



City of Sidney, MT
Street and Alley Committee Meeting 1-15-25
January 15, 2025 5:30 PM
115 2nd Street SE |Sidney, MT 59270

The City Council meetings are open to the public attending in person, with masks encouraged when social distancing cannot be accomplished. If the public does not wish to participate in person, they are also invited to participate via a Zoom meeting. You can participate via phone:

Meeting ID: 713 080 5898 Passcode: 4332809 Call: 1-346-248-7799

1. New Business

a. Phoenix Capital Oil Lease for City Shop Offer

b. Review Zoning Code-Commercial Zones Maximum Fence Height

B-1: 11-10-3 (C)-Maximum 72 inches

B-2: 11-11-3 (C)-Maximum 72 inches

B-3: 11-12-3 (D)-Maximum 72 inches

CLM: 11-13-3 (B)-Maximum 96 inches

M-l: 11-14-3 (B)-Maximum 96 inches



PHOENIX | CAPITAL
GROUP



JR Fuller
Senior Minerals Specialist
469-865-1989
JFuller@phxcapitalgroup.com

Hello,

First and foremost, thank you for the opportunity to show you what Phoenix Capital Group can do for you. I know you have been contacted several times through the years and it can be difficult to know who and what to trust with your minerals.

In time, most folks come to appreciate that we are not the typical company they are accustomed to hearing from. A large amount of our success can be credited to the relationships we build with folks through transparency and being forthright about their minerals. We take a lot of pride in the fact that we invest in our clients as much as we do in their minerals.

Secondary to that, we are a technology-based company that can evaluate minerals on a massive, comprehensive scale. Based on our evaluations, we strategically invest in the working interest of wells and leverage our minerals to take advantage of the time value of money.

The oil and gas markets are not the same markets as they were 10-15 years ago, and **oil is no longer being considered a forward-thinking commodity**. Put simply, we are not trading places with you to benefit at your expense. All things considered, that is a losing proposition. We combine financial intelligence with our industry knowledge and expertise while taking advantage of write-offs that minimize our exposure. In doing so, we reduce the risks associated with having to wait 20-30 years for something that may or may not happen, and we show you how you can do the same.

The global demand for oil continues to decline, and concerns over the environmental costs of burning fossil fuels has been increasing. **Oil and gas are asset classes that billions of dollars are being invested to replace**. Replacement technologies are here, and the infrastructure for renewable energy generation is now following suit. These trends and a number of other key factors have prompted a broadening consensus, even among industry veterans, that oil's best days are behind us.

PHOENIX CAPITAL GROUP

18575 JAMBOREE ROAD SUITE 830, IRVINE, CA 92612 // 303.749.0074 // CONTACT@PHXCAPITALGROUP.COM

This scenario is not ideal especially if you are hoping or depending on consistent, reliable royalty revenue for yourself and future generations.

We recognize that oil and gas are not going to be obsolete in the near term; rather we know that they will not be in as high of demand as they were in the past. This reality ultimately creates a high level of uncertainty about what you can anticipate in royalty revenues in the near and not so distant future.

We understand that selling your minerals is a big decision that can be difficult due to high emotional attachments and family legacies associated with them. In reality, **you are already selling your minerals through your signed leases one barrel at a time in a saturated, global market.** At the same time, you are losing 35-40% of potential revenue through income taxes you currently pay on them. To that point, times have changed, and what was once considered long-term security in the form of mineral ownership is not the same today.

The same reason you were told never to sell your minerals is exactly why you should at least consider what I am proposing. **Holding onto your minerals is as much of a gamble as it is an investment.** As with any investment, it is important to have an exit strategy consistent with your risk tolerance.

In my experience, I have learned that folks are concerned about losing potential royalty revenue that they do not yet have, and they ignore the potential consequences of never receiving them; yet, they view owning minerals as “money in the bank”. We have seen minerals lose value overnight with the stroke of a pen. The only true guarantee about owning minerals is that there are no guarantees.

