discussion, consideration, and possible action to authorize the City Manager to negotiate a contract with Freese and Nicholes, Inc. for the RFP CMA 2302-Chickasha Water Treatment Improvements.**

*Motion by Council Member Nelson and second by Council Member Gerdes to authorize the City Manager to negotiate a contract with Freese and Nicholes, Inc. for the RFP CMA 2302-Chickasha Water Treatment Improvements.

Roll call vote:

"Ayes:"	Hebblethwaite, Grayson, Croslin, Gerdes, Nelson, Ginn, and Mosley.
"Nays:"	None.
"Abstain:"	None.
Motion passed.	7-0

ITEM 5. **Motion to Adjourn.**

*Motion by Trustee Grayson, second by Trustee Hebblethwaite to adjourn.

Meeting adjourned.

TIME: 6:49 PM

Approved this 7th day of August 2023.

Chris Mosley, Chairman

(ATTEST)

Susan M. McDaniel, CMC
City Clerk



City of
CHICKASHA

Meeting Type: CMA Agenda 8-7-2023

Meeting Date: 8/7/2023

Department: Finance

Agenda Item No. 2.b.

AGENDA ITEM: Acceptance of the Claims List.

I. BACKGROUND/DESCRIPTION:

II. RECOMMENDED ACTION:

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director:

	Fund	Account	Amount
	(To)		
	FUND	ACCOUNT	AMOUNT
Meeting Date: August 7, 2023	(From)		

V. ATTACHMENTS:



City of
CHICKASHA

Meeting Type: CMA Agenda 8-7-2023

Meeting Date: 8/7/2023

Department: Administration

Agenda Item No. 4.a.

AGENDA ITEM: Discussion, consideration and possible action to approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 5.173773 acres, more or less, in Section 28, Township 7 North, Range 7 West, Grady County, Oklahoma.

I. BACKGROUND/DESCRIPTION:

II. RECOMMENDED ACTION:

Approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 5.173773 acres, more or less, in Section 28, Township 7 North, Range 7 West, Grady County, Oklahoma.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director:

Fund	Account	Amount
(To)		
FUND	ACCOUNT	AMOUNT
(From)		

Meeting Date:
August 7, 2023

V. ATTACHMENTS:

1. Heller Grady Section 28 CMA (revised)

OIL AND GAS LEASE
(Paid-up)

AGREEMENT, made and entered into this ____ day of August, 2023, by and between The Chickasha Municipal Authority, a Public Trust Authority of the State of Oklahoma , 117 N. 4th Street, Chickasha, OK 73018, party of the first part, hereinafter called Lessor (whether one or more), and Petroven, Inc., with a mailing address of 5501 LBJ Freeway, Suite 900, Dallas, TX 75240, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration, the receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Grady, State of Oklahoma, described as follows, to-wit:

An undivided 0.370179 acres, more or less, South 65 feet of Lot 15 Block 5 Original Townsite City of Chickasha, OK

An undivided 0.937787 acres, more or less, in Lots 1-6, Block 17, City of Chickasha, OK

An undivided 0.277634 acres, more or less, North 151.25 feet of Lots 21-23, Block 38, City of Chickasha, OK

An undivided 0.387397 acres, more or less, Lots 7 and 9, Block 40, City of Chickasha, OK

An undivided 0.282369 acres, more or less, South 50 feet of Lot 10, Block 96, City of Chickasha, OK

An undivided 0.567608 acres, more or less, Lot 5, Block 108, City of Chickasha, OK

An undivided 0.596900 acres, more or less, Lot 3, Block 1, Burtschi's 4th Addition, City of Chickasha, OK

An undivided 0.250800 acres, more or less, South 55 feet of Lots 15-17, Block 20, City of Chickasha, OK

An undivided 0.441919 acres, more or less, North 75 feet of Lots 15-18 and the North 60 feet of the South 90 feet of Lots 15-18, Block 24, City of Chickasha, OK

An undivided 0.691001 acres, more or less, Lots 1-4, Block 22, City of Chickasha, OK

An undivided 0.370179 acres, more or less, Lots 23-25, Block 21, City of Chickasha, OK

All being located in Section 28, Township 7 North, Range 7 West, Grady County, Oklahoma

1. It is agreed that this lease shall remain in force for a term of three (3) years from date (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land by the Lessee.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a three-sixteenths (3/16) part of all oil and gas (including but not limited to condensate and distillate) produced and saved from the leased premises.

B. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations.

4. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall permit or prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so permitted or prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil, and produced on said land for its operations thereon, except water from the leased premises.
7. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.
8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.
9. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.
10. This lease shall be effective as to Lessor on execution hereof and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.
11. Lessor does not guarantee or warrant title to the above described properties. In the event of failure of title, Lessor shall not be required to refund any bonuses, royalties, shut-in payments or other considerations paid to lessors.
12. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.
13. Lessee shall pay for all damages to land and crops caused by its operations. No well shall be drilled nearer than 200 feet to any house or barn now on said premises, without the written consent of the Lessor.
14. The Lessee's failure to comply with any covenant or obligation of this lease shall not result in the forfeiture of the lease unless and until lessor has provided lessee notice of such default and gives Lessee sixty (60) days in which to cure such default.
15. Before commencing any operations on lands where Lessor is the owner of the surface Lessee shall obtain from Lessor, by written agreement, permission to use that certain portion of said lands set out in the written agreement for drill site and to conduct mining and drilling operations or the production, storage, or removal of minerals therefrom.
16. This Lease is subject to and fully includes each and every provision as provided on Exhibit "A" attached hereto and made a part hereof.

IN TESTIMONY WHEREOF, we sign this ____ day of August, 2023.

ATTEST:

The Chickasha Municipal Authority

SECRETARY

By: _____
CHAIRMAN

ACKNOWLEDGMENT

STATE OF OKLAHOMA)
COUNTY OF GRADY) SS:

Before me, in and for said county and State, on this ____ day of August, 2023, personally appeared Chris Mosley, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as the Chairman of the Chickasha Municipal Authority, and acknowledged before me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such municipal corporation, for the uses and purposes therein set forth.

Notary Public

My Commission Expires: _____

Commission No.: _____

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated the _____ day of August, 2023, between the Chickasha Municipal Authority, a Public Trust Authority of the State of Oklahoma, Lessor, and Petroven, Inc., Lessee,

covering lands in Section 28, Township 7 North, Range 7 West, Grady County, Oklahoma

- 1) Notwithstanding anything herein above to the contrary, it is expressly provided that the provisions of the following paragraphs shall prevail in the event of the conflict with any provisions in the preceding printed form Oil and Gas Lease.
- 2) Notwithstanding anything to the contrary contained herein, upon expiration of the primary term of this lease, this lease shall automatically terminate and expire as to all leasehold rights below 100 feet below the stratigraphic equivalent of the deepest common source of supply penetrated in any well, spud after the date of this lease, on lands covered by this lease or on lands with which lands covered by this lease are spaced by order of the Oklahoma Corporation Commission or voluntarily unitized therewith. Provided, however, if within the primary term of this lease, lessee should commence operations to drill, deepen, or rework a well under the terms of this lease, the lessee shall have the right to drill such well to completion and/or continue deepening and/or complete reworking operations with reasonable diligence and dispatch, and if oil and gas be found in paying quantities, this lease shall terminate only to the depth provided in this clause.
- 3) Notwithstanding anything to the contrary contained herein, it is expressly agreed that the completion of a well capable of production in paying quantities on a drilling and spacing unit(s), established by any governmental authority or agency shall extend beyond the primary terms only that portion of the leased premises contained within said drilling and spacing unit(s), and that, subject to the provisions of this paragraph, the portion of the leased premises outside the said drilling and spacing unit(s) shall be released at the expiration of the primary term. Provided, however, that if within the primary term of this Lease, Lessee shall commence operations to drill or rework a well under the terms of this Lease, the Lessee shall have the right to drill such a well to completion and/or complete reworking operations with reasonable diligence and dispatch, and if oil or gas be found in paying quantities, this Lease shall terminate only to those lands lying outside of said drilling and spacing units(s). If a "unit" has not been established by any state regulatory agency of the State of Oklahoma, or under the pooling clause of this lease, "unit" shall be deemed for all purposes to comprise the governmental quarter/quarter/quarter section (10 Acres) upon which the borehole of any well drilled pursuant to this lease is actually located.
- 4) There shall be no salt water disposal on the above-described real property.
- 5) Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, demands, judgments, suits, and claims of any kind or character arising out of, in connection with, or relating to Lessee's operations under the terms of this Lease, including, but not limited to, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal, under any theory of tort, contract, or strict liability.
- 6) Notwithstanding anything to the contrary contained herein, after the expiration of the primary term of this lease, shut-in royalty payments shall be restricted to maintain this lease in force for a maximum of two (2) years for each shut-in period.
- 7) The use of the above described property by Lessee is limited only to producing wells physically located on said premises. Tank batteries and other applicable equipment shall not be located hereon, except for wells

