

PURCHASE AGREEMENT
between
COMMUNITY WATER SOLUTIONS, INC. And
MIDWEST CITY MUNICIPAL AUTHORITY

THIS Purchase Agreement (hereinafter referred to as “**Agreement**”) is entered into by and among the **Midwest City Municipal Authority**, a public trust created pursuant to Oklahoma State Law for the benefit of Midwest City (hereinafter referred to as “**Midwest City**”) and Community Water Solutions, Inc., a corporation, registered to do business in the State of Oklahoma (hereinafter referred to as “**CWS**”) (**Midwest City** and **CWS** being collectively referred to herein as “**Parties**”) and is effective upon the date of execution by the last party hereto.

WITNESSETH:

WHEREAS, Midwest City is in need to purchase the following goods and services for its operations: **Horizontal Water Well**, (hereinafter referred to as “**Goods and Services**”); and

WHEREAS, CWS is the only proprietor of the technology needed for the installation of a horizontal water well in North America for the purchase of the **Goods and Services**; and

WHEREAS, Midwest City requested and received a quote from **CWS** for the purchase of the **Goods and Services**; and

WHEREAS, Midwest City and **CWS** desire to enter into an **Agreement** for the purchase of the **Goods and Services**; and

NOW THEREFORE, MIDWEST CITY and **CWS** agree as follows:

1. AGREEMENT

- A. **CWS** agrees to sell the **Goods and Services** listed in “**Attachment A**” to **Midwest City**.
- B. The prices for the **Goods and Services** that are to be purchased are listed in “**Attachment A**”.
- C. The prices established in “**Attachment A**” shall remain fixed and shall not change for the term of this **Agreement**.

2. PAYMENT

Midwest City shall issue a Purchase Order for the purchase of the **Goods and Services** from **CWS**. Upon issuance and receipt of the Purchase Order **CWS** shall deliver the **Goods and Services** to **Midwest City**. Upon receipt **Midwest City** shall transmit payment to **CWS** electronically, within forty-five (45) days of the delivery of the **Goods and Services**, according to the following payment schedule:

- \$800,000.00 10 days prior to commencement of work for mobilization

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- \$2,190,000.00 upon completion of well and placement in service.

3. DELIVERY

- A. CWS shall deliver the **Goods and Services** to **Midwest City** at:
- 1635 Felix Place,
Midwest City, OK 73110
- B. **Midwest City** shall inspect the **Goods and Services** upon receipt to ensure quality and quantity.
- C. CWS shall guarantee the **Goods and Services** delivered shall be in working order and shall not be damaged.
- D. CWS shall deliver according to the following schedule:
- a. Submittals within 60 days of acceptable purchase order and receipt of mobilization payment.
 - b. Delivery within 150 days of acceptable purchase order and receipt of mobilization payment

4. TERMINATION.

- A. This **Agreement** may be terminated by either party for any reason or for no reason upon thirty (30) days written notice to the other party.
- B. **Midwest City** acknowledges the Goods and Services supplied herein are custom for **Midwest City's** project and, accordingly, CWS cannot accept any returns of material. Similarly, any cancellation of this order subsequent to approval of submittals will require payment by **Midwest City** of all costs incurred for material purchased and work in progress, plus markups, up to and including full price as quoted herein.
- C. This **Agreement** may be terminated by any party for cause upon the passage of thirty (30) days, subsequent to the mailing of notice stating the cause and the requested cure, where cause has failed to be cured.

5. OKLAHOMA GOVERNMENTAL TORT CLAIMS ACT.

Midwest City is a governmental subdivisions of the State of Oklahoma and subject to the Oklahoma Governmental Tort Claims Act at Title 51 of the Oklahoma Statutes, § 151 *et seq.* Any action

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brought by either Party or by any third-party against **Midwest City** based on the **Parties** entering into this agreement shall comply with the requirements and procedures set forth in the Oklahoma Governmental Tort Claims Act.

