

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON, A TEXAS HOME-RULE MUNICIPAL CORPORATION, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT AND LEASE AGREEMENT WITH MAYHILL RENEWABLES, LLC, TO DESIGN, FABRICATE, CONSTRUCT, COMMISSION, AND OPERATE A RENEWABLE NATURAL GAS (RNG) FACILITY TO TREAT LANDFILL AND DIGESTER GAS AT THE CITY OF DENTON LANDFILL FOR THE SOLID WASTE AND WATER UTILITIES DEPARTMENTS; PROVIDING FOR THE EXPENDITURE OF FUNDS THEREFOR; AND PROVIDING AN EFFECTIVE DATE (RFP 8465 – AWARDED TO MAYHILL RENEWABLES, LLC, FOR A PRIMARY CONSTRUCTION PHASE AND TWENTY (20) YEAR TERM).

WHEREAS, the City has solicited, received, and evaluated competitive proposals to design, fabricate, construct, commission, and operate a Renewable Natural Gas (RNG) Facility to treat landfill and digester gas at the City of Denton Landfill for the Solid Waste and Water Utilities Departments; and

WHEREAS, this procurement was undertaken as part of the City's governmental function; and

WHEREAS, the City Manager, or a designated employee, has received and reviewed and recommended that the herein described proposals are the most advantageous to the City considering the relative importance of price and the other evaluation factors included in the request for proposals; and; NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The items in the following numbered request for proposal for materials, equipment, supplies, or services, shown in the "Request Proposals" on file in the office of the Purchasing Agent, are hereby accepted and approved as being the most advantageous to the City considering the relative importance of price and the other evaluation factors included in the request for proposals.

RFP NUMBER

CONTRACTOR

8465

Mayhill Renewables, LLC

SECTION 2. By the acceptance and approval of the above numbered items of the submitted proposals, the City accepts the offer of the persons submitting the proposals for such items and agrees to purchase the materials, equipment, supplies, or services in accordance with the terms, specifications, standards, quantities, and for the specified sums contained in the Proposal Invitations, Proposals, and related documents.

SECTION 3. Should the City and person submitting approved and accepted items and of the submitted proposals wish to enter into a formal written agreement as a result of the acceptance,

approval, and awarding of the proposals, the City Manager, or their designated representative, is hereby authorized to execute the written contract which shall be attached hereto; provided that the written contract is in accordance with the terms, conditions, specifications, standards, quantities, and specified sums contained in the Proposal and related documents herein approved and accepted.

SECTION 4. The City Council of the City of Denton, hereby expressly delegates the authority to take any actions that may be required or permitted to be performed by the City of Denton under this ordinance to the City Manager of the City of Denton, or their designee.

SECTION 5. By the acceptance and approval of the above enumerated bids, the City Council hereby authorizes the expenditure of funds therefor in the amount and in accordance with the approved bids.

SECTION 6. This ordinance shall become effective immediately upon its passage and approval.

The motion to approve this ordinance was made by _____ and seconded by _____. The ordinance was passed and approved by the following vote [____ - ____]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Vicki Byrd, District 1:	_____	_____	_____	_____
Brian Beck, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At Large Place 5:	_____	_____	_____	_____
Jill Jester, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the _____ day of _____, 2025.

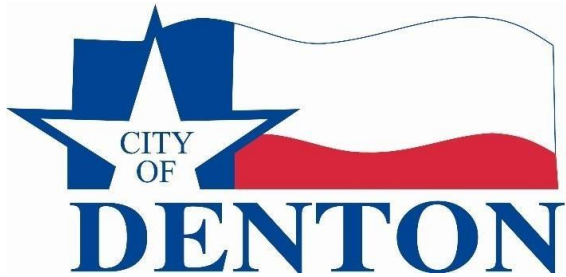
GERARD HUDSPETH, MAYOR

ATTEST:
LAUREN THODEN, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

BY: Marcella Lunn



Docusign City Council Transmittal Coversheet

RFP	8465
File Name	LANDFILL GAS TO ENERGY
Purchasing Contact	Crystal Westbrook
City Council Target Date	
Piggy Back Option	No
Contract Expiration	
Ordinance	

LANDFILL & DIGESTER GAS AGREEMENT

THIS LANDFILL & DIGESTER GAS AGREEMENT ("Agreement"), effective _____, 2025, is entered into by and between the CITY OF DENTON, DENTON, TEXAS ("COD"), a Texas home-rule municipal corporation and MAYHILL RENEWABLES, LLC ("MHR"), a Texas limited liability company (each individually a "Party" and collectively, the "Parties").

RECITALS

- A. WHEREAS, COD owns and operates the Landfill (as defined herein);
- B. WHEREAS, COD owns and operates the WWTP (as defined herein), which produces Digester Gas (defined herein);
- C. WHEREAS, COD owns and operates the GCCS (as defined herein) at the Landfill through which COD collects and manages Landfill Gas (as defined herein);
- D. WHEREAS, MHR designs and operates Landfill Gas processing facilities, converting Landfill Gas to High-BTU Gas (defined herein);
- E. WHEREAS, MHR designs and operates processing facilities, converting Digester Gas to High-BTU Gas;
- F. WHEREAS, MHR desires to purchase Landfill Gas and Digester Gas from COD and to construct and operate facilities at the Landfill to process Biogas, creating High-BTU Gas for sale;
- G. WHEREAS, COD desires to have MHR construct and operate facilities at the Landfill, creating High-BTU Gas, and to receive a royalty payment from the sale of High-BTU Gas by MHR; and
- H. WHEREAS, MHR acknowledges that the primary purpose of the Landfill is and shall remain as a municipal solid waste landfill and that collecting and treating Landfill Gas shall remain secondary to Landfill's continued use as a municipal solid waste landfill;

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein, the Parties agree as follows:

ARTICLE I: DEFINITIONS

As used herein the following terms shall have the following meanings:

- 1.1. "Air Permits" means permit number O2059 (Title V), and all permits referenced therein, including Standard Air Permit 80971 issued by the TCEQ, as the Air Permits may be amended or modified from time to time.
- 1.2. "Affiliate" means, with respect to any Person, any other Person that directly or indirectly, or through one or more intermediaries, Controls, is Controlled by, or is under common Control with such Person. "Control" for purposes of this definition includes, without limitation, the ability to vote fifty percent (50%) or more of the voting equity of a Person.
- 1.3. "Alternative Supply" has the meaning given in Section 4.2.2.
- 1.4. "Bankruptcy Code" the United States Code governing insolvency and debt adjustment as amended or replaced.

- 1.5. “Biogas” means collectively Landfill Gas and/or Digester Gas.
- 1.6. “Blower-Flare Facility” means all piping, equipment and appurtenances designated as Blower-Flare Facility on Exhibit 1-B, which exhibit is incorporated fully herein.
- 1.7. “BTU” means British Thermal Unit; the amount of heat required to raise the temperature of one pound of pure water from 60 degrees Fahrenheit to 61 degrees Fahrenheit.
- 1.8. “COD’s Permits” means the Air Permit, Landfill Permit and the WWTP Permit.
- 1.9. “COD Indemnitees” has the meaning given in Section 12.1.
- 1.10. “Commercial Operations Date” means the date MHR is able to treat, process and/or manage Biogas, produce High-BTU Gas, deliver such High-BTU Gas to the Sales Interconnection Point, and for such High-BTU Gas to be received by the interconnecting pipeline at the Sales Interconnection Point; but in no event shall the Commercial Operations Date be later than two hundred seventy (270) days following the Effective Date, subject to MHR successfully obtaining (i) a Sales Interconnection Point, (ii) EPA pathway approval designating Biogas eligible for RINs, (iii) all necessary utility services, and (iv) all necessary permits.
- 1.11. “Contractor” means the contractor hired by MHR to construct the MHR Facilities.
- 1.12. “Cure Period” has the meaning given in Section 7.3.2.1.
- 1.13. “Default Notice” has the meaning given in Section 7.3.2.1.
- 1.14. “Digester Gas” means methane, carbon dioxide, and other gases produced at the WWTP.
- 1.15. “Effective Date” means the date on which this Agreement shall be effective.
- 1.16. “EPA” means the Environmental Protection Agency, including its predecessor and successor agencies.
- 1.17. “Engineer Standards of Performance”
- A. Standard of Care: The standard of care for all professional engineering and related services performed or furnished by an engineer under this Agreement or as related to engineering performed in relation to this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality.
 - B. Technical Accuracy: COD shall not be responsible for discovering deficiencies in the technical accuracy of engineer’s services.
 - C. An engineer performing any obligations of this Agreement shall comply with applicable laws and regulations.
- 1.18. “Engineering Practices Act” means Chapter 1001 of the Texas Occupations Code as amended or replaced.
- 1.19. “Environmental Attributes” means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the extraction, collection, and recovery of Biogas including the generation of energy, or its displacement of conventional energy generation.

By way of example, Environmental Attributes include, but are not limited to: (1) any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO₂), methane (CH₄) and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights (Green Tag Reporting Rights being the right of a Green Tag purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other Party at the Green Tag purchaser's discretion); (4) any RINs associated with the EPA's Renewable Fuels Standard program; and (5) LCFS credits, carbon credits, or any other or future credits associated with Biogas.

Environmental Attributes do not include (i) production tax credits associated with the construction or operation of MHR's Facilities, or any other associated contract or right, and other financial incentives in the form of credits, reductions, or allowances associated with MHR's Facilities or the Landfill that are applicable to a state or federal income taxation obligation, or (ii) emission reduction credits encumbered or used by MHR's Facilities for compliance with local, state, or federal operating and/or air quality permits.

1.20. "Environmental Laws" shall mean any applicable federal, state, or local governmental law, statute, rule, regulation, order, consent decree, decree, judgment, permit, license, covenant, deed restriction, ordinance or other requirement or standard relating to pollution or the regulation or protection of health, safety, natural resources, or the environment, now existing or hereafter in effect, including, without limitation, those relating to the release, discharge, emission, injection, leaching, or disposal of solid waste or Hazardous Substances or pollution into air, water, land or groundwater; to the withdrawal or use of groundwater; or to the use, handling, treatment, removal, storage, disposal, processing, distribution, transport, or management of solid waste or Hazardous Substances. "Environmental Laws" shall include, but shall not be limited to, the Clean Air Act; the federal Water Pollution Control Act; the Safe Drinking Water Act; the Toxic Substances Control Act; the Comprehensive Environmental Response, Compensation, and Liability Act; the Resource Conservation and Recovery Act; the Occupational Safety and Health Act; the Hazardous Materials Transportation Act; the Oil Pollution Act of 1990; Chapter 30 of the Tex. Admin. Code (including odor and landfill gas migration requirements), Federal Plan OOO and NESHAP AAAA requirements, civil odor nuisance requirements, and any similar federal, state, or local statutes, ordinances, and regulations.

1.21. "Facility Downtime" means the amount of time that MHR's Facility is not actively delivering High-BTU Gas to the Sales Interconnection Point.

1.22. "Fault" has the meaning given in Section 12.1.

1.23. "Final Engineering and Design Plans and Specifications" has the meaning given in Section 5.1.2.

1.24. "First Extension" has the meaning given in Section 7.2.1.

1.25. "Flare Meter(s)" means the meter, or combination of meters, that measure the flow of LFG to all the flares, inclusive of the Blower-Flare Facility, MHR's Flare, and any flares that may be

installed in the future.

1.26. “Force Majeure” means acts of God; winds; hurricanes; tornadoes; fires; pandemic (but not the COVID-19 pandemic); epidemics; landslides; earthquakes; floods; other natural catastrophes; strikes; lock-outs or other industrial disturbances; extended closures of banks and/or financial institutions; acts of public enemies; insurrections; military action; war, whether or not it is declared; sabotage; riots; civil disturbances; explosions; or any other cause or event, not reasonably within the control of the Party claiming Force Majeure (other than the financial inability of such Party), which precludes that Party from carrying out, in whole or in part, its obligations under this Agreement.

1.27. “Gathering System Operations Date” means the date that MHR assumes its responsibilities relating to the GCCS and Blower-Flare Facility, as detailed in Section 6.1.1, but in no event shall the Gathering System Operations Date be later than the first (1st) day of the calendar month following ninety (90) days after the Effective Date.

1.28. “GCSS” means the Gas Collection and Control System, comprised of the system of wells and piping that collects or assists in the collection and destruction of Landfill Gas from the Landfill, including but not limited to, extraction wells, horizontal wells, lateral and header piping, valves, sumps, wellheads, air supply piping, liquid force-main piping, pumps, blowers, motors, flares, air compressors, flow meters, flare facility controls, any monitoring and recording device, the Blower-Flare Facility, Meters, and other appurtenances. Future expansions of the GCCS shall be considered part of the GCCS, but the GCCS shall not include any equipment installed downstream of the Landfill Connection Point.

1.29. “GCSS Vacuum Failure Event” has the meaning given in Section 7.3.2.4.

1.30. “Green Tag” means renewable energy certificates that represent the intangible environmental attributes associated with producing one (1) megawatt hour of electricity from a renewable resource.

1.31. “Gross Revenues” means all Biogas sources of income, including revenues received by MHR from the sale of High BTU Gas (including the value of any exchange services or similar in-kind exchanges relating to the sale or use of High BTU Gas, if any) and related by-products, and the value of any Environmental Attributes made available to MHR; provided that, with respect to sales by MHR to a related Party (i.e., one in which MHR or an Affiliate of MHR has an interest), such sales shall be valued at market value, regardless of the price charged by MHR. MHR agrees to disclose to COD any contractual provisions that provide for any exchanged services or similar in-kind exchanges in place of the receipt of revenues relating to the processing, destruction, sale or use of Biogas, or High BTU Gas, if any, it being the intent of the Parties that the market value of such in-kind exchanges, as reasonably determined by the Parties, will be included in the determination of Gross Revenues. Tax credits are not included in Gross Revenues.

1.32. “Hazardous Substances” means any substance as defined by Environmental Laws, and shall further include Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS), polychlorinated biphenyls or substances containing polychlorinated biphenyls, asbestos or materials containing asbestos, urea formaldehyde foam insulation, petroleum or petroleum products, flammable or explosive substances, radon gas, and any other wastes, pollutant, contaminant, material, chemical, gas or other substance that could subject any person to liability for costs of cleanup, removal, response or remediation or the exposure to which is prohibited, limited or regulated.

1.33. “Hazardous Wastes” means any waste material – solid, liquid, or gaseous – that because of

its quantity, concentration, or physical, chemical or infectious characteristic may cause or significantly contribute to an increase in mortality, serious irreversible illness, or incapacitating reversible illness; or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported or disposed of, or otherwise managed.

1.34. “High-BTU Gas” means Biogas, whether processed or not, that is sold by MHR.