actually located on the leased premises. Pipelines and roads across the leased premises are limited to those wells located on the leased premises and only after payment of damages as determined by the parties.

8) Notwithstanding anything herein to the contrary, Lessee shall pay royalty on the fair market value received at the point of sale, with an arms length transaction, without any post production expenses or costs being prorated back to Lessor. Such post production expenses/costs are to include, but are not limited to, the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, manufacturing, transporting, and marketing the oil and/or gas produced hereunder whether the point of sale is at or off the leased premises. Such royalty is to include all oil, gas; including all its constituents and any other by-products produced and saved from the leased premises.

9) It is specifically understood by Lessee that any operations of the Leased Premises by the Lessee shall be in accordance with the laws and statutes of the State of Oklahoma and the Ordinances of the City of Chickasha, the rules and regulations of any other state or Federal regulatory agency. It is further understood that if the Leased Premises are a part of the municipal airport of the City of Chickasha, then the rules and regulations of the Federal Aviation Administration and the Ordinances of the City of Chickasha shall govern the location of the drill site, and any drilling operations thereon.

10) Lessee agrees that substantiation and validation of this lease is at the sole discretion and obligation of the Lessee and if lease is rendered invalid for any reason, save typographical error, including names or descriptions, Lessor shall not be required to refund any rents, royalties, bonuses, shut-in payments or other considerations paid.

11) Surface damages shall be negotiated separate from this lease, or, if the parties cannot agree on an amount, Lessee shall take such action as necessary pursuant to the Surface Damage Act.

SIGNED FOR IDENTIFICATION:

LESSOR: The Chickasha Municipal Authority

By: _____
CHAIRMAN

ATTEST:

SECRETARY



City of
CHICKASHA

Meeting Type: CMA Agenda 8-7-2023

Meeting Date: 8/7/2023

Department: Administration

Agenda Item No. 4.b.

AGENDA ITEM: Discussion, consideration and possible action to approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 4.849762 acres, more or less, in Section 34, Township 7 North, Range 7 West, Grady County, Oklahoma.

I. BACKGROUND/DESCRIPTION:

II. RECOMMENDED ACTION:

Approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 4.849762 acres, more or less, in Section 34, Township 7 North, Range 7 West, Grady County, Oklahoma.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director:

Fund	Account	Amount
(To)		
FUND	ACCOUNT	AMOUNT
(From)		

Meeting Date:
August 7, 2023

V. ATTACHMENTS:

1. Heller Grady Section 34 CMA (revised)

OIL AND GAS LEASE

(Paid-up)

AGREEMENT, made and entered into this ____ day of August, 2023, by and between The Chickasha Municipal Authority, a Public Trust Authority of the State of Oklahoma, 117 N. 4th Street, Chickasha, OK 73018, party of the first part, hereinafter called Lessor (whether one or more), and Petroven, Inc., with a mailing address of 5501 LBJ Freeway, Suite 900, Dallas, TX 75240, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration, the receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Grady, State of Oklahoma, described as follows, to-wit:

An undivided 0.24679 acres, more or less, in Lot 9, Block 156, Chickasha OT Addition

An undivided 0.24679 acres, more or less, in Lot 5, Block 186, Chickasha OT Addition

An undivided 0.24679 acres, more or less, in Lot 10, Block 189, Chickasha OT Addition