6. NOTICES

A. Notices and other communications to **Midwest City** pursuant to the provisions hereof will be sufficient if sent by first class mail, postage prepaid, return receipt required, or by a nationally recognized courier service, addressed to:

Midwest City Municipal Authority, Secretary for the Authority
100 N. Midwest Boulevard
Midwest City, OK 73110

AND

Midwest City Municipal Authority,
c/o City of Midwest City Public Works Authority
Attention: Director of Public Works
100 N. Midwest Boulevard
Midwest City, OK 73110

B. Notices or other communications to **CWS** pursuant to the provisions hereof will be sufficient if by first class mail, postage prepaid, return receipt required, or by a nationally recognized courier service, addressed to:

Richard Greenly, President
Community Water Solutions, Inc.
1220 NW 3rd Street
Oklahoma City, OK 73106

C. Any party hereto may change the address or addressee for the giving of notice to it by thirty (30) days prior written notice to the other parties hereto as provided herein. Unless otherwise specified in this **Agreement**, notice will be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to this paragraph.

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7. ABIDES BY LAW

CWS must abide by the conditions of this **Agreement**, the ordinances of **Midwest City**, and all laws and regulations of the State of Oklahoma and the United States of America (“Laws”).

8. LIMITATION

Except as stated below, the **Agreement** consideration provided herein does not include or limit any remuneration or reimbursement for any loss, expense, or damages, if any, which may be caused by CWS or incurred by **Midwest City** hereunder or under any insurance or indemnification provision herein.

9. ASSIGNMENT

CWS may not assign this **Agreement** to any entity or third party without the written consent of **Midwest City**.

10. COMPLETE AGREEMENT

This is the complete agreement between the **Parties** and no additions, amendments, alterations, or changes in this **Agreement** shall be effective unless reduced to writing and signed by all **Parties** hereto. Additionally, no statements, discussions, or negotiations shall be deemed or interpreted to be included in this **Agreement**, unless specifically and expressly provided herein.

11. MULTIPLE ORIGINALS

This **Agreement** may be executed in multiple counterparts, each of which shall be deemed an original.

12. ANTI-COLLUSION

CWS agrees that it has not been and shall not be a party to any collusion with any of their officials, trustees, or employees of **Midwest City** as to the terms or conditions of this **Agreement**, and has not and will not exchange, give or donate money or other things of value for special consideration to any officials, trustees, or employees of **Midwest City**, either directly or indirectly, in procuring and execution of this **Agreement**.

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13. WARRANTY

Subject to Section 10, above, **CWS** warrants that the **Goods and Services** provided under this **Agreement** shall be sold and delivered consistent with generally prevailing professional standards and expertise. **CWS** shall maintain during the course of this **Agreement** said standard of care, expertise, skill, diligence and professional competency for any and all **Goods and Services**.

14. BREACH AND DEFAULT

A. A breach of any provision of this **Agreement** shall act as a breach of the entire **Agreement** unless said breach is expressly waived in writing by all other parties hereto. Failure to enforce or timely pursue any breach shall not be deemed a waiver of that breach or any subsequent breach. No waiver of any breach by any party hereto of any terms, covenants, or conditions herein contained shall be deemed a waiver of any subsequent breach of the same, similar, or different nature.

B. Further, except as otherwise specifically and expressly provided and any other paragraph hereto, should any party hereto fail to perform, keep or observe any of the terms, covenants, or conditions herein contained, this **Agreement** may be terminated by any party not in default thirty (30) days after receipt of written notice and opportunity to cure, less and except as such lesser time is provided in this **Agreement**. Provided however, any breach by **CWS** which interferes with the operations of **Midwest City** must be cured immediately; and **Midwest City** reserves the right to immediately terminate this **Agreement** if **CWS** fails to cure any such breach.

C. Should **Midwest City** breach this **Agreement**, **CWS** may only recover that proportion of any **Goods and Services** sold. **CWS** may not collect or recover any other or additional damages, losses, or expenses.