The good news is that the data that I share with you will help you be prepared regardless of the outcome. Whether you choose to accept the risks associated to holding your minerals, or you see the value in selling them, you will have peace of mind knowing that you made an informed decision. Based on the feedback I receive from my current clients, this insight is significantly more valuable than the speculation and opinions you hear from any other source.

Many of the largest oil and gas companies in the world are diversifying and investing in renewable energy. They see the future, are preparing to ensure that they are a part of it and are working and investing to avoid becoming the next Blockbuster, Kodak or Sears - companies that did not evolve with their respective industries and paid the ultimate price. The renewable energy technologies are not the only concern for the oil and gas industry; it is simply one of the biggest.

If the biggest oil and gas companies in the world are investing heavily in renewables...what does that mean for you? If they are diversifying and preparing for the future... why wouldn't you?

With this in mind, I would like to schedule some time with you to get to know more about you and your unique situation and walk you through your options and the benefits associated with them. Then we can talk about what we do strategically with the minerals in our portfolio, and from there decide together if it makes sense to move to the next step.

In the meantime, I have included some information that I thought you would appreciate. I look forward to getting your thoughts and working with you on this.

WHAT CLIENTS ARE SAYING...

PHOENIX CAPITAL GROUP

Item a.



MICHAEL MCALMOND

“ I recently sold my mineral rights to Phoenix Capital Group. I was a little unsure initially, but very quickly became comfortable working with Tom Kruk and Phoenix Capital Group. I would give them 5 out of 5 stars for the experience I had working with them. Tom Kruk was the representative I worked with and it was great working with him. Anytime I had a question or needed more information he always responded right back. He also kept in touch with me all the time on his own during the whole process. I found Tom to always be helpful, honest and a great representative of Phoenix Capital Group. The two main reasons I decided to sell my mineral rights was working with Tom Kruk and of course, the price they paid, which I thought was a very fair offer. It was the best offer I received. I talked with my family, keeping them up to date and everyone decided to sell due in part to my experience. I would recommend Phoenix Capital Group to anyone thinking about selling their mineral rights.

Location: Mountrail County, ND



ARDATH AND MARK JUNGE

“ My wife and I have owned the mineral rights under our property for 27 years. Leasing did not bring us significant returns, so when Phoenix called, inquiring about purchasing them, we became interested. We were a bit nervous because of our lack of knowledge, so we consulted an official at the State lands office as well as a private lawyer. Slowly, we began to understand that the Phoenix offer was not only legitimate but also generous. Cautiously, after a series of emails, letters and phone calls, we finally took the big step and sold our mineral rights. We have been very satisfied working with the Phoenix representative, Casey Haerther, who was “Johnnie-on-the-spot” every time we had a question. He understood our concern and was prompt and thorough in his answers. Given the opportunity, we would confidently work with him and Phoenix again.

Location: Laramie County, WY



*Contact information available upon request

JIM AND LINDA GLANTZ

“ I know very little about oil leases but thanks to you patiently guiding us through the sale of my mineral rights inherited from Grandfather Arnold. I was lost about how to proceed with the sale but Tom Wulf from Phoenix Capital Group took the time to set all the ducks in line so I could sell n rights for a large sum of money.

Phoenix Capital Group even went to the extent of setting up payments over three separate years for tax purposes. This year I received my first disbursement in May and the next disbursement was going to be due in May of 2023.

I contacted Phoenix just before going on vacation and asked if we could move the 2023 disbursement up to the first part of the year. You contacted Curtis from Phoenix Capital Group in California and he agreed. This is a great help for us because Linda, my wife, has a degrading neurological condition called Multifocal Motor Neuropathy. Needless to say you and Curtis went to bat for us as a gesture of kindness. Thanks Tom and Curtis for meeting our need and for being good people.

Location: McKenzie County, ND



RICHARD BALMER

“ Recently Phoenix Capital Group purchased my North Dakota mineral rights. I had the pleasure of working with Tom Kruk in this process. It was a pleasure to quickly determine Tom is certainly honest and honorable. I give him and Phoenix a rating of 10 out of 10. Tom lent knowledge, credibility, and integrity to the process and thoroughly worked through questions and was a great help in the decision-making process. We had received calls from other firms but they did not offer nearly the information, materials, and follow through as Tom. The terms were very favorable, and we closed on the transaction with Phoenix Capital. I would definitely recommend Tom and Phoenix to anyone.