1.35. “Indemnified Claims” has the meaning given in Section 12.1.

1.36. “Initial Design Capacity” means the capacity of MHR’s Facility to process Biogas into High-BTU Gas, which shall be five thousand (5,000) scfm upon the Commercial Operations Date.

1.37. “Initial Term” has the meaning given that term in Section 7.1. of this Agreement.

1.38. “Landfill” means COD’s Disposal Facility Landfill located at 1527 S MAYHILL, DENTON, TEXAS 76208, and subject to the Landfill Permit.

1.39. “Landfill Connection Point” means, the location shown on Exhibit 1, the point of interconnection between COD’s GCCS and MHR’s Facility.

1.40. “Landfill Gas” and “LFG” shall mean methane, carbon dioxide, and other gases produced at the Landfill.

1.41. “Landfill Permit” means permit number MSW 1590B issued by the TCEQ, as it may be amended from time to time.

1.42. “LCFS” means low carbon fuel standard.

1.27 “Losses” means claims, losses, liability, damages, penalties, fines, costs, and expenses, including, without limitation, reasonable attorneys’ fees, expert witness fees, litigation expenses, and court and other costs, whether taxable or not.

1.28 “Meters” means, collectively, the methane analyzer and flow meters to measure the quality and/or quantity of LFG delivered to the Blower-Flare Facility, MHR’s Flare and/or the Sales Interconnection Point, as shown on Exhibit 1.

1.29 “MMBTU” means one million BTUs.

1.30 “MHR’s Facility” or “MHR’s Facilities” means all facilities installed by MHR to (i) enable MHR to interconnect with the GCCS at the Landfill Connection Point, (ii) accept delivery of Landfill Gas at the Landfill Connection Point; (iii) enable MHR to interconnect with the WWTP at the WWTP Connection Point, (iv) accept delivery of Digester Gas at the WWTP Connection Point, (iv) treat, process, and/or manage Biogas to produce High-BTU Gas; and (vi) deliver High-BTU Gas to the Sales Interconnection Point.

1.31 “MHR’s Flare” means the flare that is part of MHR’s Facility.

1.32 “MHR Permit” has the meaning given in Section 5.2.1.

1.33 “Mod Application” has the meaning given in Section 5.2.1.

- 1.34 “NMOCs” means nonmethane organic compounds.
- 1.35 “NSPS” means New Source Performance Standards for Municipal Solid Waste Landfills: federal EPA rules, which regulate the amount of NMOCs a landfill can emit into the atmosphere, including 40 Code of Federal Regulations Part 60, as they may be amended from time-to-time.
- 1.36 “OSHA” has the meaning given in Section 6.3.1.
- 1.37 “Person” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture, or other entity, or a government or any political subdivision or agency thereof, or any trustee, receiver, custodian, or similar official.
- 1.38 “Reimbursable Costs,” pursuant to Section 4.3, means expenditures or investments made by MHR at the Landfill, including premiums and interest, recovered by MHR through a reduction in the royalty paid to COD.
- 1.39 “Removal Period” has the meaning given in Section 7.5.
- 1.40 “Requested Termination Date” has the meaning given in Section 7.3.3.2.1.
- 1.41 “RINs” means Renewable Identification Numbers.
- 1.42 “Sales Interconnection Point” means the point at which custody of High-BTU Gas produced from MHR’s Facility is transferred to a transportation pipeline.
- 1.43 “Sales Pipeline Meters” means the Meters located at Sales Interconnection Point, if any.
- 1.44 “Service Contract” means the contract between the Contractor and MHR.
- 1.45 “Site” means the premises described in Exhibit 2 to this Agreement.
- 1.46 “Subsequent Extensions” has the meaning given in Section 7.2.2.
- 1.47 “TCEQ” means the Texas Commission on Environmental Quality, including its predecessor and successor agencies.
- 1.48 “Term” has the meaning given in Section 7.2.5.
- 1.49 “Termination Notice” has the meaning given in Section 7.3.3.2.
- 1.50 “Test Period” has the meaning given that term in Section 7.3.3.5.
- 1.51 “Unused Biogas” means LFG or Digester Gas not sold by MHR and not defined as Waste Gas.
- 1.52 “Utilization Trigger” has the meaning given that term in Section 6.2.2.2.
- 1.53 “Waste Gas” means any LFG or Digester Gas that has been fully or partially processed by MHR’s Facility and not sold by MHR.
- 1.54 “Wastewater Treatment Plant” or “WWTP” means COD’s Pecan Creek Water

Reclamation Plant located at 1100 S MAYHILL, DENTON, TEXAS 76208.

1.55 “WWTP Connection Point” means the point of interconnection between the WWTP and MHR’s Facilities.

1.56 “WWTP Permit” means permit number WQ0010027003 issued by the TCEQ, as may be amended or modified from time to time.

ARTICLE II: FACILITIES

2.1. COD’s Facilities.

2.1.1. COD has the responsibility to manage the Landfill in compliance with Environmental Laws, and all Landfill and WWTP Permits including Air Permits. Notwithstanding anything in this Agreement to the contrary, MHR recognizes that COD’s and MHR’s responsibilities to comply with Environmental Laws, including, without limitation, those pertaining to solid waste management, water/wastewater management, and air pollution, take priority over Landfill Gas production. Consequently, each obligation of COD and MHR set forth in this Agreement is conditioned on maintaining the Landfill’s safe operation and regulatory compliance, and COD’s and MHR’s obligations to comply with Environmental Laws, including the Landfill Permit and the Air Permit, are paramount to any rights granted to MHR under this Agreement. MHR agrees to take no action that would cause a violation of Environmental Laws, including the Landfill Permit and the Air Permit. Within five (5) days of the Effective Date, unless provided sooner, COD shall provide a copy of the Landfill and WWTP Permits and the Air Permits to MHR, and MHR shall become familiar with COD’s obligations thereunder. Except as necessary to comply with Environmental Laws, including the Landfill and WWTP Permits and Air Permit or to protect public health and safety, COD shall not take any intentional and unnecessary action that would materially harm the rights of MHR under this Agreement.

2.1.2. Nothing in this Agreement shall be construed to mean that COD does not retain ownership of the Landfill GCCS and Blower-Flare Facility.

2.1.3. Beginning on the Gathering System Operations Date and throughout the Term, MHR will operate, modify as necessary, and maintain the GCCS and Blower-Flare Facility as described herein.

2.1.4. Except as provided in Section 2.1.5, MHR shall be solely responsible for obtaining and paying for all utilities, including extensions of service, installation, and ongoing service, including utilities for the GCCS, and MHR’s Facility. MHR acknowledges that no high-speed internet service is available to the Site. COD shall be solely responsible for paying for all utilities for the Blower-Flare Facility.

2.1.5. COD will provide water to MHR’s Facility on the same terms and conditions as other similarly situated entities in the City of Denton. Specifically, service to MHR will be subject to COD Rate Ordinance, as amended, and all other applicable COD ordinances, policies, and regulations as all are amended from time to time. MHR shall be solely responsible for designing, connecting to, and extending a water line from COD’s existing water line to MHR’s Facility, along a route agreed to by COD. MHR shall use the water only for normal office use. MHR may not resell the water. Should any state or local code or other regulatory entity require a fire suppression sprinkler system within MHR’s Facility, MHR shall be responsible for verifying and installing the appropriate size water main to handle the anticipated flow rates and pressures required for the fire suppression system. COD does not warrant that it can or will provide sufficient water for fire suppression.

2.1.6. COD shall be solely responsible for insuring the GCCS and the Blower-Flare Facility.

2.1.7. MHR shall not incur or create any liens, levies, and encumbrances of any nature or kind (except liens, levies, and encumbrances created by COD) on the GCCS, the Blower-Flare Facility, or any other COD property, whether real or personal, and shall at all times take whatever action is necessary to keep the GCCS, the Blower-Flare Facility, or any other COD property, free of any liens, levies, and encumbrances of any nature or kind (except liens, levies, and encumbrances created by COD).

2.1.8. COD owns and operates the WWTP and has the responsibility to manage the WWTP in compliance with Environmental Laws, permits, and regulations.

2.2. MHR's Facilities.

2.2.1. MHR shall make all necessary filings and obtain all governmental authorizations necessary to (i) provide for and continue the delivery of Landfill Gas to the Landfill Connection Point, (ii) receive Digester Gas from the WWTP Connection Point, (iii) process such Biogas, and (iv) enable the subsequent use of such processed Biogas by MHR. COD shall cooperate with MHR (at no out-of-pocket cost to COD) in connection with such filings. MHR shall keep COD apprised of its progress toward obtaining the necessary authorizations.

2.2.2. MHR shall be solely responsible for the design, installation, and operation of MHR's Facilities, including, without limitation, all pipeline connection fees, regardless of whether such work is performed by MHR, a subcontractor, or by anyone directly or indirectly employed by any of them to perform any of the design, installation or operation of MHR's Facilities. MHR shall: (i) design, construct, install, operate, and maintain MHR's Facilities in accordance with Engineer Standards of Performance and in compliance with applicable laws, including all governmental approvals, any required permits, and, without limitation, Environmental Laws, and (ii) obtain all necessary authorizations to construct and operate MHR's Facilities.

2.2.3. MHR and COD shall use reasonable, good-faith efforts to coordinate the installation and maintenance of interconnections between their respective facilities. MHR will be responsible for all costs and expenses of bringing and connecting the respective facilities of COD and MHR to the Landfill Connection Point and the WWTP Connection Point.

2.2.4. MHR shall be solely responsible for the design, construction, operation, maintenance, modification, repair, income taxes, insuring, and regulatory compliance of MHR's Facility.

2.2.5. MHR shall be solely responsible for all costs and expenses of securing rights-of-way for the pipeline from MHR's Facility to the Sales Interconnection Point. COD will provide necessary easements and/or rights-of-way on COD property to MHR at no cost.

2.2.6. MHR shall not incur or create and shall, at all times, take whatever action is necessary, to keep MHR's Facilities free of, liens, levies, and encumbrances of any nature or kind; provided, however, nothing herein shall be construed to prohibit MHR from creating a lien on MHR's Facilities in connection with any financing of such facility.

2.3 Respective Duties.

2.3.1. MHR's and COD's respective duties are further set forth in Exhibit 3 hereto, which is incorporated fully herein; however, no representation is made that each Party's respective duties are fully set forth in Exhibit 3. Any duty not set forth explicitly in Exhibit 3, and in the case of a conflict between the duties as set forth in Exhibit 3 and as otherwise in this Agreement shall be governed by the terms and provisions otherwise set forth in this Agreement.

ARTICLE III. PURCHASE, TREATMENT, AND SALE OF BIOGAS

3.1. Title to and Responsibility for Biogas.

3.1.1. Beginning on the Commercial Operations Date and through the Term, COD shall transfer ownership of Biogas, free of any and all encumbrances, including all Environmental Attributes associated with Biogas, to MHR at the Landfill Connection Point and the WWTP Connection Point in exchange for a royalty described in Article IV. MHR shall purchase all Biogas delivered to the Landfill Connection Point and the WWTP Connection Point, as measured by the Meters, as described in this Agreement, after the Commercial Operations Date, including (i) LFG and Digester Gas converted to High BTU Gas and (ii) flared LFG and Digester Gas. MHR, as operator of the GCCS and Blower-Flare Facility, shall be solely responsible for delivery of Landfill Gas to the Landfill Connection Point and to MHR's Facilities or to the Blower-Flare Facility and the delivery of Digester Gas, received at the WWTP Connection Point, to MHR's Facilities or to the Blower-Flare Facility. Ownership and title to Landfill Gas shall pass from COD to MHR at the Landfill Connection Point. Ownership and title to Digester Gas shall pass from COD to MHR at the WWTP Connection Point. Control, liability, and risk of loss with regard to Landfill Gas shall pass from COD to MHR when the Landfill Gas enters the GCCS.

3.1.2 Beginning on the Commercial Operations Date and through the Term, COD grants MHR the exclusive right to treat, process, and sell all Landfill Gas produced at the Landfill and sell all Digester Gas produced at the WWTP. Except as otherwise provided herein, MHR shall (a) process and treat Landfill Gas collected by the GCCS to create a High-BTU Gas in compliance with COD's Permits and Environmental Laws, and (b) process and treat Digester Gas received at the WWTP Connection Point to create a High-BTU Gas in compliance with COD's Permits and Environmental Laws.

3.2. Delivery of Landfill Gas.

3.2.1. In no event shall COD be obligated to provide, sell, or deliver an amount of Landfill Gas in excess of the actual production of Landfill Gas from the Landfill, or in excess of the amount of Landfill Gas that can be withdrawn from the Landfill safely and in compliance with the Landfill Permit and Environmental Laws.

3.2.2. In the event MHR's Facility is shut down for any reason, or MHR fails, for any reason, to take and process all Landfill Gas made available to MHR, MHR shall immediately divert the LFG to the Blower-Flare Facility and promptly notify COD. MHR's inability to process Landfill Gas shall not release MHR from the obligation to accept Landfill Gas at the Landfill Connection Point, to meet the requirements of all Environmental Laws, and to pay for Landfill Gas in accordance with Article IV. If the GCCS is shut down for longer than four (4) hours in any 24-hour period, MHR shall notify COD in writing within twenty-four (24) hours of the beginning of the shutdown. However, in any event, MHR shall be responsible for compliance with all regulatory notice requirements pursuant to Environmental Laws.

3.2.3. MHR shall give COD at least three (3) business days' notice if MHR's Facility is to be taken out of operation for scheduled repairs or other reasons.

3.2.4. In order to (i) address emergency situations, (ii) maintain compliance with the Landfill Permit or Environmental Laws, and/or (iii) protect human health or risk to the environment (and only for those reasons), COD shall have the option, but not the obligation, to cease providing Landfill Gas. To the extent practicable under the circumstances at the time, COD shall provide notice to MHR prior to any such suspension. MHR acknowledges that it is not COD's responsibility to ensure that MHR is operating safely or legally. Thereafter, COD and MHR shall promptly meet to discuss possible remedies. As soon as practical after the situation has been addressed, COD shall resume providing Landfill Gas.

3.2.5. MHR shall not reduce the capacity of MHR's Facility below the Initial Design Capacity without the express written consent of COD, such consent to be granted or denied in COD's sole discretion.

3.3. Delivery of Digester Gas.

3.3.1. In no event shall COD be obligated to provide, sell, or deliver an amount of Digester Gas in excess of actual production.