An undivided 0.5452 acres, more or less, in Lots 1 and 2, Block 223, Chickasha OT Addition

An undivided 0.24679 acres, more or less, in Lot 2, Block 224, Chickasha OT Addition

An undivided 0.394870 acres, more or less, in Lot 7, Block 254, Chickasha OT Addition

An undivided 0.246786 acres, more or less, in Lot 3, Block 255, Chickasha OT Addition

An undivided 0.192690 acres, more or less, in Lots 5 and 6, Block 2, Bookers First Addition

An undivided 0.208040 acres, more or less, in Lots 7 and 8, Block 3, Bookers First Addition

An undivided 2.028230 acres, more or less, in Lot A, Bookers Second Addition

An undivided 0.246786 acres, more or less, in Lot 4, Block 257, Chickasha OT Addition

All being located in Section 34, Township 7 North, Range 7 West, Grady County, Oklahoma

1. It is agreed that this lease shall remain in force for a term of three (3) years from date (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land by the Lessee.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a three-sixteenths (3/16) part of all oil and gas (including but not limited to condensate and distillate) produced and saved from the leased premises.

B. During any period (whether before or after expiration of the primary term hereof) when gas

is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations.
4. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall permit or prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so permitted or prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.
5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.
6. Lessee shall have the right to use, free of cost, gas, oil, and produced on said land for its operations thereon, except water from the leased premises.
7. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.
9. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.
10. This lease shall be effective as to Lessor on execution hereof and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.
11. Lessor does not guarantee or warrant title to the above described properties. In the event of failure of title, Lessor shall not be required to refund any bonuses, royalties, shut-in payments or other considerations paid to lessors.
12. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.
13. Lessee shall pay for all damages to land and crops caused by its operations. No well shall be drilled nearer than 200 feet to any house or barn now on said premises, without the written consent of the Lessor.
14. The Lessee's failure to comply with any covenant or obligation of this lease shall not result in the forfeiture of the lease unless and until lessor has provided lessee notice of such default and gives Lessee sixty (60) days in which to cure such default.
15. Before commencing any operations on lands where Lessor is the owner of the surface Lessee shall obtain from Lessor, by written agreement, permission to use that certain portion of said lands set out in the written agreement for drill site and to conduct mining and drilling operations or the production, storage, or removal of minerals therefrom.
16. This Lease is subject to and fully includes each and every provision as provided on Exhibit "A" attached hereto and made a part hereof.

IN TESTIMONY WHEREOF, we sign this _____ day of August, 2023.

ATTEST:

The Chickasha Municipal Authority

SECRETARY

By: _____
CHAIRMAN

ACKNOWLEDGMENT

STATE OF OKLAHOMA)
COUNTY OF GRADY) SS:

Before me, in and for said county and State, on this _____ day of August, 2023, personally appeared Chris Mosley, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as the Chairman of the Chickasha Municipal Authority, and acknowledged before me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such municipal corporation, for the uses and purposes therein set forth.

Notary Public

My Commission Expires:_____

Commission No.:_____

EXHIBIT "A"

**Attached to and made a part of that certain Oil and Gas Lease dated the _____ day of August, 2023,
between the Chickasha Municipal Authority, a Public Trust Authority of the State of Oklahoma, Lessor,
and Petroven, Inc., Lessee,
covering lands in Section 34, Township 7 North, Range 7 West, Grady County, Oklahoma**