Location: Mountrail County, ND



MYRON RAMBOUSEK

I was contacted by several companies interested in purchasing my mineral rights. After speaking with all of the companies, there was one clear winner, Casey Haerther and Phoenix Capital. Casey, provided answers to every question that I had during the sales transaction. It didn't take days or even hours in most cases to receive the answers. Many times it was a matter of minutes, even during evenings and weekends. Additionally, the answers were clear, concise and to the point. I began my talks with Phoenix Capital with very low expectations. In the end, I was proven completely wrong. Every single request that I made regarding the contract was addressed. I can say without a doubt that without Casey as my sales contact, I would most likely have not sold my mineral rights at all. Casey is an example of what a true professional should be. I sincerely hope that Phoenix Capital recognizes this. I am quite sure that his supporting team/personnel are at the same level. Thank you again Casey for what without a doubt, was the best experience of this nature I have ever had in my life.

Location: Dunn County, ND



GARY KOTTMAN & FAMILY

Over the decades that my family has owned 80 acres of mineral rights in Laramie County, Wyoming, we chose to hold on to these rights. In the most recent years, we have leased these rights for a three year periods to two different companies, but never considered selling these rights. Early in the Summer of 2021, we were contacted by Tom Kruk, who is VP of Mineral Acquisitions, for the Phoenix Capital Group. They were interested in purchasing our mineral rights. During our discussions with Tom, we found him to be very knowledgeable, credible, honest, and sincere. He answered all our questions and was a good listener. Tom was very professional and helpful throughout our decision making process. Ultimately, we decided that the Phoenix Capital Group's offer for our mineral rights was fair and reasonable and we made the decision to sell to them. The entire purchasing process was smooth and efficient. We would recommend Tom and the Phoenix Capital Group to anyone wishing to sell their mineral rights.

Location: Laramie County, WY



B.K.R.

I was contacted by Jon Wilson of Phoenix Capital Group early in 2022. Jon inquired about my level of interest in selling my mineral ownership in Wyoming. I was hesitant at first, having been disappointed by previous offers that failed to meet something close to my number. In a short period of time we came to agreement on a price. From that point forward Jon and Phoenix Capital met every question I raised with a positive response and they always delivered as promised. We closed in July. I'm very happy with the professional yet personal service I received as we walked through the process. Special thanks to Jon Wilson for his work.

If you are considering selling your mineral rights, fed up with the battle with your oil company, or could benefit from a cash settlement, I highly recommend contacting Phoenix Capital Group.

Location: Campbell County, WY



DENNIS P.

I initially received a call from Tom Kruk who then sent me his information. I appreciated that he explained why he was sending it. I had previously received letters from other companies interested in buying my minerals that had no details. They just wanted us to call if we were interested in selling. After reviewing the materials, we spoke back and forth and ultimately came to a decision to sell our minerals.

I like that Tom took the time to explain everything in detail. And I was also glad to get hold of someone who could actually talk about more than just oil! If I had any questions it was not a problem to call him back. We've had very friendly conversations before and after selling.

I also received information from Lindsey in their office in California, who was very helpful. I am very satisfied with the outcome and ended up getting paid more than what was contracted! I met with my tax advisor afterward and he commented that I had fared much better on a mineral sale than most clients he sees. I would absolutely recommend to others to do business with Tom and Phoenix Capital Group.