3.3.2. In the event MHR's Facility is shut down for any reason, or MHR fails, for any reason, to take and process all Digester Gas made available to MHR, MHR shall immediately divert the Digester Gas to the Blower-Flare Facility and promptly notify COD. MHR's inability to process Digester Gas shall not release MHR from the obligation to accept Digester Gas at the WWTP Connection Point, to meet the requirements of all Environmental Laws, and to pay for Biogas in accordance with Article IV. If MHR's Facility is shut down for longer than four (4) hours in any 24-hour period, MHR shall notify COD in writing within twenty-four (24) hours of the beginning of the shutdown. However, in any event, MHR shall be responsible for compliance with all regulatory notice requirements pursuant to Environmental Laws.

3.2.3 MHR shall give COD at least three (3) business days' notice if MHR's Facility is to be taken out of operation for scheduled repairs or other reasons.

3.2.3 In order to (i) address emergency situations, (ii) maintain compliance with the WWTP Permit or Environmental Laws, and/or (iii) protect human health or risk to the environment (and only for those reasons), COD shall have the option, but not the obligation, to cease providing Digester Gas. To the extent practicable under the circumstances at the time, COD shall provide notice to MHR prior to any such suspension. MHR acknowledges that it is not COD's responsibility to ensure that MHR is operating safely or legally. Thereafter, COD and MHR shall promptly meet to discuss possible remedies. As soon as practical after the situation has been addressed, COD shall resume providing Digester Gas.

3.4. Metering Equipment.

3.4.1. MHR shall, at no cost to COD, install, operate, and maintain, in accurate working order, separate Meters to measure the flow and quality of each of Landfill Gas and Digester Gas (including BTU per cubic foot). Such Meters shall be mutually acceptable to COD and MHR, and are identified in Exhibit 1.

3.4.1.1. The Meters shall be configured to take and record flow readings

in standard cubic feet (“SCF”) per minute no less often than every ten (10) minutes. MHR’s Flare Meters and the Sales Pipeline Meters shall be configured to take and record energy content readings in BTU/SCF no less often than every ten (10) minutes.

3.4.1.2. MHR shall calculate the amount of energy (in MMBTUs) each day sent to the Blower-Flare Facility, using the data recorded pursuant to Section 3.4.1.1, multiplied by 0.5 (accounting for an assumption hereby agreed upon by the Parties that the LFG is 50% methane), and multiplied by 0.001 MMBTU/cubic foot of methane.

3.4.1.3 MHR shall calculate the amount of energy (in MMBTUs) each day sent to MHR’s Flare Meters and the Sales Pipeline Meters, by multiplying the flow readings by the energy content readings recorded pursuant to Section 3.4.1.1.

3.4.2. MHR shall test the Meters no less than once per quarter. Notification of any proposed test shall be provided to COD at least seventy-two (72) hours prior to such test being conducted. COD may observe such test, if COD so desires. Copies of the results of each test, whether or not COD observes such test, shall be provided to COD within seven (7) days following each test.

3.4.3. COD shall have access to, and may test, at COD’s cost, the Meters, at all reasonable times, provided COD provides MHR with a minimum of seventy- two (72) hours’ notice prior to testing the Meters, so that MHR can have a representative present, at MHR’s discretion.

3.3.4 If the accuracy of the Meters is less than +/- five percent (5%), MHR shall calibrate or repair the Meters as soon as practicable. For purposes of calculating payments in accordance with Article IV during the time that the Meters were not accurate, the registration of the defective meter shall be corrected for a period extending back to the time such inaccuracy began, if such time is ascertainable; or, if such time is not ascertainable, then for a period extending back one half (1/2) of the time elapsed since the date of the last test, but in no event further back than a period of six (6) months.

3.3.5. MHR shall calibrate the Meters no less than once per year. All calibration of the Meters shall be performed by an independent third party qualified to perform calibration of the Meters. Within thirty (30) days following each calibration, MHR shall provide a certificate of calibration to COD from the third-party calibrator.

3.3.6. COD shall have the option but not the obligation, at COD’s expense, to install, maintain, and operate additional meters, instruments, and other equipment, for verifying the Meters. MHR’s Meters shall be presumed correct unless testing confirms that the Meters are inaccurate, provided that the additional meters do not interfere with the correct operation of the Meters. MHR shall install a one-inch (1”) port for COD’s use at a sufficient distance from the Meters for verification of the Meters.

3.3.7. If the Meters are out of service or out of repair so that the quantity or quality of LFG cannot be determined, the LFG delivered during the period the Meters are out of service or out of repair shall be estimated and agreed upon by the Parties based upon the best data available. The basis for estimating the LFG quality or quantity includes, but is not limited to, measurements by COD’s meters, if any, or extrapolation of past patterns for the Meters under similar conditions.

3.5. “AS-IS” Condition; No Warranties.

ALL BIOGAS SHALL BE TAKEN BY MHR IN AN “AS IS” CONDITION. MHR

ACKNOWLEDGES THAT IT IS SOLELY RESPONSIBLE FOR ITS OWN DUE DILIGENCE AS TO THE QUALITY OF BIOGAS SOLD HEREUNDER AND THAT COD MAKES NO WARRANTY CONCERNING THE QUALITY OR QUANTITY OF THE BIOGAS. ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, ARE EXCLUDED FROM THIS TRANSACTION AND DO NOT APPLY TO THE BIOGAS SOLD HEREUNDER. MHR RECOGNIZES THAT BIOGAS MAY CONTAIN CORROSIVE OR DELETERIOUS SUBSTANCES. COD SHALL HAVE NO OBLIGATION TO PAY COSTS FOR REPAIR OR REPLACEMENT OF MHR'S FACILITIES CAUSED BY SUCH SUBSTANCES AND MHR ACCEPTS THE RISK OF SUCH SUBSTANCES.

3.6. Risks.

MHR shall incur all permitting, market, resource, non-specification energy, changes in law, construction, and performance-related risks.

3.6.1. Resource risks refer to all risks associated with the quality and/or quantity of Biogas, including risks that Biogas may damage MHR's Facility.

3.6.2. Non-specification energy risks refer to all risks associated with the quality and/or quantity of High-BTU Gas, including risks that High-BTU Gas may cause damage to MHR's equipment or to a downstream purchaser's equipment.

ARTICLE IV. PRICE, ROYALTIES, BILLING AND PAYMENTS

4.1. High-BTU Gas Sales.

MHR shall be solely responsible for, and shall have sole discretion regarding, the sale of High-BTU Gas, including the negotiation of gas sales agreements; provided, that MHR shall keep COD apprised of major developments in its negotiation of gas sales agreements. If, within two hundred and forty (240) days from the Effective Date, MHR is unable, notwithstanding its best efforts, to obtain the necessary rights-of-way, permits, and/or approvals, or is otherwise unable to develop an economically viable, High-BTU Gas treatment facility at the Landfill, MHR will provide written notice to COD to that effect.

4.2. Price and Royalties.

4.2.1. Effective after the Commercial Operations Date, MHR shall pay COD a royalty, as shown on Exhibit 4. MHR may reduce the amount to be paid to COD for the recovery of Reimbursable Costs, per Section 4.3.

4.2.2. Reflecting the goal to optimize revenue from the sale of Digester Gas produced at the WWTP, MHR will procure non-Biogas, natural gas (the "Alternative Supply") and deliver such Alternative Supply to the WWTP for its use, increasing the quantity of available Biogas to be sold as High-BTU Gas. The royalty paid to COD for Digester Gas will reflect the impact on Gross Revenues to procure and provide such Alternative Supply.

4.2.3. MHR shall be entitled to all Environmental Attributes, tax credits, and other credits, including, but not limited to the proceeds from the sale of such Environmental Attributes, tax credits, and other credits.

4.2.4. MHR's Facility shall be permitted a maximum of 5% of Facility Downtime (exclusive of Force Majeure events) per year (the first year beginning on the Commercial Operations Date and each subsequent year beginning on the first day of the first full month following the anniversary of the Commercial Operations Date). MHR shall pay twenty-five cents (\$0.25) per MMBTU for all Biogas flared by either the Blower-Flare Facility or the MHR Flare, after the first 438 hours of flaring per year. By way of explanation:

4.2.4.1. If, in year 2, the combined time that the Blower-Flare Facility and the MHR Flare is flaring Biogas is 438 hours or less, MHR would not be required to pay for the Biogas that was flared in either flare;

4.2.4.1.1. If, in year 2, the combined time that the Blower-Flare Facility and the MHR Flare is flaring Biogas is 538 hours, MHR would not be required to pay for the Biogas that was flared during the first 438 hours; but, would be required to pay \$0.25 per MMBTU (based on the assumption that the Biogas' energy value is 50% as provided in Section 3.4.1.2) for the Biogas that was flared during the last 100 hours (from the 438th hour through the 538th hour).

4.3. Royalty Reductions and Reimbursable Costs.

4.3.1 To allow MHR to recover Reimbursable Costs, MHR may reduce the monthly royalty paid to COD by 50% per month (or some amount larger than 50%, at COD's discretion), until the Reimbursable Cost balance is reduced to zero. At COD's discretion, COD may elect to pay the full amount within thirty (30) days after MHR invoices the Reimbursable Cost, rather than through a royalty reduction.

4.3.2. Reimbursable Costs are limited to:

4.3.2.1. cost to repair one or more of the pieces of equipment as further described in Section 6.1.2;

4.3.2.2. cost to expand the Blower-Flare Facility as further described in Section 6.2.2.1;

4.3.2.3. cost for repairs as further described in Section 6.2.7.

4.3.2.4. cost of Rent as that term is defined in the lease agreement referenced in Section 8.1; provided, however, Rent incurred prior to the Commercial Operations Date shall not be considered a Reimbursable Cost.

4.3.2.5. interest applied to any outstanding Reimbursable Cost balance, shall conform with Section 2251.025 of the Texas Government Code. Interest will accrue starting on the date a Reimbursable Cost is paid by MHR.

4.3.3. MHR shall promptly deliver to COD an itemized statement detailing all Reimbursable Costs. MHR shall certify in writing that the itemized statement is a true and correct representation of the actual expenditures by MHR. MHR shall not reduce COD's royalty until the itemized statement is delivered to COD.

4.4. Billing and Payments.

4.4.1. Within seventy-five (75) days after the end of each month, MHR shall provide

COD with a statement detailing amounts owed by MHR since the most recently invoiced period. The statement shall include (i) records of readings from the Meters and revenue statements from High-BTU Gas sales, and showing Gross Revenues; (ii) the amount of Facility Downtime (in minutes) of MHR's Facilities during the invoiced period and the cumulative amount of Facility Downtime for the year; (iii) any royalty reduction being applied, including the basis for the royalty reduction; and (iv) such additional information as COD may reasonably require confirming the amounts payable by MHR. The statement will include backup for any further reimbursements or payments owed by MHR or COD.

4.4.2. The first partial month following the Commercial Operations Date shall be combined with the first full month following the Commercial Operations Date, such that all statements subsequent to the first statement will cover a period beginning on the first day of each month and ending on the last day of each month.

4.4.3. MHR shall pay to COD, all amounts owed to COD within thirty (30) days after COD's receipt of the billing statement, subject to Section 4.6 (Disputed Amounts).

4.5. Audit Rights.

MHR shall keep such records and books of account in accordance with generally accepted accounting principles and practices in the natural gas industry, with such variations as may be reasonably required to enable COD to readily determine the amounts it is owed. COD shall keep such records and books of account in accordance with generally accepted accounting principles and practices in the landfill industry as may be reasonably required to enable MHR to determine that COD is in compliance with its duties and obligations under and pursuant to this Agreement. MHR and COD and their respective representatives shall have the right to audit, to examine, and to make copies of all financial and related records (in whatever form they may be kept, whether written, electronic, or other) relating to or pertaining to this Agreement. MHR and COD shall, at all times during the Term, and for a period of five (5) years after termination of this Agreement for any reason, maintain such records, together with supporting or underlying documents and materials. Upon either Party's request, the other Party, whether during or after termination of this Agreement, will make such records available for inspection and audit during normal business hours. If an audit reveals an underpayment by MHR greater than \$10,000, the cost of such audit shall be borne by MHR. If an audit reveals an underpayment of less than \$10,000, the cost of the audit shall be borne by COD.

4.6. Disputed Amounts.

MHR and COD shall use diligent, good-faith efforts to resolve any dispute regarding the amounts due to either Party. If any portion of any disputed amount is determined to be due and owing to COD, MHR shall pay COD. If it is determined that MHR overpaid COD, such overpayment may only be offset against future payments due to COD from MHR at the time such payments are due; provided, however, overpayments occurring in the last twenty-four (24) months of this Agreement will be invoiced to COD and paid within thirty (30) days of receipt of such invoice if future payments are reasonably expected to be insufficient to provide for reimbursement by offset.

ARTICLE V. DESIGN AND CONSTRUCTION

5.1. Design.

5.1.1. MHR shall be solely responsible for the adequacy of the design of (i) MHR's Facility; (ii) modifications, expansions, and improvements made by MHR to the GCCS; and (iv) the

interconnection between MHR's Facilities and the GCCS and WWTP, regardless of whether designed by MHR, any subcontractor, or by anyone directly or indirectly employed by any of them to perform any of the design. MHR shall ensure no asbestos-containing materials are used in the construction unless MHR can demonstrate there is no alternative material or part.

5.1.2. Prior to beginning any construction within the Landfill boundary, MHR, at MHR's sole expense, shall prepare Final Engineering and Design Plans and Specifications of (i) the Landfill Connection Point, (ii) the WWTP Connection Point, and (iii) any modifications or improvements to the GCCS (the "Final Engineering and Design Plans and Specifications"), sealed by a professional engineer licensed in the State of Texas, for COD's review. The Final Engineering and Design Plans and Specifications shall conform to all COD's Permits, to all Environmental Laws, the Engineering Practices Act, and with Engineer Standards of Performance.

5.1.3. MHR shall provide the Final Engineering and Design Plans and Specifications to COD promptly following the completion of such plans and specifications. COD shall have the right but not the obligation to review the Final Engineering and Design Plans and Specifications. COD shall have ten (10) business days to complete its review of the Final Engineering and Design Plans and Specifications and to provide written comments. MHR shall either address COD's comments or explain in writing why it did not address COD's comments. Revisions to the Final Engineering and Design Plans and Specifications shall conform to all Environmental Laws, the Engineering Practices Act, and with Engineer Standards of Performance. The Parties shall negotiate in good faith to resolve any of COD's comments that, in COD's judgment, were not adequately addressed. With respect to Final Engineering and Design Plans and Specifications submitted before the Gathering System Operations Date, in the event that COD's comments are not addressed to COD's satisfaction, either Party may terminate this Agreement, provided that notice of the terminating Party's intent to do so is provided to the other Party prior to the later of (i) MHR beginning construction or (2) within thirty (30) days of MHR receiving COD's written explanation of why it did not address COD's Comments, and neither Party shall have any further duties or obligations hereunder. MHR acknowledges that the adequacy of the Final Engineering and Design Plans and Specifications is entirely MHR's responsibility; neither COD's review nor failure to review the Final Engineering and Design Plans and Specifications shall be construed as an endorsement by COD of the adequacy of the Final Engineering and Design Plans and Specifications, and shall not impose any liability or responsibility on COD.

