

ORDINANCE NO. S-12-11

AN ORDINANCE GRANTING TO CHAPARRAL CO2, L.L.C., OPERATING A CO2 TRANSPORTATION PIPELINE IN THE CITY OF COFFEYVILLE, KANSAS, A NON-EXCLUSIVE FRANCHISE TO OPERATE A CO2 TRANSPORTATION PIPELINE IN SAID CITY.

Section 1. There is hereby granted to Chaparral CO2, L.L.C. operating a CO2 Transmission Pipeline in the City of Coffeyville, Kansas, hereinafter called the Grantee, the right, privilege and franchise for a period of twenty (20) years from the effective date hereof and for so long thereafter as the Easement between the City and Grantee approved on July 26, 2012 remains in full force and effect, to construct, maintain and operate in the area described in Attachment A hereto, its CO2 transportation system as now located, together with the right, privilege and franchise to acquire, construct, maintain and operate therein and thereon such additions and extensions thereto as may be necessary or desirable, all for the purpose of transporting CO2 from plant and or station to outside the city limits.

Section 2. The Grantee shall at all times save the City harmless from any and all damages which said City may be liable to pay that may arise from the construction, maintenance and operation of Grantee's plant, system or any part thereof.

Section 3. Where Grantee's pipeline or other system components intersects with or crosses an asphalt or concrete roadway or alley, Grantee shall install the pipeline or components by boring under the roadway or alley. The Grantee shall limit all excavations of other streets, alleys, or public places to the necessities of efficient operation and shall not at any one time open or encumber more of any highway or public place than shall be reasonably necessary to repairing mains or pipes.

Section 4. The Grantee shall not permit such highway or public place to remain open longer than necessary for the purpose of which it was opened; shall refill all excavations and replace all pavement with like material and leave same in as good condition as when altered or removed; shall perform all work on streets, alleys and public places under supervision of a representative of the City if so desired; shall repay said City all expenses to which it has been put in the repair or replacement of streets, highways or pavement in the event such work is done by said City after the neglect or refusal of Grantee to perform same in a reasonable time.

During the term of each excavation or construction improvement, Grantee shall place or cause to be placed the necessary safety and warning devices and shall maintain said devices until all work is completed and the area is again safe.

Section 5. If at any time during the term of this franchise, the City shall lawfully decide to alter, repair, maintain, or improve any portion of the franchised area, the Grantee, upon reasonable notice by the City, shall relocate its underground pipeline and other fixtures at its own expense. City agrees that in no event will such alteration, repair, maintenance or improvement permanently foreclose Grantee's right, privilege and franchise to acquire, construct, maintain and operate a CO2 Transportation Pipeline. Any alternation, repair, maintenance or improvement that results in a temporary cessation of Grantee's right, privilege and franchise hereunder will be serve as extension hereunder on day by day basis for purposes of term under Section 1 and payment under Section 6.

Section 6. In consideration for the grant of this franchise, Grantee shall remit to the City an annual payment of \$1,751.50, which equals \$50.00 per rod, as delineated in Attachment A. The fee prescribed herein shall be paid to the City on or before the 1st day of January of each year the franchise remains in effect. Payments at the beginning and end of the franchise shall be prorated. The franchise fee shall be increased 5% every ten (10) years. City will remit an invoice to Grantee at least thirty (30) days prior to the franchise fee due date; provided, however, City's failure to remit an invoice shall not excuse the payment. The franchise may not be terminated solely for non-payment. In the event that the City fails to remit an invoice and Grantee fails to make remittance of the annual payment then Grantee will have thirty days from City's subsequent notice of non-payment to remit the annual payment.

Section 7. All pipelines which shall be laid or installed under this Ordinance shall be so located and laid as not to obstruct or interfere with any water pipes, drains, sewer or other utilities or structures already installed.

Section 8. Grantee shall comply with all applicable City ordinances now existing, or that may hereafter be enacted.

Section 9. Each provision of this Ordinance, except the term hereof, shall be subject to review, consideration, and alteration by the City every fifth (5th) year after the effective date of this Ordinance; provided, however this Section 9 shall not be construed as a basis for unilateral revocation of this franchise ordinance. City agrees that in no event will such review, consideration, or alteration permanently foreclose Grantee's right, privilege and franchise to acquire, construct, maintain and operate a CO2 Transportation Pipeline.

Section 10. All provisions of this Ordinance shall be binding upon the Grantee, whether expressly stated herein or not, all the rights, authorities, powers, grants and privileges secured by this Ordinance to the Grantee shall be held to inure to the benefit of the Grantee, and all successors, lessees and assigns of the Grantee.

Grantee shall be permitted to assign or convey this agreement or any part thereof subject to Grantee's obligation to provide the City of Coffeyville with thirty (30) days written notice of such assignment.

Section 11. The provisions of this Ordinance notwithstanding, Grantee shall be subject to the valid and lawful orders of the State Corporation Commission of the State of Kansas. In the event the State Corporation Commission of the State of Kansas or any successor governmental agency, shall take or from time to time take or prescribe or establish valid and lawful orders or rules within the jurisdiction and authority of such agency which would render one or more of the provisions of this Ordinance invalid, illegal or unenforceable in any respect, thus prohibiting or precluding Grantee from fulfilling any of Grantee's obligations hereunder, such orders or rules shall supersede the provisions hereof and shall be binding upon the Grantee; provided, however, the City reserves the right to litigate the issue of the State Corporation Commission of the State of Kansas jurisdiction in the particular area.

Section 12. None of the privileges granted by this Ordinance shall take effect or be in force until after the final passage and until Grantee, its successors and assigns, shall file a written acceptance of the provisions hereof.

Section 13. If Grantee has not filed with City an acceptance of this Ordinance within thirty (30) days from the effective date hereof, then this Ordinance shall ipso facto cease and become null and void.

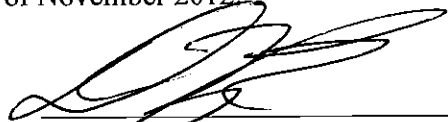
Section 14. Notices or responses to the Franchising Authority shall be addressed as follows:

Office of the City Manager
City of Coffeyville
P.O. Box 1629
Coffeyville, Kansas 67337
Attention: City Manager

The notices or responses to the Grantee shall be addressed as follows:

Chaparral CO2, L.L.C.
701 Cedar Lake Blvd
Oklahoma City, Oklahoma 73114

Passed and approved this 27th day of November 2012



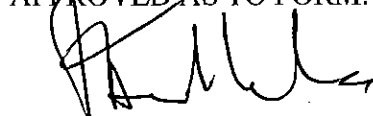
David George, Mayor

ATTEST:



Cindy Price, City Clerk

APPROVED AS TO FORM:



Paul Krutz, City Attorney



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