Location: Williams County, ND



November 21, 2024

City of Sidney
115 2nd Street Southeast
Sidney, MT 59270

RE: *Offer to Lease Mineral Interest – Richland County, Montana*

Township 23 North, Range 59 East, Richland County, M.P.M.
Section 34: SWNW

Gross Acres: 40
Net Mineral Acres: 7.55

Dear City of Sidney:

Phoenix Capital Group Holdings LLC (“Phoenix”) is interested in acquiring an oil and gas lease covering your above captioned mineral interests. Enclosed please find an oil and gas lease covering said interest for your consideration. The terms we are offering for your execution of the enclosed lease are as follows:

18.75% **BONUS: \$400.00 per net mineral acre**
ROYALTY: 17.00%
TERM: 3 Year Primary Term
OPTION: 2 Year Option to Extend at 100% original bonus

If you are in agreement with the above terms, please execute the memorandum and lease where indicated in the presence of a notary public, sign and date this letter where indicated, and return all documents to Phoenix Capital Group, 18575 Jamboree Road, Suite 830, Irvine, CA 92612. **IMPORTANT: This Offer Letter must be fully executed and returned in its entirety to be considered received.** Upon Phoenix’s approval & receipt thereof and upon verification of title and interest as further outlined below, Phoenix will issue payment in the amount of **\$3,020.00** directly to you via ACH deposit or check mailed to the above address.

This offer is valid until 5:00 PM PST December 19, 2024. In addition, this offer is subject to title and verification of your above captioned interest. In the event it is determined your ownership interest differs from that of the above captioned it is understood and agreed the consideration amount referenced herein shall be proportionately reduced or increased. The Closing of this lease, as contemplated by this agreement, shall take place on a date selected by Phoenix which is on or before forty-five (45) business days from Phoenix’s receipt of this executed offer letter. **The executed Oil and Gas Lease and Memorandum of Oil and Gas Lease must be properly executed, of recordable quality and returned in its entirety and must be provided to Phoenix prior to this Closing Date.** Furthermore, the consideration as detailed herein shall constitute full consideration for your execution of the enclosed lease covering your entire mineral interest under the above captioned lands.

Should you have any questions or further points of discussion, please do not hesitate to contact me by using the contact information below.

Sincerely,

J.R. Fuller
Senior Minerals Specialist
Phone – 469-865-1989
Email – jfuller@phxcapitalgroup.com



If City of Sidney is agreeable to the terms and conditions herein, please signify by executing and sending this Offer to Lease to Phoenix Capital Group at 18575 Jamboree Road, Suite 830, Irvine, CA 92612.

Offer to Lease accepted this _____ day of _____, 20__

Lessor: City of Sidney

BY: City of Sidney
ITS: Manager

Lessee: Phoenix Capital Group



BY: Lindsey Wilson
ITS: Manager & COO

OIL AND GAS LEASE

(2024 PHX STD)

THIS AGREEMENT, Made and entered on November 21, 2024, by and between **City of Sidney**, whose mailing address is **115 2nd Street Southeast, Sidney, MT 59270**, hereinafter called Lessor, (whether one or more), and **Phoenix Capital Group Holdings LLC**, whose address is **18575 Jamboree Road, Suite 830, Irvine, CA 92612**, hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of Ten (10) dollars and other valuable consideration cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, specifically including helium, carbon dioxide, and coalbed methane and any and all substances produced in association therewith from coal-bearing formations, together with ingress and egress for rights of way and easements for roads, laying pipe lines, water wells, disposal wells, injections wells, pits, electric and telephone lines and erection of structures and other facilities thereon to produce, save and take care of said products, all that certain tract of land situated in the County of **Richland**, State of **Montana** described as follows, to-wit:

Township 23 North, Range 59 East, Richland County, M.P.M.

Section 34: SWNW

Containing 40 acres, more or less. (the "leased premises")

In addition to the land described above, lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands which are now owned or claimed by lessor by one or any of the following reasons: (1) all lands and rights acquired or retained by lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incident, appurtenant, related or attributed to lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to lessor by virtue of lessor's ownership of the land described above; and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar statutes of the state in which the lands are located. It is the specific intent of Lessor and Lessee herein, that Lessor hereby leases and lets unto Lessee under all the provisions of this lease all the mineral interest owns together with any reversionary rights and after-acquired interest in the Lands described above, whether or not properly described herein.