5.1.4. MHR shall provide to COD revised engineering and design plans and specifications for any modifications or expansions to the GCCS proposed or made after MHR begins construction. All revised Final Engineering and Design Plans and Specifications shall conform to all COD's Permits, Environmental Laws, and with Engineer Standards of Performance. COD shall have the same opportunity to review and comment on the revised engineering and design plans and specifications as the Final Engineering and Design Plans and Specifications. All revised Final Engineering and Design Plans and Specifications shall conform to all Environmental Laws, the Engineering Practices Act, and with Engineer Standards of Performance.

5.1.5. MHR's design shall include a manually operated isolation valve as shown on Exhibit 1, which, if closed, will shut off all LFG and Digester Gas to MHR's Facilities, and will direct all LFG and Digester Gas to the Blower-Flare Facility. If MHR's design includes any storage facilities for storing either LFG, Digester Gas, or processed fuel, MHR shall submit drawings of such storage facilities for approval by COD, and MHR shall not install such storage facilities without the approval of COD.

5.2. Permits.

5.2.1. Within thirty (30) days prior to MHR beginning construction, MHR shall prepare and submit, at MHR's sole expense, an application to the TCEQ for their facility (the "MHR Permit"). Any modifications required to COD's Permits to include MHR's Facility shall be prepared by COD's engineer at MHR's expense (the "Mod Application"), and MHR will diligently prosecute the approval of the Mod Application. MHR shall submit a draft of the Mod Application to COD to review and approve prior to submitting the Mod Application to TCEQ and shall address all of COD's comments prior to submittal. MHR shall not submit the Mod Application to TCEQ until such application has been approved by COD, and shall provide a copy of the final Mod Application to COD concurrently with its submittal to TCEQ, COD's approval not to be unreasonably delayed. COD shall provide reasonable assistance to MHR in preparing and prosecuting the Mod Application, but shall not be required to expend funds in so doing.

5.2.2. Prior to MHR beginning construction, MHR shall prepare and submit, at MHR's sole expense, all applications to any appropriate agencies for any authorizations necessary to construct and/or operate MHR's Facility and will diligently prosecute the approval of its application(s). MHR shall provide a copy of its application(s) to COD concurrently with its submittal to such agency. COD shall provide reasonable assistance to MHR in preparing and prosecuting MHR's applications, but shall not be required to expend funds in so doing. Notwithstanding anything to the contrary contained in this Agreement, in the event MHR is unable to obtain a separate air permit from TCEQ for MHR's Facility and is required instead to operate MHR's Facility under the Air Permit, MHR shall, at its sole cost, prepare the application to TCEQ to amend COD's Air Permit to include MHR's Facility, and MHR shall not submit such application to TCEQ until such application has been approved by COD.

5.2.3. Prior to or concurrently with MHR beginning construction, MHR shall prepare and submit, at MHR's sole expense, any additional applications to any other governmental entities (whether local, state or federal) for any authorizations necessary to construct and/or operate MHR's Facility, and will diligently prosecute the approval of its application(s). MHR shall provide a copy of its application(s) to COD concurrently with its submittal(s). COD shall provide reasonable assistance to MHR in preparing and prosecuting MHR's application, but shall not be required to expend funds in so doing.

5.2.4. MHR acknowledges that it is responsible for its compliance with Environmental Laws with respect to pre-permit construction, and that any work performed before the MHR Permit and any modifications of COD's Permits as provided in this Section are in place is done at MHR's sole risk.

5.2.5. Permitting for expansions and modifications to the GCCS shall be subject to Section 6.2.3.

5.3. Construction.

5.3.1. Subject to the requirements in Section 5.2, MHR may begin construction of improvements to the GCCS and MHR's Facility as of the Effective Date provided any applicable building or construction permits or development services requirements are met. MHR shall ensure that all construction is carried out in a good and workmanlike manner, and all construction, including improvements and expansions to the GCCS, are in accordance with the Final Engineering and Design Plans and Specifications and COD's Permits. If MHR plans to materially deviate from the Final Engineering and Design Plans and Specifications, MHR shall provide revised engineering and design plans and specifications to COD for COD's approval, such approval to not be unreasonably denied or delayed, in advance.

5.3.2. MHR shall provide COD with (i) a minimum of forty-eight (48) hours' notice of planned construction activities and (ii) notice as soon as practical for emergency repairs that affect the operation of the GCCS. COD shall have the right, but not the obligation, to have a representative on site to observe construction activities. Observation by COD shall not relieve MHR of any of its obligations regarding the quality of its construction.

5.3.3. Unless otherwise approved by COD in writing, in COD's sole discretion, all construction shall be performed between 7:00 AM and sunset, Monday through Saturday. MHR shall not perform construction on Sundays or the following holidays:

- January 1 (New Year's Day)
- Thanksgiving Day
- Christmas Day

ARTICLE VI. OPERATION AND MAINTENANCE

6.1. General Operation, Maintenance, and Reporting Requirements.

6.1.1. Beginning on the earlier of (i) the date that MHR initiates drilling of a well or other improvements to the GCCS, or (ii) the first (1st) day of the calendar month following sixty (60) days after the Effective Date, MHR will assume all responsibilities to:

6.1.1.1. operate, maintain, repair, and expand the GCCS, including assuming sole responsibility for the costs to operate, maintain, repair, and expand the GCCS;

6.1.1.2. operate, maintain, and repair the Blower-Flare Facility, including assuming sole responsibility to operate, maintain, and repair the Blower-Flare Facility; however, COD will be solely responsible for all costs to expand the Blower-Flare Facility as set forth in Section 6.2.2; and

6.1.1.3. operate, maintain, repair, and expand MHR's Facilities and the Landfill and WWTP Connection Points, including all costs to operate, maintain, repair, and expand MHR's Facilities and the Landfill and WWTP Connection Points.

6.1.2. In the event that the reasonable cost to repair one or more of the pieces of equipment listed in this Section 6.1.2, exceeds fifty percent (50%) of the reasonable cost to replace the equipment with an equivalent or better piece of equipment, MHR may request in writing that COD purchase the equivalent or better piece of equipment. If COD approves the request, such approval will not be unreasonably withheld or delayed, COD shall, at COD's discretion, either (i) provide the replacement equipment to MHR, (ii) direct MHR to purchase the equipment and reimburse MHR for such equipment within six (6) months of the purchase date, or (iii) credit MHR the cost of the replacement equipment against future royalties. MHR shall be responsible for the labor and any additional materials needed to replace the part. This Section 6.1.2 shall apply to the following equipment located within the Blower-Flare Facility:

- flares
- flame arresters
- blowers
- air compressor(s)
- flare controls
- knock-out pot(s)

6.1.3. Except as provided in Section 6.1.3.1, MHR shall perform all operating, maintenance, and reporting duties related to the MHR Facilities and the GCCS, and all piping (Biogas and natural gas) between the WWTP and the MHR Facility, such that all facilities for which MHR is responsible are kept in good working order and condition; operated in a safe, secure, effective, and efficient matter, secure from hazards such as explosions, leaks and other dangers to human health and the environment; are operated (including testing and reporting requirements) in strict compliance with COD's Permits, and in compliance with all applicable laws, including without limitation, NSPS requirements, all governmental approvals, any required permits, Environmental Laws, local ordinances and/or regulations, and Occupational Health and Safety Administration ("OSHA") laws and regulations.

6.1.3.1. COD shall be responsible for performing all NSPS surface emission monitoring and reporting.

6.1.3.2. To the extent MHR gathers any information relating to the GCCS that COD is required to report to a governmental authority, MHR will provide such information to COD in within five (5) business days of receipt of the information and will certify in writing to COD as to the accuracy and completeness of such information.

6.1.4 MHR shall have access to MHR's Facilities and the GCCS at all times, except (i) during or to prevent an emergency, (ii) during or to prevent an unexpected shutdown of MHR's Facilities, or (iii) when approved in advance by COD, MHR shall not conduct repairs or maintenance activities except during the hours between 6:00 AM and sunset, Monday through Saturday. Except during or to prevent an emergency, MHR shall not conduct repairs or maintenance activities on Sundays or the following holidays:

- January 1 (New Year's Day)
- Thanksgiving Day
- Christmas Day

6.1.5. Condensate.

6.1.5.1. Subject to COD's Permits and Environmental Laws, COD agrees to accept condensate collected from the GCCS, WWTP, and MHR's Facilities into its leachate collection system at a location(s) acceptable to COD, at no charge to MHR, and only to the extent that COD has capacity available in the WWTP. If the WWTP does not have sufficient capacity to accept the condensate, COD shall provide MHR a minimum of three (3) day's advance notice, or as soon as reasonably practicable after an emergency, and thereafter MHR shall be solely responsible for disposal of all condensate collected from MHR's Facilities, until such time that COD notifies MHR that there is again sufficient capacity. Nothing in this provision shall require COD to accept condensate if it does not have the capacity to do so in the event of an emergency, or as COD deems necessary in its sole discretion to protect health and safety.

6.1.5.2. MHR shall use reasonable efforts to ensure there is no spillage or discharge of condensate into the environment and that all tanks, pipelines and other equipment used by MHR for the handling of condensate are operated and maintained in compliance with COD's Permits, MHR's Permit, and Environmental Laws.

6.1.5.3. MHR shall provide a sampling port for its condensate upstream of the contaminated water storage pond. COD shall have the right to sample the condensate at any time.

6.1.6. Unauthorized Emissions and Odors.

6.1.6.1. Except as provided in Section 6.1.6.2, MHR shall be solely liable for any damages or claims caused by the release of Landfill Gas from (i) areas that are required by Environmental Laws to have a GCCS, (ii) the GCCS, and (iii) MHR's Facilities. In the event that any governmental agency brings an enforcement action against COD based on failure of the Landfill to comply with Environmental Laws related to Landfill Gas or odors, MHR shall reimburse COD for all reasonable costs incurred in connection with such enforcement action, including fines and attorneys' fees.

6.1.6.2. COD shall be solely liable for any damages or claims caused by odors or the release of Landfill Gas that can be demonstrated as (i) having escaped from the working face of the Landfill or (ii) being due to the failure by COD to place adequate soil cover or alternate daily cover on the Landfill in accordance with COD's Permit. In the event that any governmental agency brings any enforcement action against COD based on failure of the Landfill to comply with Environmental Laws related to operations at the working face of the Landfill, or for inadequate cover of the Landfill, MHR shall not be responsible for fines and/or costs incurred responding to such enforcement action. COD shall also be solely responsible for any damages or claims caused by odors or the release of Landfill Gas from any area of the Landfill that (i) does not have a GCCS system installed and being operated by MHR, and (ii) is not legally required to have a GCCS, unless COD requests MHR in writing, for the purpose of ensuring the Landfill's continuous compliance with Environmental Laws, more than one hundred eighty (180) days prior to the damage or claim, to expand the GCCS to the area of the Landfill where the odors or Landfill Gas were released.

6.1.6.3. In the event MHR expands the GCCS into an area that is not legally required to have a gas collection and control system, MHR may request that COD place additional soil cover to help control gas migration. COD shall not unreasonably deny such request.

6.1.7. Emergency Conditions. Notwithstanding anything herein to the contrary, if COD, in good faith, determines that it must access the GCCS to make modifications to comply with COD's Permits or Environmental Laws, or to prevent threatened or actual harm to human health or the environment or respond to odor complaints resulting from Landfill Gas emissions, then, after COD provides notice to MHR to the extent practicable under the circumstances at the time, qualified technical representatives of COD and MHR shall meet within seven (7) days to discuss possible remedies; however, COD will take immediate action to resolve any emergency situations. If the Parties cannot reach an agreement, then COD may access the GCCS to make any necessary modifications to comply with COD's Permits or Environmental Laws, or to prevent threatened or actual harm to human health or the environment or respond to odor complaints resulting from Landfill Gas emissions.

6.1.8. Coordination of Facilities. MHR shall install valves and controls in the Blower-Flare Facility to allow startup of the Blower-Flare Facility's flare in the event MHR's Facility goes off-line, and shall also install piping and fixtures (if needed) to allow MHR to flare LFG, other than Waste Gas through the Blower-Flare Facility.

6.1.9. MHR shall copy COD on all written communications with any regulatory agency.

6.2. GCCS Operations, Expansion, Repair, Maintenance, and Management.

6.2.1. Except as discussed in Section 6.2.2, MHR, at MHR's sole expense, shall be solely responsible for all aspects of the expansion, operation, repair, replacement, modification, maintenance, and capital expenditures of the GCCS and piping to the WWTP and for the collection and management of Biogas, whether (i) necessary to comply with COD's Permit or Environmental Laws, or

(ii) that MHR desires to make.

6.2.2. MHR shall be responsible for the operation, maintenance and repair of the Blower-Flare Facility, but shall not be responsible for the cost of expansions to the Blower-Flare Facility as described in Sections 6.1.1.2 and 6.2.2.1.

6.2.2.1. COD shall have the right, but not the obligation, in its sole discretion, to expand the Blower-Flare Facility at any time, at COD's sole expense. If COD desires to expand the Blower-Flare Facility, the Parties will work cooperatively to determine the scope and reasonable costs for the expansion. COD may then elect to either (i) have MHR perform the expansion, in which case MHR shall be responsible for performing the expansion in accordance with the scope and costs agreed to by COD, and COD shall reimburse MHR, either through a direct payment or through a reduction in royalty payments (the method of reimbursement being at COD's option), the cost agreed to between COD and MHR, with MHR bearing the risk of cost overruns, unless a change order detailing the cost increase is approved in writing by both MHR and COD in advance; or (ii) perform the expansion, itself or through a third party, at COD's sole expense.

6.2.2.2. If capacity utilization of the Blower-Flare facility exceeds 85% (the "Utilization Trigger"), COD shall inform MHR. The Parties shall then work cooperatively to determine if an expansion of the Blower-Flare Facility is needed, and to plan for such expansion if such expansion is needed. Any expansion (whether before or after the Utilization Trigger) shall ultimately be at COD's sole discretion, and subject to Section 6.2.2.1.

6.2.2.3. While the Blower-Flare Facility is being expanded (whether by MHR, COD, or a third party), the Parties shall coordinate with each other to minimize the disruption to the other's operations to the extent reasonably practicable.