15. ENVIRONMENTAL

A. **CWS** shall not permit any chemical substance or hazardous material to be delivered with the **Goods and Services** purchased by **Midwest City**. **CWS** shall notify **Midwest City** of the presence, even if temporary, of any chemical substance or hazardous material delivered by its officers, representatives, agents, employees, contractors, or invitees, prisoners or hold prisoners.

B. If **CWS** breaches the obligations stated in the preceding paragraph, or if the presence of

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the chemical substance or hazardous material brought to **Midwest City** by **CWS** or its contractors, employees, agents, that results in contamination of the water supply of **Midwest City**, or if contamination by the chemical substance or hazardous material otherwise occurs for which **CWS** is legally liable, **CWS** shall indemnify, defend and hold **Midwest City** and their officers, trustees, representatives, contractors, agents and employees harmless from any and all injuries, deaths, property damage, claims, judgments, damages, penalties, fines, costs, liabilities, losses, diminution in value, damages for the loss or restriction on use, sums paid in settlement of claims, and attorneys', consultants' and expert fees (collectively, "Environmental Claims") which arise during or after any term of this **Agreement** hereof as a result of such contamination.

C. This indemnification of **Midwest City** by **CWS** also includes, without limitation, costs and expenses incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by **Midwest City** or any federal, state or local government agency or political subdivision because of any chemical substance or hazardous material present in the soil or ground water caused by **CWS**.

D. Without limiting the foregoing, if the presence of any chemical substance or hazardous material brought to **Midwest City** by **CWS**, its employees, agents, contractors results in any contamination of the water supply of **Midwest City**, **CWS** shall promptly take all actions at its sole expense as are necessary to return the water supply of **Midwest City** to the condition existing prior to the introduction of any such chemical substance or hazardous material. The foregoing indemnity shall survive the expiration or earlier termination of this **Agreement**.

E. As used herein, the term "chemical substance" shall mean a substance obtained by a chemical process or used for producing a chemical effect, including but not limited to pesticides, herbicides and fertilizers, and the term "hazardous material" means any hazardous or toxic substance, material or waste, including but not limited to those substances, materials and wastes listed by the Environmental Protection Agency as hazardous substances, or such substances, materials and wastes that are or become regulated under any applicable local, state or federal law.

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16. INSPECTION

Midwest City shall have the right to inspect any and all **Goods and Services** from CWS pursuant to the terms of this **Agreement** prior to accepting delivery of the **Goods and Services**.

17. THIRD PARTY BENEFICIARIES

All parties expressly agree that no third-party beneficiaries, expressly or implicitly, are intended to be or shall be created or acknowledged by this **Agreement**. This **Agreement** is solely for the benefit of CWS and **Midwest City**, and none of the provisions hereof are intended to benefit any third parties.

18. VENUE AND CHOICE OF LAW

All **Parties** hereto expressly agree that the venue of any litigation relating to or involving this **Agreement** and/or the rights, obligations, duties and covenants therein shall be in the appropriate court (state or federal) located in Oklahoma County, Oklahoma. All **Parties** agree that this **Agreement** shall be interpreted and enforced in accordance with Oklahoma law and all rights of the parties shall be determined in accordance with Oklahoma law.

19. DISPUTE RESOLUTION

Either **Party** may commence the dispute resolution process pursuant to this provision, by providing the other **Party** written notice of the dispute between the **Parties** concerning any term of this **Agreement** or attachment hereto. The notice shall contain:

- (i) a statement setting forth the position of the party giving such notice and a summary of arguments supporting such position and
- (ii) the name and title of **Party** Representative and any other Persons who will accompany the Representative at the meeting at which the parties will attempt to settle the Dispute.

Within ten (10) days of receipt of the notice, the other **Party** shall respond with

- (i) a statement setting forth the position of the party giving such notice and a summary of arguments supporting such position and
- (ii) the name and title of **Party** Representative and any other Persons who will accompany the Representative at the meeting at which the parties will attempt to settle the Dispute.