- 1) Notwithstanding anything herein above to the contrary, it is expressly provided that the provisions of the following paragraphs shall prevail in the event of the conflict with any provisions in the preceding printed form Oil and Gas Lease.
- 2) Notwithstanding anything to the contrary contained herein, upon expiration of the primary term of this lease, this lease shall automatically terminate and expire as to all leasehold rights below 100 feet below the stratigraphic equivalent of the deepest common source of supply penetrated in any well, spud after the date of this lease, on lands covered by this lease or on lands with which lands covered by this lease are spaced by order of the Oklahoma Corporation Commission or voluntarily unitized therewith. Provided, however, if within the primary term of this lease, lessee should commence operations to drill, deepen, or rework a well under the terms of this lease, the lessee shall have the right to drill such well to completion and/or continue deepening and/or complete reworking operations with reasonable diligence and dispatch, and if oil and gas be found in paying quantities, this lease shall terminate only to the depth provided in this clause.
- 3) Notwithstanding anything to the contrary contained herein, it is expressly agreed that the completion of a well capable of production in paying quantities on a drilling and spacing unit(s), established by any governmental authority or agency shall extend beyond the primary terms only that portion of the leased premises contained within said drilling and spacing unit(s), and that, subject to the provisions of this paragraph, the portion of the leased premises outside the said drilling and spacing unit(s) shall be released at the expiration of the primary term. Provided, however, that if within the primary term of this Lease, Lessee shall commence operations to drill or rework a well under the terms of this Lease, the Lessee shall have the right to drill such a well to completion and/or complete reworking operations with reasonable diligence and dispatch, and if oil or gas be found in paying quantities, this Lease shall terminate only to those lands lying outside of said drilling and spacing units(s). If a "unit" has not been established by any state regulatory agency of the State of Oklahoma, or under the pooling clause of this lease, "unit" shall be deemed for all purposes to comprise the governmental quarter/quarter/quarter section (10 Acres) upon which the borehole of any well drilled pursuant to this lease is actually located.
- 4) There shall be no salt water disposal on the above-described real property.
- 5) Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, demands, judgments, suits, and claims of any kind or character arising out of, in connection with, or relating to Lessee's operations under the terms of this Lease, including, but not limited to, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal, under any theory of tort, contract, or strict liability.
- 6) Notwithstanding anything to the contrary contained herein, after the expiration of the primary term of this lease, shut-in royalty payments shall be restricted to maintain this lease in force for a maximum of two (2) years for each shut-in period.
- 7) The use of the above described property by Lessee is limited only to producing wells physically located on said premises. Tank batteries and other applicable equipment shall not be located hereon, except for wells actually located on the leased premises. Pipelines and roads across the leased premises are limited to those wells located on the leased premises and only after payment of damages as determined by the parties.

8) Notwithstanding anything herein to the contrary, Lessee shall pay royalty on the fair market value received at the point of sale, with an arms length transaction, without any post production expenses or costs being prorated back to Lessor. Such post production expenses/costs are to include, but are not limited to, the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, manufacturing, transporting, and marketing the oil and/or gas produced hereunder whether the point of sale is at or off the leased premises. Such royalty is to include all oil, gas; including all its constituents and any other by-products produced and saved from the leased premises.

9) It is specifically understood by Lessee that any operations of the Leased Premises by the Lessee shall be in accordance with the laws and statutes of the State of Oklahoma and the Ordinances of the City of Chickasha, the rules and regulations of any other state or Federal regulatory agency. It is further understood that if the Leased Premises are a part of the municipal airport of the City of Chickasha, then the rules and regulations of the Federal Aviation Administration and the Ordinances of the City of Chickasha shall govern the location of the drill site, and any drilling operations thereon.

10) Lessee agrees that substantiation and validation of this lease is at the sole discretion and obligation of the Lessee and if lease is rendered invalid for any reason, save typographical error, including names or descriptions, Lessor shall not be required to refund any rents, royalties, bonuses, shut-in payments or other considerations paid.

11) Surface damages shall be negotiated separate from this lease, or, if the parties cannot agree on an amount, Lessee shall take such action as necessary pursuant to the Surface Damage Act.

SIGNED FOR IDENTIFICATION:

LESSOR: The Chickasha Municipal Authority

By: _____
CHAIRMAN

ATTEST:

SECRETARY



City of
CHICKASHA

Meeting Type: CMA Agenda 8-7-2023

Meeting Date: 8/7/2023

Department: Administration

Agenda Item No. 4.c.

AGENDA ITEM: Discussion, consideration and possible action to approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 1.104728 acres, more or less, in Section 27, Township 7 North, Range 7 West, Grady County, Oklahoma.

I. BACKGROUND/DESCRIPTION:

II. RECOMMENDED ACTION:

Approve an oil and gas lease with Petroven, Inc., (Principal of Heller Oil, Inc.) for 1.104728 acres, more or less, in Section 27, Township 7 North, Range 7 West, Grady County, Oklahoma.