6.2.3. MHR, at MHR's sole expense, may make modifications and improvements to the GCCS, including, but not limited to, any repair, retrofit, modification, expansion, or replacement of the GCCS or any component or part thereof. MHR shall be responsible for all such modifications and improvements, including obtaining all required permits. All modifications shall be consistent with the final engineering plans, design plans, and specifications and with COD's comments addressed. In making any modifications to the GCCS, MHR shall use reasonable care and diligence and shall perform all work in a proper and workmanlike manner and in accordance with applicable laws, including all governmental approvals, any required permits, and, without limitation, Environmental Laws. Title to all modifications made by or on behalf of MHR shall pass to COD free and clear of all liens, claims, encumbrances and security interests as of the date of the incorporation of such modifications into the GCCS.

6.2.4. MHR, at MHR's sole expense, may expand the GCCS at any time, with the consent of COD, which consent shall not be unreasonably withheld or delayed. MHR, at MHR's sole expense, shall have the obligation to expand the GCCS within one hundred-eighty (180) days following its receipt of written notice from COD that an expansion is necessary for the Landfill's compliance with Environmental Laws. At MHR's sole expense, MHR shall (i) prepare an application, if one is required by Environmental Laws, to be submitted by COD, for approval of any expansions by the appropriate regulatory authority; (ii) obtain from the appropriate regulatory authority all required approvals prior to expanding the GCCS; (iii) expand the GCCS in accordance with Engineer Standards of Performance and in compliance with applicable laws, including all governmental approvals, any permits required for construction or operation, and, without limitation, Environmental Laws; and (iv) if required, submit an as-built permit drawing to the regulatory authority following expansion of the GCCS. Title to all expansions made by or on behalf of MHR shall pass to COD free and clear of all liens, claims, encumbrances, and security interests as of the date of the incorporation of such expansion into the GCCS.

6.2.5. MHR shall provide COD with reasonable notice of any planned repair, maintenance, or replacement activities to the GCCS that would reasonably and foreseeably impact Landfill operations.

6.2.6. COD and MHR shall determine the maximum and minimum level of vacuum needed to operate the GCCS safely and in accordance with COD's Permits and Environmental Laws. Initially, this range shall be set at -30 to -80 inches of water column. If either Party determines that the range needs to be revised, the Parties will work together to resolve the revisions to the range. COD shall have the right to revise the range upon three (3) day's written notice to MHR, if the change is required to be in compliance with applicable Environmental Laws. MHR shall not deviate from the range in effect at the time without prior written approval from COD. In the event that MHR deviates from the range, MHR shall notify COD within twelve (12) hours. If the GCCS is operated outside the acceptable range, COD shall have the right, but not the obligation, to install additional equipment, and/or operate the GCCS such that the GCCS is operated within the specified range.

6.2.7. COD shall not have any obligation to undertake any repair, retrofit, modification, replacement, or expansion of the GCCS or any component or part thereof unless such repair, retrofit, modification, replacement, or expansion is required as a direct result of damage to the GCCS caused by COD's or any of COD's invitees' negligence. If any repair, retrofit, modification, or replacement is required as a result of damage caused by COD's or any of COD's invitees' negligence, COD shall complete such repair, retrofit, modification, or replacement as soon as practicable, or reimburse MHR for the cost of such repair, retrofit, modification, or replacement, at COD's sole discretion.

6.3. Operation of MHR's Facilities.

6.3.1. COD shall not be responsible for the repair or replacement of MHR's Facilities unless the repair or replacement is required as a direct result of damage caused by COD's, or COD's invitees', negligence.

6.3.2. Except as described in Section 6.1.5 (regarding condensate), MHR shall be solely responsible, at MHR's sole cost and in accordance with all applicable Environmental Laws, for disposal of all MHR's waste, including but not limited to (i) Hazardous Wastes, (ii) Hazardous Substances that are no longer intended to be used, (iii) Unused Biogas, and (iv) Waste Gas.

6.3.2.1. If requested by MHR, COD shall accept at the Landfill, MHR's waste, provided that the waste is non-hazardous, generated on the Site, and that the Landfill is authorized to accept in accordance with COD's Permits. All waste must be collected and hauled by COD personnel pursuant to Chapter 24 of the City of Denton Code of Ordinances.

6.3.2.2. MHR is responsible for flaring all Waste Gas in accordance with regulatory requirements. The Blower- Flare Facility shall not be used to combust any Waste Gas.

6.3.2.3. MHR is responsible for flaring all Unused Biogas in accordance with regulatory requirements. The Blower- Flare Facility may be used to combust Unused Biogas.

ARTICLE VII. TERM AND TERMINATION

7.1. Initial Term.

The initial term of this Agreement shall begin on the Effective Date and continue for twenty (20) years following the Effective Date (the “Initial Term”), unless terminated earlier as provided in this Agreement.

7.2 Extensions.

7.2.1. Following the Initial Term and subject to COD approval, if MHR has (i) operated MHR’s Facilities in accordance with the terms and provisions of this Agreement, (ii) received no notices of default from COD or resolved all notices of default from COD within the Cure Period, (iii) neither MHR, nor COD, has received any notices of violation from the TCEQ or other governmental authority related to landfill gas (including but not limited to odors and landfill gas migration), or has resolved any such notice of violation without the matter escalating beyond a notice of violation, and (iv) discusses the current technology of MHR Facilities with COD and addresses any technological advances to COD’s satisfaction, the Term of this Agreement shall be extended for one (1), five (5) year period (the “First Extension”).

7.2.2. Following the First Extension or any Subsequent Extension, subject to COD approval, if MHR has (i) operated MHR’s Facilities in accordance with the terms and provisions of this Agreement, (ii) received no notices of default from COD or resolved all notices of default from COD within the Cure Period, (iii) neither MHR, nor COD, has received any notices of violation from the TCEQ or other governmental authority related to landfill gas (including but not limited to odors and landfill gas migration), or has resolved any such notice of violation without the matter escalating beyond a notice of violation, and (iv) discusses the current technology of MHR Facilities with COD and addresses any technological advances to COD’s satisfaction, this Agreement shall be extended for additional consecutive five (5) year periods (“Subsequent Extensions”). The term of this Agreement will be limited by any current or future statutory limitations COD is subject to regarding the term of leases for municipalities.

7.2.3. Following the Initial Term, First Extension, or any Subsequent Extension, if MHR does not qualify for an automatic extension pursuant to Sections 7.2.1 or 7.2.2, this Agreement may only be extended in writing signed by both Parties.

7.2.4. Notwithstanding the forgoing, if either Party elects, in its sole discretion, to not extend this Agreement beyond the Initial Term, First Extension, or any Subsequent Extension, either Party may notify the other in writing no less than one-hundred eighty (180) days prior to the expiration of the Initial Term, First Extension or Subsequent Extension, of its intention to not extend the Term of this Agreement beyond the then-current Term, and this Agreement shall terminate at the end of the then-current Term.

7.2.5. The Initial Term, First Extension (if any) and all Subsequent Extensions (if any), are collectively referred to as the “Term.”

7.3. Termination. This Agreement shall continue for the Term unless terminated early in accordance with one of the following:

7.3.1. This Agreement may be terminated by written agreement signed by both Parties.

7.3.2. COD shall have the right to terminate the Agreement under the following circumstances. COD’s right to terminate shall not be exclusive and shall not prevent COD from pursuing any other remedies to which it may be entitled at law or in equity. Failure of COD to exercise its right to terminate shall not constitute a waiver of its right to terminate, or of any other remedy available to COD, at law or in equity.

7.3.2.1. Failure of MHR to operate or maintain MHR's Facilities in a manner that complies with COD's Permits, applicable Environmental Laws, and, in all material respects, with this Agreement. In the event COD seeks to terminate this Agreement pursuant to this Section 7.3.2.1, COD shall notify MHR in writing of the basis, and of COD's intent to terminate this Agreement (a "Default Notice"). If MHR cures the failure within thirty (30) days following receipt of the Default Notice (the "Cure Period"), the failure shall not constitute grounds for termination. If MHR is unable to cure the failure within thirty (30) days following receipt of the Default Notice, but initiates steps to cure the failure within thirty (30) days following receipt of the Default Notice, diligently pursues the cure, and cures the failure within one hundred (100) days following receipt of the Default Notice, the failure shall not constitute grounds for termination. All cure notice periods under this Agreement are subject to any compliance demands from any applicable regulatory agency under Environmental Laws and will be amended to reflect such demands.

7.3.2.2. The institution by MHR of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing of a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of a receiver, liquidator, assignee, trustee, or similar official or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of action by any of them in furtherance of any such action. The foregoing notwithstanding, if any such proceeding is dismissed within sixty (60) days, such proceedings shall not create a default under this Agreement.

7.3.2.3. Following the Commercial Operations Date, failure of MHR's Facilities to accept Biogas for seventy (70) consecutive, calendar days or one hundred (100) total days in any three-hundred and sixty-five (365) day period, unless due to Force Majeure.

7.3.2.4. A GCCS Vacuum Failure Event, as hereinafter defined, occurs for a period of five (5) consecutive days or for more than ten (10) days in any month. A "GCCS Vacuum Failure Event" shall be deemed to have occurred on any day during which the level of vacuum on the GCCS is greater than or less than the range set forth in Section 6.2.6 (as may be subsequently amended), unless due to Force Majeure.

7.3.2.5. In accordance with Section 5.1.3.

7.3.2.6. The failure of MHR to make any payment due under this Agreement within thirty (30) days of receiving written notice from COD that such payment is at least thirty (30) days overdue, the basis for the amount due, and COD's intent to terminate this Agreement. Failure to pay a disputed amount subject to Section 4.6 shall not be considered a failure to make a payment due under this Agreement until thirty (30) days following COD's receipt of written notice from MHR that an amount is in dispute, the amount in dispute, and the basis for the dispute. In the event that a court of competent jurisdiction finds that a claim by MHR of an amount in dispute was not made in good faith, COD may terminate this Agreement upon written notice to MHR, and MHR shall pay COD all amounts due and owing within thirty (30) days following termination.

7.3.2.7. Failure of MHR to meet the following milestones, unless due to Force Majeure. In the event that COD seeks to terminate this Agreement because MHR fails to meet a milestone, COD shall notify MHR in writing of the failure, and of COD's intent to terminate this Agreement. If MHR meets the milestone within thirty (30) days following receipt of COD's notice, the milestone shall be considered met.

7.3.2.7.1. By the first (1st) day of the calendar month following sixty (60) days after the Effective Date, the failure to assume all responsibilities under Section 6.1.1.

7.3.2.7.2. Within two hundred seventy (270) days following the Effective Date, begin making payments in accordance with Section 4.4, subject to MHR successfully obtaining (i) a Sales Interconnection Point, (ii) EPA pathway approval designating the Biogas eligible for RINs, (iii) all necessary utility services, and (iv) all necessary permits.

7.3.3. MHR shall have the right to terminate the Agreement under the following circumstances. MHR's right to terminate shall not be exclusive and shall not prevent MHR from pursuing any other remedies to which it may be entitled at law or in equity. Failure of MHR to exercise its right to terminate shall not constitute a waiver of its right to terminate, or of any other remedy available to MHR, at law or in equity.

7.3.3.1. Any breach by COD of a material term of this Agreement that has a material adverse effect on MHR. In the event that MHR seeks to terminate this Agreement because COD breaches a material term of this Agreement that has a material adverse effect on MHR, MHR shall notify COD in writing of the breach, and of MHR's intent to terminate this Agreement. If COD cures the failure within thirty (30) days following receipt of MHR's notice, the breach shall not constitute grounds for termination. If COD is unable to cure the failure within thirty (30) days following receipt of MHR's notice, but initiates steps to cure the failure within thirty (30) days following receipt of MHR's notice, diligently pursues the cure, and cures the failure within one hundred (100) days following receipt of MHR's notice, the failure shall not constitute grounds for termination.

7.3.3.2. If, after the Commercial Operations Date, MHR deems, in MHR's reasonable judgment, subject to confirmation by COD and any third party consultant COD might engage, that it is not commercially feasible to continue to operate MHR's Facilities, MHR may terminate this Agreement by providing written notice to COD of its determination that it is not commercially reasonable to continue to operate MHR's Facilities, and of its intent to terminate this Agreement (the "Termination Notice"). If MHR submits a Termination Notice:

7.3.3.2.1. This Agreement shall continue in full force and effect, except as otherwise provided in this Section 7.3.3.2, for three hundred, sixty-five (365) days following COD's receipt of the Termination Notice (the three hundred, sixty-fifth (365th) day following COD's receipt of the Termination Notice being the "Requested Termination Date");

7.3.3.2.2. MHR's obligation to operate MHR's Facilities shall end one hundred eighty (180) days following COD's receipt of the Termination Notice;

7.3.3.2.3. MHR's obligation to make payments under Section 4.4 shall continue until the later of (i) the date that MHR actually ceases operating MHR's Facilities, or (ii) one hundred eighty (180) days following COD's receipt of the Termination Notice;

7.3.3.2.4. MHR may revoke the Termination Notice at any time prior to the Requested Termination Date, by providing written notice to COD of its request to revoke the Termination Notice, provided that (i) MHR tenders payment of all amounts that would have been due to COD pursuant to Section 4.2.1 if MHR had not provided the Termination Notice, plus a penalty set by COD at COD's sole discretion, and (ii) COD accepts MHR's request to revoke the Termination Notice in writing

signed by COD.

7.3.3.3. Condemnation by eminent domain of the Site or a part thereof sufficient to substantially interfere with the purposes of this Agreement. MHR shall provide notice to COD of its intent to terminate this Agreement as soon as practicable after being notified of an impending condemnation, and in no case less than ninety (90) days in advance of terminating this Agreement. MHR shall continue to operate for as long as practicable.

7.3.3.4. The institution by COD of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing of a petition or answer or consent seeking reorganization or relief under the federal Bankruptcy Code or any other applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of a receiver, liquidator, assignee, trustee, or similar official or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of action by any of them in furtherance of any such action. The foregoing notwithstanding, if any such proceeding is dismissed within sixty (60) days, such proceedings shall not create a default under this Agreement.

7.3.3.5. Notwithstanding any other provision to the contrary contained herein, if, during the one-hundred and eighty (180) days following the Effective Date ("Test Period"), MHR determines that the project contemplated by this Agreement is not commercially feasible, or that it is not able, notwithstanding its reasonable efforts, to obtain the necessary rights-of-way from MHR's Facility to the point of interconnect with the pipeline transporting Biogas, MHR may, in its sole discretion, and upon written notice to COD, terminate this Agreement, with such termination to be effective thirty (30) days after notice of termination has been given to COD. If after one-hundred and eighty (180) days, MHR has been unable to obtain the necessary rights-of-way, but has diligently and continuously exercised its reasonable efforts to obtain the necessary rights-of-way, MHR and COD may by written agreement, extend the Test Period up to an additional five-hundred and forty (540) days, provided that such extension shall only continue as long as MHR diligently and continuously exercises its reasonable efforts to obtain the necessary rights-of-way.