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The **Parties** shall make good faith attempts to negotiate a settlement between their appointed representatives. If the **Parties** are unable to settle the dispute themselves, the **Parties** shall be required to mediate the dispute, with the **Parties** equally sharing in the cost of said mediation. Mediation shall last at least six (6) hours and be attempted before any litigation shall be filed.

20. MISCELLANEOUS

A. **Midwest City** retains the right to contract for the **Goods and Services** listed in this **Agreement** from more than one vendor. This **Agreement** does not create any exclusivity between **CWS** and **Midwest City** for the purchase of the **Goods and Services**.

B. The execution of this **Agreement** does not guarantee to purchase of any **Goods and Services** by **Midwest City** from **CWS**.

21. AMENDMENTS

Any amendments to this **Agreement** must be in writing, signed and approved by the **Parties**.

22. EFFECTIVE DATE

The Effective Date of this **Agreement** is the date approved by **Midwest City** as the last party hereto.

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APPROVED and **SIGNED** by Richard Greenly, President of CWS, a properly authorized representatives to execute this **Agreement** on the dates set forth below.

Service Provider: _____ Community Water Solutions, Inc.

By: *Richard Greenly*

Name: _____ Richard Greenly

Title: _____ President

Date: 04/10/23

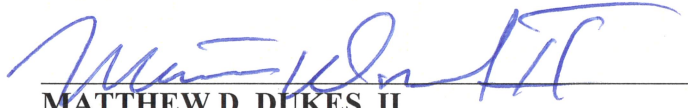
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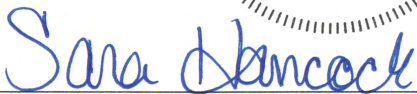
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APPROVED by the General Manager for Midwest City Municipal Authority this 25 day
of April, 2023.



THE CITY OF MIDWEST CITY


MATTHEW D. DUKES, II,
CHAIRMAN


SARA HANCOCK, ~~CITY CLERK~~ *Secretary*

REVIEWED for form and legality.


DONALD D. MAISCH, CITY ATTORNEY



Community Water Solutions, Inc.
1220 N.W. 3rd Street • Oklahoma City, OK 73106
Phone: 405.772.7035 • Fax: 405.235.9897
Web: communitywatersolutions.com

City of Midwest City
Public Works Department
Attn: Paul Streets, Director of Public Works
8730 SE 15th Street
Midwest City, Ok 73110

March 22, 2023

Re: Horizontal Water Well **Attachment A**

This contract is between Community Water Solutions (CWS) 1220 NW 3rd Street Oklahoma City, Oklahoma 73106 and the City of Midwest City (the City) 8730 SE 15th street Midwest City, Oklahoma 73110.

Preamble

Horizontal well technology has been used in the oil and gas industry for the past 30 years and has been optimized over the hundreds of thousands of wells that have been successfully drilled and produced. CWS has developed a one-of-a-kind proprietary method to transfer this well-established oil field horizontal drilling technology to the municipal groundwater industry. The unique team that we have assembled has cumulative well industry experience of over 100 years.

Project Description

One of the prohibitive factors in applying this oil field technology to the municipal groundwater industry has been the excessively large footprint and massive horsepower's required to drill in urban settings. Our proprietary technology enables us to drill in urban areas with just slightly larger footprints than a conventional vertical water well drilling operation. The major advantage of utilizing horizontal well drilling technology for municipal water wells is the ability to discretely target a high-quality water zone and open up ten to twenty times the productive zone compared to a conventional vertical well. The typical vertical well will have around 100-ft of productive sand zones in multiple layers down to the total depth of the well. The horizontal well will target the most productive zone and then drill 1,000-1,500-ft of lateral bore hole within that best producing zone. With this one-of-a-kind technology, we anticipate 10-20 times the open area in the best quality parts of the aquifer. To our knowledge, there is no other technology that offers these benefits.