III. FISCAL INFORMATION -

IV. FUND INFORMATION:

Dept. Director:

Fund	Account	Amount
(To)		
FUND	ACCOUNT	AMOUNT
(From)		

Meeting Date:
August 7, 2023

V. ATTACHMENTS:

1. Heller Grady Section 27 CMA (revised)

OIL AND GAS LEASE
(Paid-up)

AGREEMENT, made and entered into this ____ day of August, 2023, by and between The Chickasha Municipal Authority, a Public Trust Authority of the State of Oklahoma, 117 N. 4th Street, Chickasha, OK 73018, party of the first part, hereinafter called Lessor (whether one or more), and Petroven, Inc., with a mailing address of 5501 LBJ Freeway, Suite 900, Dallas, TX 75240, party of the second part, hereinafter called Lessee.

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars, cash in hand paid, and other good and valuable consideration, the receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipelines, and building tanks, power stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Grady, State of Oklahoma, described as follows, to-wit:

An undivided 0.499242 acres, more or less, in Lots 1-3, Block 15, Chickasha OT Addition

An undivided 0.605486 acres, more or less, in All of Lot 6, and the North 110 feet of Lots 7-10, Block 15, City of Chickasha

All being located in Section 27, Township 7 North, Range 7 West, Grady County, Oklahoma

1. It is agreed that this lease shall remain in force for a term of three (3) years from date (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land by the Lessee.
2. In consideration of the premises the said Lessee covenants and agrees:
 - A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a three-sixteenths (3/16) part of all oil and gas (including but not limited to condensate and distillate) produced and saved from the leased premises.
 - B. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.
3. If, at the expiration of the primary term, there is no production in paying quantities on the leased land or on lands pooled therewith but Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and if production is discovered, this lease shall continue as long thereafter as oil or gas are produced. In addition, if at any time or times after the primary term, there is a total cessation of all production, for any cause (other than an event of force majeure), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations or production within ninety (90) days after such cessation. Drilling operations or mining operations shall be deemed to be commenced when the first

material is placed on the leased premises or when the first work other than surveying or staking the location is done thereon which is necessary for such operations.

4. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 160 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall permit or prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so permitted or prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located unless the pooling or unitization results from governmental order or rule, in which case no such written designation shall be required. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.
5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.
6. Lessee shall have the right to use, free of cost, gas, oil, and produced on said land for its operations thereon, except water from the leased premises.
7. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.
8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.
9. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation, or operation of force majeure.
10. This lease shall be effective as to Lessor on execution hereof and shall be binding on those signing, notwithstanding some of the Lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

11. Lessor does not guarantee or warrant title to the above described properties. In the event of failure of title, Lessor shall not be required to refund any bonuses, royalties, shut-in payments or other considerations paid to lessors.
12. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.
13. Lessee shall pay for all damages to land and crops caused by its operations. No well shall be drilled nearer than 200 feet to any house or barn now on said premises, without the written consent of the Lessor.
14. The Lessee's failure to comply with any covenant or obligation of this lease shall not result in the forfeiture of the lease unless and until lessor has provided lessee notice of such default and gives Lessee sixty (60) days in which to cure such default.
15. Before commencing any operations on lands where Lessor is the owner of the surface Lessee shall obtain from Lessor, by written agreement, permission to use that certain portion of said lands set out in the written agreement for drill site and to conduct mining and drilling operations or the production, storage, or removal of minerals therefrom.
16. This Lease is subject to and fully includes each and every provision as provided on Exhibit "A" attached hereto and made a part hereof.

IN TESTIMONY WHEREOF, we sign this _____ day of August, 2023.

ATTEST:

The Chickasha Municipal Authority

SECRETARY

By: _____
CHAIRMAN

ACKNOWLEDGMENT

STATE OF OKLAHOMA)
COUNTY OF GRADY) SS:

Before me, in and for said county and State, on this _____ day of August, 2023, personally appeared Chris Mosley, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as the Chairman of the Chickasha Municipal Authority, and acknowledged before me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such municipal corporation, for the uses and purposes therein set forth.