7.4. Force Majeure. If by reason of Force Majeure either Party is unable in whole or in part to carry out the obligations on its part contained in this Agreement (other than COD's or MHR's obligations to pay amounts due and owing), such Party shall not be deemed in default during the first one hundred eighty (180) days of the continuance of such inability, provided that (i) the Party unable to carry out its obligations, within three (3) business days after the occurrence of the event of Force Majeure, gives the other Party written notice describing the event of Force Majeure; (ii) the suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure, and shall not in any event be longer than one hundred eighty (180) days; (iii) no obligations of the Party unable to carry out its obligations which arose prior to the occurrence causing the suspension of performance shall be excused as a result of such occurrence; and (iv) the non-performing Party shall use its reasonable good faith efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its obligations; except that the requirement that a Party use reasonable good faith efforts to remedy any event of Force Majeure shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having the difficulty.

7.5. Restoration.

Subject to the lease agreement referenced in Section 8.1, upon the expiration of the Term, or earlier termination of this Agreement, MHR shall have a period of one hundred and eighty (180) days, commencing

on the date of expiration or termination (the “Removal Period”), to remove MHR’s Facilities from the Site. MHR will be responsible for any necessary asbestos inspection necessary to allow removal/demolition in accordance with Environmental Laws. MHR, at its sole cost and expense, shall repair any damage caused by such removal, and restore the Site to substantially its condition as of the Effective Date. Any part of MHR’s Facilities or any MHR waste (not covered under Section 6.3.2.1 or 6.1.1) that has not been removed prior to the expiration of the Removal Period shall, at COD’s option, be deemed to have been abandoned, and title to such items shall, at COD’s option, vest in COD at the end of the Removal Period, without any payment or other consideration given by COD. Alternatively, COD may require MHR to remove all or any part of the remaining portion of MHR’s Facilities at MHR’s expense and, if MHR fails to remove such items, COD may remove them at MHR’s expense. All investments by MHR, other than (i) MHR’s Facilities, and (ii) those portions of the GCCS that are proprietary to MHR, and are not necessary for the GCCS to continue to function in compliance with Environmental Laws, shall become the property of COD without any further payment or other consideration given by COD.

7.6. Survivability of Terms. The following terms shall survive the end of the Term, or earlier termination of this Agreement.

- 7.6.1. Indemnity provisions;
- 7.6.2. Restoration requirements;
- 7.6.3. Representations and Warranties;
- 7.6.4. Provisions that are not intended to be performed before the end of the Term;
- 7.6.5. Payment obligations.

ARTICLE VIII. GROUND LEASE

8.1. COD and MHR will enter into a ground lease at the Landfill on mutually agreeable terms.

ARTICLE IX. REPRESENTATIONS AND WARRANTIES

9.1. COD Representations and Warranties. COD warrants and represents to MHR that, to the best of COD’s knowledge and belief:

9.1.1. COD has all requisite power and authority to own its property and assets and execute and deliver this Agreement and perform its obligations hereunder.

9.1.2. The execution, delivery, and performance of this Agreement have been duly authorized by, or are in accordance with, its organizational instruments; this Agreement has been duly executed and delivered for COD by the signatories so authorized; and this Agreement constitutes its legal, valid and binding obligation, enforceable against COD in accordance with the terms hereof subject to the bankruptcy, insolvency, fraudulent conveyance, transfer, reorganization, governmental immunity, and similar laws relating to or affecting COD’s rights generally, and general principles of equity.

9.1.3. The execution, delivery, and performance of this Agreement will not conflict with, violate or result in a breach of or constitute a default under, any agreement, lease, or instrument to which COD or by which COD or COD’s properties may be bound or affected, or create or cause the imposition of any mortgage, pledge, lien, security interest or other encumbrance under any term or condition of any mortgage, indenture or other agreement or instrument as to which COD or any of COD’s properties

are bound or affected.

9.1.4. As of the Effective Date, (a) COD has in place all necessary permits and licenses to operate and maintain the GCCS; (b) there are no liens and encumbrances against the GCCS, other than those liens in favor of its senior and mezzanine lenders and its bonding company; and (c) there are no claims existing, or potential claims existing or threatened against COD as a result of the ownership or operation of the GCCS.

9.1.5. As of the Effective Date, there is no action, suit or proceeding, at law or in equity, or official investigation before or by any court or governmental authority, pending or threatened, against it, wherein an anticipated decision, ruling or finding would likely materially adversely affect the performance of COD's obligations hereunder or the performance of COD's obligations under the transactions contemplated hereby or likely adversely materially affect the validity or enforceability of this Agreement. There is no outstanding order, writ, injunction, decree, judgment or award by any court, arbitration panel or other government entity against or affecting it, its business, operations, or properties, or that would likely adversely materially affect the performance of COD's obligations hereunder.

9.2. MHR Representations and Warranties.

MHR warrants and represents to COD that, to the best of MHR's knowledge and belief:

9.2.1. MHR is duly organized, validly existing, and in good standing under the laws of Texas, is duly authorized to conduct business in the State of Texas, and has all requisite power and authority to own its property and assets and execute and deliver this Agreement and perform its obligations hereunder.

9.2.2. As of the Effective Date, there is no action, suit or proceeding, at law or in equity, or official investigation before or by any court or governmental authority, pending, or threatened, against it, wherein an anticipated decision, ruling or finding would be reasonably likely to materially adversely affect the performance of MHR's obligations hereunder or the performance of MHR's obligations under the transactions contemplated hereby or be reasonably likely to adversely materially affect the validity or enforceability of this Agreement. To the best of MHR's knowledge, there is no outstanding order, writ, injunction, decree, judgment or award by any court, arbitration panel or other government entity against or affecting it, its business, operations, or properties, or that would be reasonably likely to adversely materially affect the performance of MHR's obligations hereunder.

9.2.3. MHR has the technical expertise and financial ability to perform its obligations under this Agreement.

9.2.4. The execution, delivery and performance of this Agreement have been duly authorized by, or are in accordance with, its organizational instruments; this Agreement has been duly executed and delivered for MHR by the signatories so authorized; and this Agreement constitutes its legal, valid and binding obligation, enforceable against MHR in accordance with the terms hereof subject to the bankruptcy, insolvency, fraudulent conveyance, transfer, reorganization, and similar laws, and general principles of equity.

ARTICLE X. ASSIGNMENT AND PERFORMANCE

10.1. Assignment by COD. COD may assign its rights, obligations, and interests hereunder to a third-party upon the sale of COD's entire interest in the Landfill without the consent of MHR. COD may

assign all or substantially all its interests hereunder only if the assignee assumes all of COD's obligations hereunder, confirmed in writing to MHR.

10.2. Assignment by MHR. MHR may assign or transfer all or a portion of its rights, obligations, and interests hereunder to any Affiliate of MHR without the consent of COD; provided that any such assignment shall not relieve MHR of any liabilities or obligations under this Agreement. MHR may assign all or substantially all its interests hereunder to a non-Affiliate upon the sale of MHR's entire interest in MHR's Facility at any time only with the consent of COD, which consent shall not be unreasonably withheld, conditioned, or delayed.

10.3. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon MHR and COD and their authorized successors and assigns.

ARTICLE XI. INSURANCE

11.1. Insurance Policies.

MHR shall maintain the following minimum insurance coverage, either by one or more policies, including in combination with an excess liability policy. Within ten (10) days of the Effective Date, and on each annual anniversary of the Effective Date thereafter, MHR shall provide Certificates of Insurance and Declarations pages of policies (including schedules attached to such Declarations pages) to COD evidencing the required coverage. Except for Worker's Compensation policy(ies), all insurance shall be primary and non-contributory, shall include completed operations coverage, and shall include contractual liability insurance covering MHR's indemnity obligations under Section 12.1. COD shall be named as an additional insured on all policies obtained. COD shall have the right at any time to review the coverage, form, and amount of insurance provided.

Worker's Compensation and Employer's Liability

This insurance shall protect MHR against all claims under applicable state worker's compensation laws. MHR shall also be protected against claims for injury, disease, or death of employees which, for any reason, may not fall within the provisions of a Worker's Compensation law. The liability limits shall be not less than:

Worker's Compensation: Bodily Injury by Accident: \$500,000.00 Each Accident

Bodily Injury by Disease: \$500,000.00 Each Employee

Bodily Injury by Disease: \$500,000.00 Policy Limit

Employer's Liability: \$1,000,000 each occurrence

Comprehensive Automobile Liability

This insurance shall be written in comprehensive form and shall protect MHR against all claims for injuries to members of the public and damage to property of others arising from the use of motor vehicles, and shall cover operation on or off the Site of all motor vehicles licensed for highway use, whether they are owned, non-owned, or hired. The liability limits shall be not less than:

Bodily Injury: \$1,000,000 each occurrence; \$5,000,000 aggregate Property

Damage: \$1,000,000 each occurrence; \$5,000,000 aggregate

Comprehensive General Liability / Pollution Incident

This insurance shall be written in comprehensive form and shall protect MHR against all claims arising from injuries to persons other than MHR's employees or damage to the property of COD or others arising out of any act and/or omission of MHR or its employees, subcontractors, agents, advisors or consultants. This insurance shall include coverage for bodily injury or property damage arising out of, or resulting from, the discharge, emission, seepage, migration, dispersal, release or escape of High-BTU Gas, Biogas, or any other pollutant. This insurance shall also not contain an "insured versus insured" exclusion. The liability limits shall be not less than:

Bodily Injury: \$1,000,000 each occurrence; \$5,000,000 aggregate Property

Damage: \$1,000,000 each occurrence; \$5,000,000 aggregate

Installation and Materials Risk

This insurance shall be of the "all risks" type, shall be written in completed value form, and shall protect MHR and COD and its employees (including any of its agents, advisors or consultants) against risks of damage to buildings, structures, materials and equipment. The amount of such insurance shall be not less than MHR's total capital investment pursuant to this Agreement.

Installation and Materials risk insurance may be in the form of an installation floater, and shall provide for losses to be payable to MHR and COD and its employees (including any of its agents, advisors or consultants) as their interests may appear. The policy shall contain a provision that in the event of payment for any loss under the coverage provided, the insurance company shall have no rights of recovery against MHR or COD and its employees (including any of its agents, advisors or consultants).

Errors and Omissions

Errors and omissions liability insurance shall cover the liability for design or other professional services performed by the Contractor or its employees, subcontractors, agents, advisors or consultants which cause either a failure of MHR's Facilities to perform as specified or injury to persons or their property.

The limits of errors and omissions liability insurance shall not be less than: Each

occurrence: \$1,000,000; Aggregate: \$3,000,000

If errors and omissions liability coverage is written on a Claims Made form:

1. The "Retro Date" must be shown and must be on or before the date of the Service Contract.
2. Insurance must be maintained and evidence of insurance must be provided over the term of the agreed upon Service Contract, plus five years after the date of final

completion of the Service Contract.

3. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "Retro Date" prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a period covering the remaining term of the agreed upon Service Contract.

4. A copy of the claims reporting requirements must be submitted to COD for review.

Environmental Liability Insurance

MHR shall procure, maintain, and keep in force at all times during the Term, at MHR's sole expense, Environmental Liability Insurance which includes coverage for sudden and accidental pollution arising out of the handling of hazardous materials or hazardous wastes. The limits of Environmental Liability Insurance shall not be less than:

Each occurrence: \$1,000,000; Aggregate: \$5,000,000

11.2. Notification of Cancellation / Changes. The policies of insurance set forth in Section 11.1 shall contain a provision or endorsement that the coverage afforded will not be cancelled, materially changed or renewal refused until at least thirty (30) days prior written notice has been given to MHR and COD. MHR shall provide notification of cancellation or change in insurance carriers or agencies to COD at least 30 days prior to such cancellation or change. MHR's notification shall include current certificates of insurance satisfactory to COD.

11.3. Subcontractors. MHR shall require all subcontractors to provide insurance meeting the requirements of Article XI. In lieu of this requirement, MHR may provide coverage for subcontractors by obtaining an endorsement to each policy which lists by name the subcontractors as additional insureds, provided the insurance afforded to such subcontractors is the same as that afforded to MHR.

11.4. Performance and Payment Bond. MHR, at its own expense, shall procure and maintain for the duration of the design and construction phase of the Service Contract, Performance and Payment Bonds in an amount of not less than four hundred thousand dollars (\$400,000.00) for construction of MHR's Facility. The Performance Bond and Payment Bond shall be on forms reasonably acceptable to COD. Bonds shall be executed by a surety company authorized to do business in the State of Texas and listed in the current Federal Department of Treasury Circular 570. MHR shall provide evidence of the bonds within ten (10) days following the Effective Date.

ARTICLE XII. INDEMNIFICATION

12.1. Indemnification.

A. Definitions:

i. "Indemnified Claims" shall include any and all claims, demands, suits, causes of action, judgments, and liability of every character, type, or description, including all reasonable costs and expenses of litigation, mediation, or other alternate dispute resolution mechanism, including attorney and other professional fees for: (1) damage to or loss of the property of any person (including, but not limited to COD, MHR, their respective agents, officers, employees and subcontractors; the officers, agents, and employees of such subcontractors; and third parties); and/or (2) death, bodily injury, illness, disease, worker's compensation, loss of services, or loss of income

or wages to any person (including but not limited to the agents, officers and employees of COD, MHR, MHR's subcontractors, and third parties), ii. "Fault" shall include the sale of defective or non-conforming deliverables, negligence, willful misconduct or a breach of any legally imposed strict liability standard.

B. MHR SHALL DEFEND (AT THE OPTION OF THE COD), INDEMNIFY, AND HOLD THE COD, ITS SUCCESSORS, ASSIGNS, OFFICERS, EMPLOYEES AND ELECTED OFFICIALS ("COD INDEMNITEES") HARMLESS FROM AND AGAINST ALL INDEMNIFIED CLAIMS DIRECTLY ARISING OUT OF, INCIDENT TO, CONCERNING OR RESULTING FROM THE FAULT OF MHR, OR MHR'S AGENTS, EMPLOYEES OR SUBCONTRACTORS, IN THE PERFORMANCE OF MHR'S OBLIGATIONS UNDER THE AGREEMENT. NOTHING HEREIN SHALL BE DEEMED TO LIMIT THE RIGHTS OF COD OR MHR (INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO SEEK CONTRIBUTION) AGAINST ANY THIRD PARTY WHO MAY BE LIABLE FOR AN INDEMNIFIED CLAIM.

MHR SHALL AT ALL TIMES REMAIN FULLY RESPONSIBLE FOR THE ACTS, INSURANCE, FEES, COSTS, BILLINGS, DECISIONS AND OMISSIONS OF ITS OWN EMPLOYEES AND SUCH THIRD PARTIES AS MHR MAY RETAIN, REGARDLESS OF THE EXTENT OF ITS CONTROL OVER THE PERFORMANCE OF SUCH THIRD PARTIES SO RETAINED.