CWS will drill the new well to intersect one of the existing zones that the City is currently producing from an existing well. In doing so, the water quality should be of similar characteristics.

CWS will complete the drilling once we are satisfied that enough of the sand body has been opened to yield anticipated production. Completing the well includes circulating water to clean it out, perform tests on its production capacity, and then set the production pump. Given the anticipated flows, this pump could be up to 400hp. CWS, Garver, and the City have identified the well located at the Booster Pump Station (BPS) to be a suitable site to initiate the project. This site has conditions of favorable geology, land availability, and existing electrical and pipeline infrastructure. CWS will offer a turnkey, horizontal well to bring water to the surface.

Scope of Work

Deliverables of the project include:

- Collaborate with the City and Garver to locate the well.
- Provide engineering and permitting services through Garver.
- Drill a test hole and log the formations.
- Drill the vertical portion of the well and set 16-in steel casing.

COMMUNITY WATER
S O L U T I O N S



Community Water Solutions, Inc.
1220 N.W. 3rd Street • Oklahoma City, OK 73106
Phone: 405.772.7035 • Fax: 405.235.9897
Web: communitywatersolutions.com

- Drill the horizontal laterals to open up to 1,500-ft of sand formation.
- Develop, test, & produce the formation for 24hrs to determine initial flowrate.
- Set the well pump (either a submersible or line-shaft depending on flow and head)
- Construct a basic well house for the piping and flow instrumentation.
- Make flowline hookups to existing pipeline within the site of the BPS (~250') (if the BPS site is not conducive to a horizontal well following investigation, additional linear footage is not included in this scope).

Extra Work/Additional Services

- An electric transformer is anticipated given the power requirements and this is to be provided by owner (Garver will size and coordinate with electrical utility)
- The City will have the option to have CWS install two piezometer wells and equip with direct internet access level monitoring to data log the aquifer fluid level for \$79,000. The locations to be determined by the Owner.

Terms of Sale:

- The city pays \$800,000 10 days prior to commencement of work and \$2,190,000 after the well is finished and ready for operation.

Guarantees

- In the unlikely event that the horizontal well is unsuccessful (<250gpm), CWS will drill and equip a 10" production well down to a maximum depth of 700' including the stainless-steel well screens, submersible pump, drop pipe, well head and controller at no additional cost to the city.
- Additionally, if the volume of the horizontal well drops to 250gpm within 5 years of completion, CWS will drill and equip new vertical well as stated above, at no additional cost to the city, excluding new well housing and electrical/pipeline hookups.

The well will be drilled in accordance with rules and regulations of the OWRB and ODEQ. CWS cannot guarantee the quality of the water.

CWS would like to reserve the right to drill on an alternate site if the test hole shows the geology unsatisfactory to the process. CWS will drill the next test hole at our own expense.



Community Water Solutions, Inc.
1220 N.W. 3rd Street • Oklahoma City, OK 73106
Phone: 405.772.7035 • Fax: 405.235.9897
Web: communitywatersolutions.com

City of Midwest City
Public Works Department
Attn: Paul Streets, Director of Public Works
8730 SE 15th Street
Midwest City, Ok 73110

April 8, 2023

Re: Horizontal Water Well Sole Source

Dear Paul,

In the years in the development of our proprietary technology and engineering to drill and produce a horizontal well for municipal use we have discovered that CWS is unique as a municipal horizontal well contractor. This one-of-a-kind proprietary process has assembled equipment and processes that are not available on the open market today. There are no other companies that have such a product as the CWS horizontal municipal well.

Additionally, the construction of a single, very high producing municipal water well within the city limits on a limited land footprint is both unique and valuable. This is evident as the process identifies a high-quality aquifer and exposes 10-20x water bearing sand formation than the conventional vertical well.

We see no path forward for the City to obtain like, competitive bids on this one of a kind propriety well drilling method.

If you have further questions please do not hesitate to contact us.

Sincerely,

Richard Greenly
Richard Greenly
President

COMMUNITY WATER
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