Notary Public

My Commission Expires:_____

Commission No.:_____

EXHIBIT "A"

**Attached to and made a part of that certain Oil and Gas Lease dated the _____ day of August, 2023,
between the Chickasha Municipal Authority, a Public Trust Authority of the State of Oklahoma, Lessor,
and Petroven, Inc., Lessee,
covering lands in Section 27, Township 7 North, Range 7 West, Grady County, Oklahoma**

- 1) Notwithstanding anything herein above to the contrary, it is expressly provided that the provisions of the following paragraphs shall prevail in the event of the conflict with any provisions in the preceding printed form Oil and Gas Lease.
- 2) Notwithstanding anything to the contrary contained herein, upon expiration of the primary term of this lease, this lease shall automatically terminate and expire as to all leasehold rights below 100 feet below the stratigraphic equivalent of the deepest common source of supply penetrated in any well, spud after the date of this lease, on lands covered by this lease or on lands with which lands covered by this lease are spaced by order of the Oklahoma Corporation Commission or voluntarily unitized therewith. Provided, however, if within the primary term of this lease, lessee should commence operations to drill, deepen, or rework a well under the terms of this lease, the lessee shall have the right to drill such well to completion and/or continue deepening and/or complete reworking operations with reasonable diligence and dispatch, and if oil and gas be found in paying quantities, this lease shall terminate only to the depth provided in this clause.
- 3) Notwithstanding anything to the contrary contained herein, it is expressly agreed that the completion of a well capable of production in paying quantities on a drilling and spacing unit(s), established by any governmental authority or agency shall extend beyond the primary terms only that portion of the leased premises contained within said drilling and spacing unit(s), and that, subject to the provisions of this paragraph, the portion of the leased premises outside the said drilling and spacing unit(s) shall be released at the expiration of the primary term. Provided, however, that if within the primary term of this Lease, Lessee shall commence operations to drill or rework a well under the terms of this Lease, the Lessee shall have the right to drill such a well to completion and/or complete reworking operations with reasonable diligence and dispatch, and if oil or gas be found in paying quantities, this Lease shall terminate only to those lands lying outside of said drilling and spacing units(s). If a "unit" has not been established by any state regulatory agency of the State of Oklahoma, or under the pooling clause of this lease, "unit" shall be deemed for all purposes to comprise the governmental quarter/quarter/quarter section (10 Acres) upon which the borehole of any well drilled pursuant to this lease is actually located.
- 4) There shall be no salt water disposal on the above-described real property.
- 5) Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, demands, judgments, suits, and claims of any kind or character arising out of, in connection with, or relating to Lessee's operations under the terms of this Lease, including, but not limited to, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal, under any theory of tort, contract, or strict liability.
- 6) Notwithstanding anything to the contrary contained herein, after the expiration of the primary term of this lease, shut-in royalty payments shall be restricted to maintain this lease in force for a maximum of two (2) years for each shut-in period.

7) The use of the above described property by Lessee is limited only to producing wells physically located on said premises. Tank batteries and other applicable equipment shall not be located hereon, except for wells actually located on the leased premises. Pipelines and roads across the leased premises are limited to those wells located on the leased premises and only after payment of damages as determined by the parties.

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9) It is specifically understood by Lessee that any operations of the Leased Premises by the Lessee shall be in accordance with the laws and statutes of the State of Oklahoma and the Ordinances of the City of Chickasha, the rules and regulations of any other state or Federal regulatory agency. It is further understood that if the Leased Premises are a part of the municipal airport of the City of Chickasha, then the rules and regulations of the Federal Aviation Administration and the Ordinances of the City of Chickasha shall govern the location of the drill site, and any drilling operations thereon.

10) Lessee agrees that substantiation and validation of this lease is at the sole discretion and obligation of the Lessee and if lease is rendered invalid for any reason, save typographical error, including names or descriptions, Lessor shall not be required to refund any rents, royalties, bonuses, shut-in payments or other considerations paid.

11) Surface damages shall be negotiated separate from this lease, or, if the parties cannot agree on an amount, Lessee shall take such action as necessary pursuant to the Surface Damage Act.

SIGNED FOR IDENTIFICATION:

LESSOR: The Chickasha Municipal Authority

By: _____
CHAIRMAN

ATTEST:

SECRETARY