COD SHALL AT ALL TIMES REMAIN FULLY RESPONSIBLE FOR THE ACTS, INSURANCE, FEES, COSTS, BILLINGS, DECISIONS AND OMISSIONS OF ITS OWN EMPLOYEES AND SUCH THIRD PARTIES AS COD MAY RETAIN, REGARDLESS OF THE EXTENT OF ITS CONTROL OVER THE PERFORMANCE OF SUCH THIRD PARTIES SO RETAINED.

12.2. Notice of Claims.

If any COD Indemnitee believes that it has suffered or incurred or will suffer or incur any Losses for which it is entitled to indemnification, COD shall notify MHR within thirty (30) days after COD becomes aware of the Losses for which COD is claiming indemnification. The failure of COD to give any notice required by this Article shall not affect any of such Party's rights, except to the extent that such failure is prejudicial to the rights of COD or to the ability of MHR to defend.

12.3. Third party Claims.

12.3.1. If COD gives notice to MHR of a proceeding by a third party, MHR will be entitled to assume the defense of such proceeding with counsel reasonably satisfactory to COD, unless (i) MHR is also a Party to such proceeding and COD determines in good faith that joint representation would be inappropriate, (ii) MHR fails to provide written assurance to COD of its acceptance of responsibility to defend such proceeding and provide indemnification with respect to such proceeding and of its financial capacity to provide such defense and indemnification, (iii) the claim is asserted by a governmental authority or (iv) the claim involves the seeking of an injunction that could affect COD's business, in which event COD shall be entitled to select counsel of its own choosing, reasonably satisfactory to MHR, and MHR shall be obligated to pay the fees and expenses of such counsel.

12.3.2. Except as set forth in Section 12.3.1. above, after notice from MHR to COD of its election to assume the defense of such proceeding, MHR will not, so long as it diligently conducts such defense, be liable to COD for any fees of other counsel or any other expenses with respect to the defense

of such proceeding, in each case subsequently incurred by COD in connection with the defense of such proceeding, other than reasonable costs of investigation.

12.3.3. If MHR assumes the defense of a proceeding: (i) no compromise or settlement of such claims may be effected by MHR without COD's consent, which consent may not be unreasonably withheld or delayed, unless the sole relief provided is monetary damages that are paid in full by MHR, and (ii) COD will have no liability with respect to any compromise or settlement of such claims effected without its consent.

12.4. Indemnification Rights Not Exclusive.

The rights to indemnification set forth herein are not intended to be exclusive of any other right or remedy otherwise available. All rights hereunder shall be cumulative and in addition to all other rights and remedies.

ARTICLE XIII. MISCELLANEOUS

13.1. Notices.

All notices, certificates, consents or other communications required or permitted to be given or made under this Agreement shall be in writing and shall be deemed properly served (i) if by hand delivery, on the day and at the time on which delivered to the intended recipient at the address set forth in this Agreement; (ii) if by mail, on the third (3rd) business day after the day on which deposited in the United States certified or registered mail, postage prepaid, return receipt requested, addressed to the intended recipient at its address set forth in this Agreement; (iii) if by Federal Express or other reputable express mail service for overnight delivery, on the next business day after delivery to such express mail service, addressed to the intended recipient at its address set forth in this Agreement, or (iv) if by email, on the first (1st) business day after the email was sent, provided the sender is not notified that the email was not delivered. All notices required or permitted to be served upon either Party hereunder will be directed to:

if to MHR:

Mayhill Renewables, LLC
Attention: Paul Morrow, President
10818 West County Road 72
Midland, Texas 79707
Email: paul@morrowenergy.com

with copies to:

General Counsel
5615 Knobby Knoll
Houston, TX 77092
Attention: Steve McCain
Email: legal@morrowenergy.com

if to COD:

City of Denton
Solid Waste Director
1527 S Mayhill Rd

Denton, TX 76208
Email: customer.service@cityofdenton.com

with copies to:

City of Denton
City Attorney's Office
215 E. McKinney Street
Denton, TX 76201
Email: legal@cityofdenton.com

MHR and COD may, by notice given hereunder, designate any further or different addresses to which notices, certificates, or other communications shall be sent; provided that any such notice will be deemed given only upon actual receipt.

13.3. Entire Agreement/Amendments.

This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings between the Parties relating to the subject matter hereof. All Exhibits attached hereto are incorporated herein by this reference.

13.4. Third party Beneficiaries.

This Agreement is not intended to confer upon any Person other than the Parties hereto any rights or remedies hereunder.

13.5. Amendments.

This Agreement may not be amended or altered except by the written agreement of MHR and COD.

13.6. Severability.

If any term or provision of this Agreement is judged to be invalid or unenforceable to any extent, the remainder of this Agreement shall not be affected thereby, except as it might be necessary to effectuate the intent of the Parties, and each provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.

13.7. Governing Law; Venue.

13.7.1. Governing Law. All questions with respect to the construction of this Agreement and the rights and liabilities of the Parties hereunder shall be determined in accordance with the laws and regulations of the State of Texas, without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Texas.

13.7.2. Venue. The Parties acknowledge and agree that proper venue for any action for the enforcement or interpretation of this Agreement or for damages on account of a breach will be in the State of Texas, County of Denton.

13.8. Captions.

The captions or headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions of this Agreement.

13.9. No Joint Venture.

Nothing in this Agreement shall be deemed to constitute either Party a partner, agent, or legal representative of the other Party or to create any joint venture or fiduciary or other relationship between the Parties.

13.10. Remedies.

No remedy provided in this Agreement is exclusive of any other available remedy or remedies under law or in equity.

13.11. Time is of the Essence.

Time is of the essence with respect to all dates and time periods set forth in this Agreement.

13.12. Waiver.

To the extent permitted by law, no delay or omission to exercise any right or remedy of a Party hereto shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be expedient. Any actual waiver shall be in writing and signed by the Party against whom it is to operate. For either Party to exercise any remedy hereunder, it shall not be necessary to give any notice other than as may be required in this Agreement. If any covenant contained in this Agreement should be breached by either Party and thereafter waived by the other Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach under this Agreement.

13.13. Days.

All references to days in this Agreement shall refer to calendar days unless specified otherwise.

13.14 Public Information Act.

COD shall release information in accordance with the Texas Public Information Act, Tex. Gov't Code Chapter 552, and other applicable law or court orders. If requested, MHR shall make public information available to COD in an electronic format, and any portions of records claimed by MHR to be proprietary must be clearly marked as such. The requirements of Subchapter J, Chapter 552, Government Code, may apply to this Agreement and MHR agrees that the Agreement can be terminated if MHR knowingly or intentionally fails to comply with a requirement of that subchapter.

13.15 Required Certifications.

Prohibition on Agreements with Companies Boycotting Israel. MHR acknowledges that in accordance with Chapter 2271 of the Texas Government Code, COD is prohibited from entering into a contract with a company for goods or services unless the contract contains a written verification from

the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The terms “boycott Israel” and “company” shall have the meanings ascribed to those terms in Section 808.001 of the Texas Government Code. ***By signing this Agreement, MHR certifies that MHR’s signature provides written verification to COD that MHR: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the Agreement.*** Failure to meet or maintain the requirements under this provision will be considered a material breach.

Prohibition on Agreements with Companies Boycotting Certain Energy Companies. MHR acknowledges that in accordance with Chapter 2276 of the Texas Government Code, COD is prohibited from entering into a contract with a company for goods or services unless the contract contains written verification from the company that it (1) does not boycott energy companies; and (2) will not boycott energy companies during the term of the contract. The terms “boycott energy company” and “company” shall have the meanings ascribed to those terms in Section 809.001 of the Texas Government Code. ***By signing this agreement, MHR certifies that MHR’s signature provides written verification to COD that MHR: (1) does not boycott energy companies; and (2) will not boycott energy companies during the term of the Agreement.*** Failure to meet or maintain the requirements under this provision will be considered a material breach.

Prohibition on Agreements with Companies Boycotting Certain Firearm Entities and Firearm Trade Associations. MHR acknowledges that in accordance with Chapter 2274 of the Texas Government Code, COD is prohibited from entering into a contract with a company for goods or services unless the contract contains written verification from the company that it (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate during the term of the contract against a firearm entity or firearm trade association. The terms “discriminate against a firearm entity or firearm trade association,” “firearm entity” and “firearm trade association” shall have the meanings ascribed to those terms in Chapter 2274 of the Texas Government Code. ***By signing this Agreement, MHR certifies that MHR’s signature provides written verification to COD that MHR: (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association.*** Failure to meet or maintain the requirements under this provision will be considered a material breach.

Prohibition On Agreements with Companies Doing Business with Iran, Sudan, or a Foreign Terrorist Organization. Section 2252 of the Texas Government Code restricts COD from contracting with companies that do business with Iran, Sudan, or a foreign terrorist organization. ***By signing this Agreement, MHR certifies that MHR’s signature provides written verification to COD that MHR, pursuant to Chapter 2252, is not ineligible to enter into this Agreement and will not become ineligible to receive payments under this Agreement by doing business with Iran, Sudan, or a foreign terrorist organization.*** Failure to meet or maintain the requirements under this provision will be considered a material breach.

Termination Right for Agreements with Companies Doing Business with Certain Foreign-Owned Companies. The COD may terminate this Agreement immediately without any further liability if COD determines, in its sole judgment, that this Agreement meets the requirements under Chapter 2275, and MHR is, or will be in the future, (i) owned by or the majority of stock or other ownership interest of the company is held or controlled by individuals who are citizens of China, Iran, North

Korea, Russia, or other designated country (ii) directly controlled by the Government of China, Iran, North Korea, Russia, or other designated country, or (iii) is headquartered in China, Iran, North Korea, Russia, or other designated country.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed duplicate originals by their duly authorized undersigned officers this _____ day of _____, 2025.

MAYHILL RENEWABLES, LLC

a Texas limited liability company

Paul Morrow

By: _____

Name: Paul D. Morrow

Title: President

CITY OF DENTON, DENTON, TEXAS

A Texas non-profit local government corporation By:

_____ Name:

Title:

ATTEST:

LAUREN THODEN, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:

MACK REINWAND, CITY ATTORNEY

DocuSigned by:

Marcella Lunn

BY: _____

THIS CONTRACT HAS BEEN
BOTH REVIEWED AND APPROVED
as to financial and operational obligations and
business terms.

Signed by:

Brenda Haney

Brenda Haney

C3C63BE563154A1...

SIGNATURE PRINTED NAME

Director

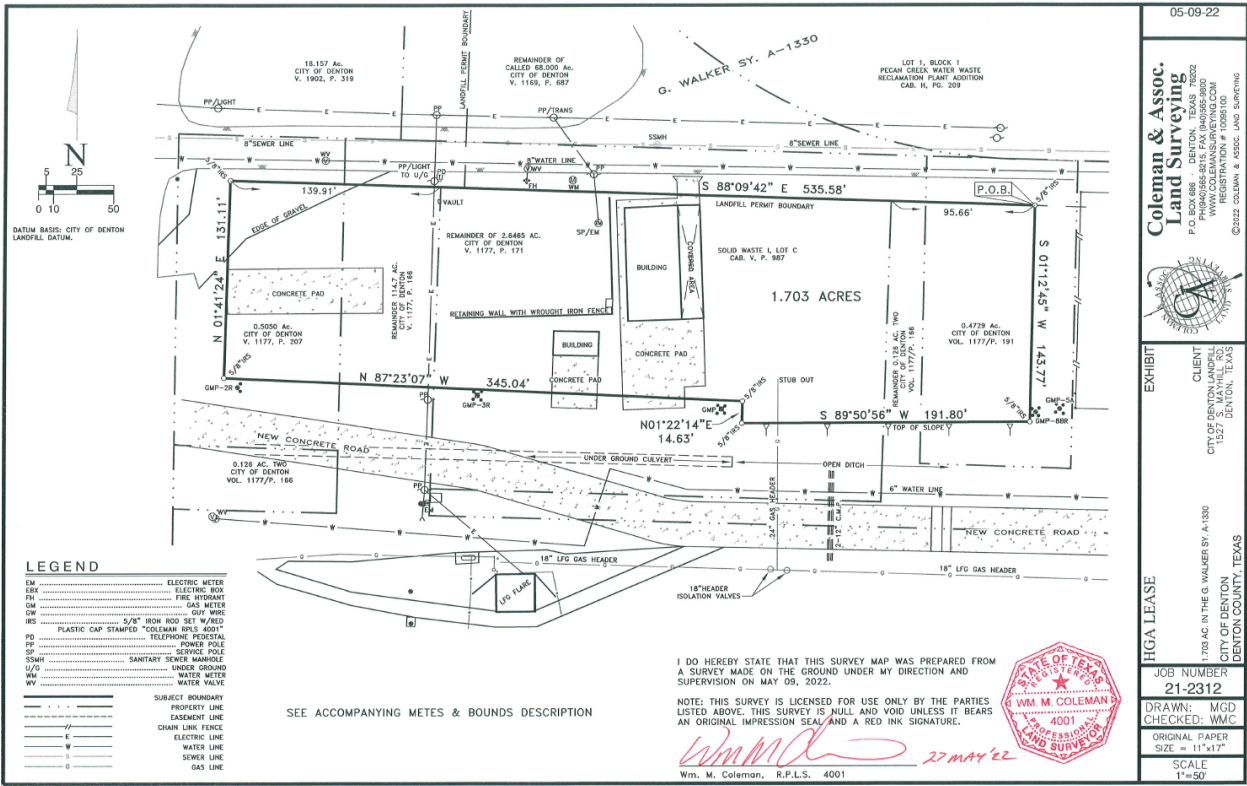
TITLE

Solid Waste & Recycling

DEPARTMENT

Digester Connection Point – on or immediately upstream or downstream of existing flare skid.

EXHIBIT 2
Site Description





Coleman & Assoc. Land Surveying

P. O. Box 686
Denton, Texas 76202
Phone (940)565-8215 Fax (940)565-9800
REGISTRATION #10095100

1.703 Acres of Land

FIELD NOTES to all that certain tract of land situated in the G. Walker Survey Abstract Number 1330, City of Denton, Denton County, Texas and being a part of Lot C, Solid Waste I as shown by the plat thereof recorded in Cabinet V, Page 987 of the Plat Records of Denton County, Texas; a part of the called 0.5050 acre tract described in the deed to the City of Denton recorded in Volume 1177, Page 207 of the Deed Records of Denton County, Texas; a part of the called 114.7 acre tract described in the deed to the City of Denton recorded in Volume 1177, Page 166 of the said Deed Records; a part of the called 2.6465 acre tract described in the deed to the City of Denton recorded in Volume 1177, Page 171 of the said Deed Records; part of the called 0.126 acre tract described in the deed to the City of Denton recorded in Volume 1177, Page 166 of the said Deed Records; and part of the called 0.4729 acre tract described in the deed to the City of Denton recorded in Volume 1177, Page 191 of the said Deed Records; the subject tract being more particularly described as follows:

BEGINNING for the Northeast corner of the tract being described herein at a 5/8 inch iron rod with a red plastic cap stamped "COLEMAN RPLS 4001" set (hereinafter referred to as 5/8IRS) in the North line of the current City of Denton Landfill Permit Boundary on the South side of an asphalt road and being South 88 Degrees 09 Minutes 42 Seconds East a distance of 95.66 feet from the Northeast corner of the said Lot C;

THENCE South 01 Degrees 12 Minutes 45 Seconds West departing the road across the 0.4729 acre tract a distance of 143.77 feet to a 5/8IRS for the Southeast corner of the herein described tract on the North side of an open ditch;

THENCE South 89 Degrees 50 Minutes 56 Seconds West along the North side of the said ditch across the 0.4729 acre tract passing at a distance of 97.3 feet the East line of Lot C and continuing along, in all, a total distance of 191.80 feet to a 5/8IRS for an angle point in the South line of the herein described tract;

THENCE North 01 Degrees 22 Minutes 14 Seconds West departing the North side of the ditch and continuing across Lot C a distance of 14.63 feet to a 5/8IRS for an angle point in the South line of the herein described tract;

THENCE North 87 Degrees 23 Minutes 07 Seconds West continuing across Lot C passing at a distance of 205.5 feet the West line thereof and across the 114.7 acre tract and the 0.5050 acre tract, in all, a total distance of 345.04 feet to a 5/8IRS for the Southwest corner of the herein described tract;

THENCE North 01 Degrees 41 Minutes 24 Seconds East across the 0.5050 acre tract a distance of 131.11 feet to a 5/8IRS for the Northwest corner of the herein described tract;

THENCE South 88 Degrees 09 Minutes 42 Seconds East across the said 0.5050 acre tract and the said 114.7 acre tract passing at a distance of 139.91 feet the Northwest corner of Lot C and continuing along the same course, in all, a total distance of 535.58 feet to the PLACE OF BEGINNING and enclosing 1.703 acres of land.

See accompanying Exhibit.



EXHIBIT 3**City / Developer Responsibilities****LANDFILL GAS COLLECTION SYSTEM
COD / DEVELOPER RESPONSIBILITIES**

TASK LIST	PHYSICAL RESPONSIBILITIES		FINANCIAL RESPONSIBILITIES	
	COD	Developer	COD	Developer
Gas Collection System Operation & Maintenance				
Providing vacuum to the wellfield		X		X
Monitoring wellfield		X		X
Extraction Wells – installation, operation, maintenance, and monitoring		X		X
Horizontal collectors – installation, operation, maintenance, and monitoring		X		X
LFG Piping – installation, operation, maintenance, and monitoring		X		X
LFG Valves – installation, operation, maintenance, and monitoring		X		X
Condensate Sump/Pumps – installation, operation, maintenance, and monitoring		X		X
Well Pumps – installation, operation, maintenance, and monitoring		X		X
Airline piping – installation, operation, maintenance, and monitoring		X		X
Condensate force main piping – installation, operation, maintenance, and monitoring		X		X
Electrical conduit – installation, operation, maintenance, and monitoring	X		X	
Maintenance of monitoring instruments		X		X
Perimeter LFG Probes				
Quarterly LFG probe Monitoring	X		X	
Maintain Records of probe readings	X		X	
Submittal of Probe Reports to State	X		X	
Maintenance/repair of probes (to be determined based on need)	X		X	
Regulatory Issues				
NSPS surface emission monitoring (includes remonitoring)	X		X	
NSPS wellhead monitoring (includes remonitoring)		X		X
SSM recordkeeping/reporting		X		X
Maintain records of well		X		X
General landfill cover maintenance	X		X	
Emission Fees (flare)	X		X	
Emission Fees (landfill)	X		X	
Emission Fees (energy)		X		X
Recordkeeping (flare data)		X		X
Recordkeeping (energy data)		X		X
Compliance Investigation	X		X	
Groundwater remediation due to LFG impacts – coordination with state	X		X	
Groundwater remediation due to LFG impacts		X		X
Probe remediation due to LFG migration– coordination with state	X		X	
Probe remediation due to LFG migration		X		X
Odor remediation related to LFG – coordination with state	X		X	
Odor remediation related to LFG		X		X

TASK LIST	PHYSICAL RESPONSIBILITIES		FINANCIAL RESPONSIBILITIES	
	COD	Developer	COD	Developer
Subsurface combustion related to LFG system – coordination with state	X		X	
Subsurface combustion related to LFG system		X		X
Monthly GHG methane readings (flare)		X		X
Monthly GHG methane readings (energy)		X		X
Reporting				
Semi-annual NSPS Report to State Authority (landfill)	X		X	
Semi-annual NSPS Report to State Authority (energy)		X		X
Semi-annual Title V Report to State Authority – Landfill permit (landfill)	X		X	
Semi-annual Title V Report to State Authority – Landfill permit (energy)		X		X
Semi Annual SSM report to State Authority (landfill)	X		X	
Semi Annual SSM report to State Authority (energy)		X		X
Emission Inventory report for landfill/flare to State Authority	X		X	
Emission Inventory report for energy facility to State Authority		X		X
Annual GHG Reporting to EPA (landfill)	X		X	
Annual GHG Reporting to EPA (energy)		X		X
TCEQ MSW Annual Report (landfill)	X		X	
TCEQ MSW Annual Report (energy)		X		X
GOPG'S Flare and Blower System				
Blower and flare system maintenance		X	X	
Blower and flare system operation		X	X	
General record keeping maintained on site		X	X	
Propane		X	X	
Calibration gas		X	X	
Calibrating flare flow meter		X	X	
Spare parts for inventory (flare system)		X	X	
Air Compressor		X	X	
Nitrogen bottle		X	X	
Blower and flare system repairs		X	X	
Flare visible emission observations	X		X	
Buyer's Facility		X		X
Grounds Maintenance				
Mowing	X		X	
General landfill cover maintenance	X		X	
Weed whipping for access (wells, probes, valves)	X		X	
Probe bollard repairs	X		X	
Road maintenance/snow removal of landfill roads	X		X	
Gas Collection System Repairs				
Piping repairs due to landfill equipment or personnel (includes cover material)		X		X
Piping repairs not caused by landfill equipment or personnel (includes cover material)		X		X
Subsurface well repairs		X		X
Condensate sump repairs		X		X

TASK LIST	PHYSICAL RESPONSIBILITIES		FINANCIAL RESPONSIBILITIES	
	COD	Developer	COD	Developer
GCCS expansions in the landfill (construction, engineering, permitting)		X		X
GCCS expansions (CQA) – As applicable/if needed		X	X	
Condensate Disposal				
Condensate disposal (field sumps)		X	X	
Condensate disposal (energy facility equipment)		X		X
Meters				
Sales Flow Meter		X		X
Calibrating Sales Flow Meter		X		X
Methane/BTU Analyzer		X		X
Calibrating Methane/BTU Analyzer		X		X
Data Recorder (Flow and Methane/BTU)		X		X
Monitoring Port		X		X

EXHIBIT 4

Royalties

Gross Revenue Each Month	Royalty
\$ 0.01 – \$ 500,000.00	15% of Gross Revenue
\$ 500,000.01 – 1,000,000.00	21% of Gross Revenue
\$ 1,000,000.01 and above	27% of Gross Revenue

CONFLICT OF INTEREST QUESTIONNAIRE - FORM CIQ

For vendor or other person doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a) and by City of Denton Ethics Code, Ordinance 18-757.

By law this questionnaire must be filed with the records administrator of the local government entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

1 Name of vendor who has a business relationship with local governmental entity.

MAYHILL RENEWABLES, LLC

2 ☐ **Check this box if you are filing an update to a previously filed questionnaire.**

(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information in this section is being disclosed.

Name of Officer

Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. This section, (item 3 including subparts A, B, C & D), must be completed for each officer with whom the vendor has an employment or other business relationship as defined by Section 176.001(1-a), Local Government Code. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income, other than investment income, from the vendor?

☐

Yes

☐

No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer named in this section AND the taxable income is not received from the local governmental entity?

☐

Yes

☐

No

C. Is the filer of this questionnaire employed by a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership of one percent or more?

☐

Yes

☐

No

D. Describe each employment or business and family relationship with the local government officer named in this section.

4 ☒ **I have no Conflict of Interest to disclose.**

5 DocuSigned by:

Paul Morrow

7/30/2025

Signature of vendor doing business with the governmental entity

Date

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at [http://www.statutes.legis.state.tx.us/ Docs/LG/htm/LG.176.htm](http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm). For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

- (A) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:
 - (2) the vendor:
 - (A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that
 - (i) a contract between the local governmental entity and vendor has been executed; or
 - (ii) the local governmental entity is considering entering into a contract with the vendor;
 - (B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:
 - (i) a contract between the local governmental entity and vendor has been executed; or
 - (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

- (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:
 - (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
 - (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
 - (3) has a family relationship with a local government officer of that local governmental entity.
- (a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:
 - (1) the date that the vendor:
 - (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
 - (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or
 - (2) the date the vendor becomes aware:
 - (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
 - (B) that the vendor has given one or more gifts described by Subsection (a); or
 - (C) of a family relationship with a local government officer.

City of Denton Ethics Code Ordinance Number 18-757

Definitions:

Relative: a family member related to a City Official within the third 3rd degree of affinity (marriage) or consanguinity (blood or adoption)

City Official: for purpose of this article, the term consists of the Council Members, Department Heads, or member of the Board of Ethics, Planning and zoning Commission Members, Board of Adjustment, Historic Landmark Commission, or Public Utilities Board

Vendor: a person who provides or seeks to provide goods, services, and/or real property to the City in exchange for compensation. This definition does not include those property owners from whom the City acquires public right-of-way or other real property interests for public use.

Per the City of Denton Ethics Code, Section 2-273. – Prohibitions

- (3) It shall be a violation of this Article for a Vendor to offer or give a Gift to City Official exceeding fifty dollars (\$50.00) per gift, or multiple gifts cumulatively valued at more than two hundred dollars (\$200.00) per a single fiscal year.

Per the City of Denton Ethics Code, Section 2-282. – Disposition (b), (5) Ineligibility

If the Board of Ethics finds that a Vendor has violated this Article, the Board may recommend to the City Manager that the Vendor be deemed ineligible to enter into a City contract or other arrangement for goods, services, or real property, for a period of one (1) year.

Certificate Of Completion

Envelope Id: A3ED5FC4-E02F-4C1C-94A5-27F649D1CB12

Status: Sent

Subject: Please DocuSign: City Council Contract 8465 Landfill Gas to Energy Project

Source Envelope:

Document Pages: 49

Signatures: 4

Envelope Originator:

Certificate Pages: 6

Initials: 1

Crystal Westbrook

AutoNav: Enabled

901B Texas Street

Envelopeld Stamping: Enabled

Denton, TX 76209

Time Zone: (UTC-06:00) Central Time (US & Canada)

crystal.westbrook@cityofdenton.com

IP Address: 198.49.140.10

Record Tracking

Status: Original

Holder: Crystal Westbrook

Location: DocuSign

7/28/2025 10:33:34 AM

crystal.westbrook@cityofdenton.com

Signer Events

Signature

Timestamp

Crystal Westbrook

Completed

Sent: 7/28/2025 10:40:29 AM

crystal.westbrook@cityofdenton.com

Viewed: 7/28/2025 11:37:22 AM

Senior Buyer

Signed: 7/28/2025 11:39:32 AM

City of Denton

Using IP Address: 198.49.140.10

Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Lori Hewell



Sent: 7/28/2025 11:39:35 AM

lori.hewell@cityofdenton.com

Viewed: 7/30/2025 10:29:27 AM

Purchasing Manager

Signed: 7/30/2025 10:29:48 AM

City of Denton

Security Level: Email, Account Authentication (None)

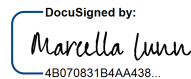
Signature Adoption: Pre-selected Style

Using IP Address: 198.49.140.10

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Marcella Lunn



Sent: 7/30/2025 10:29:51 AM

marcella.lunn@cityofdenton.com

Viewed: 7/30/2025 10:32:05 AM

Senior Deputy City Attorney

Signed: 7/30/2025 10:33:28 AM

City of Denton

Security Level: Email, Account Authentication (None)

Signature Adoption: Pre-selected Style

Using IP Address: 198.49.140.10

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Paul Morrow



Sent: 7/30/2025 10:33:31 AM

paul@morrowenergy.com

Viewed: 7/30/2025 11:21:07 AM

President

Signed: 7/30/2025 11:26:53 AM

Morrow Family Capital Investments

Security Level: Email, Account Authentication (None)

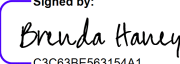
Signature Adoption: Pre-selected Style

Using IP Address: 12.182.147.58

Electronic Record and Signature Disclosure:

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ID: e59dea90-0ea7-40b2-a5ba-9daae67f1929

Signer Events	Signature	Timestamp
Brenda Haney brenda.haney@cityofdenton.com Director Security Level: Email, Account Authentication (None)	<div>Signed by:  C3C63BE563154A1...</div> Signature Adoption: Pre-selected Style Using IP Address: 198.49.140.10	Sent: 7/30/2025 11:26:57 AM Viewed: 7/30/2025 11:28:49 AM Signed: 7/30/2025 11:29:09 AM

Electronic Record and Signature Disclosure:
Accepted: 7/30/2025 11:28:49 AM
ID: ec10f393-a01e-4c73-baf6-d51b0f6a88f9

Cheyenne Defee
cheyenne.defee@cityofdenton.com
Procurement Administration Supervisor
City of Denton
Security Level: Email, Account Authentication (None)

Sent: 7/30/2025 11:29:13 AM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Sara Hensley
sara.hensley@cityofdenton.com
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Lauren Thoden
lauren.thoden@cityofdenton.com
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp

Cheyenne Defee
cheyenne.defee@cityofdenton.com
Procurement Administration Supervisor
City of Denton
Security Level: Email, Account Authentication (None)

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Electronic Record and Signature Disclosure:
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Gretna Jones
gretna.jones@cityofdenton.com
Legal Secretary
City of Denton
Security Level: Email, Account Authentication (None)

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Sent: 7/30/2025 11:29:13 AM
Viewed: 7/30/2025 4:08:00 PM

Carbon Copy Events	Status	Timestamp
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Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	7/28/2025 10:40:29 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

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Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	<ul style="list-style-type: none">•Allow per session cookies•Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

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To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

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