1. It is agreed that this lease shall remain in force for a term of **Five (5) years** from this date (herein called "primary term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, by Lessee or any third party, or drilling or reworking operations by Lessee or any third party, are continued on leased premises or on acreage pooled therewith as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee, or any third party is then engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than one hundred and eighty (180) days shall elapse between 1) the finished construction of a well pad and the arrival on-site of a drilling Rig capable of reaching the desired depth as defined by an approved Application for

Permit to Drill; 2) the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within one hundred and eighty (180) days from date of cessation of production or from date of completion of dry hole. It is understood that this lease may also be maintained, and Lessee shall not be liable for delays or defaults in its performance of this Lease for reasons of Force Majeure, being defined herein as Acts of God or Nature. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith. Whenever used in this Lease, the words "operations" or "commence operations" (or their variants) shall include but not be limited to, any of the following activities: well pad excavation, grading and construction, drilling, testing, stimulating, completing, venting, reworking, recompleting, deepening, plugging back, or repairing a well in search or in an endeavor to obtain production of oil and gas, whether or not in paying quantities.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. Lessee covenants and agrees to pay royalty to Lessor as follows:

1st. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on the leased premise, the equal 17.00% part of all oil produced and saved from the leased premises.

2nd. To pay Lessor 17.00% of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of 17.00%, payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product, a royalty of 17.00% of the proceeds, at the wellhead, payable monthly at the prevailing market rate.

4. Any interest in production from the lands herein described to which the interest of lessor may be subject shall be deducted from the lessor's royalty herein reserved.

5. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

6. If said Lessor owns a less interest in the above-described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

7. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for operation thereon, except water from the wells of Lessor.

8. Lessee shall bury Lessee's pipelines below plow depth.

9. No well shall be drilled nearer than 500 feet to the house or barn now on said premises without written consent of Lessor.

10. Lessee shall pay for reasonable amounts for all damages caused by Lessee's operations to growing crops on said land.

11. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

12. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

13. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool, or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling, or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands to one or more of the formations hereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee. Notwithstanding anything contained in this Lease to the contrary, any production from or drilling or reworking operations conducted on the leased premises or on acreage pooled therewith, shall perpetuate this Lease as if Lessee itself obtained such production or conducted such drilling or reworking operations, even though such production is obtained or such drilling or reworking operations conducted by a third party, irrespective of whether the Lessee executes an operating agreement or elects to participate in a well with a third party.

14. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.
15. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.
16. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this lease shall mean any one or more all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns or Lessor and Lessee.
17. This oil and gas lease may be executed in any number of counterparts each of which shall be deemed an original and all of which taken together shall constitute one and the same and which shall become effective only when and if all parties referenced herein have executed an original or counterpart.
18. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any alleged breach or default by Lessee hereunder, for a period of at least ninety (90) days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event a matter is litigated, such litigation shall be to the court, Lessor waiving its right to a jury. Further, in the event a final judicial determination is made that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee fails to commence to remedy the breach or default after a reasonable time after said judicial determination. In addition to the foregoing, any alleged breach of this lease through improper royalty deductions or improper royalty payments shall be resolved solely through binding arbitration by a single impartial arbitrator selected by the parties conducted under the commercial arbitration rules of the American Arbitration Association within one hundred twenty (120) days after formal submission.
19. When operations or production are delayed or interrupted by any cause, whether foreseeable or unforeseeable, beyond Lessee's reasonable control including, without limitation, labor disputes, acts of God, any federal or state or local law, or of some order, rule, regulation, requisition or necessity of any government or governmental authority, or any official acting thereunder, action or inaction by any federal, state, or local agencies which delays or prevents the issuance of granting of any approval or authorization required to conduct operations (including applicable permits); lease stipulations; fire, explosions, earthquake, storm, flood, drought or other adverse weather conditions; rig availability; war, rebellion, insurrection or riot; delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors or subcontractors; shortage of or inability to obtain at reasonable cost, labor, transportation, materials, machinery, equipment, supplies, utilities or services or the inability to mobilize or demobilize the same at reasonable cost; accidents; breakdown of equipment, machinery or facilities; actions by environmental groups, or other special cause, whether similar or dissimilar to the foregoing, the time of such delay or interruption shall not be counted against Lessee and this lease shall remain in force during such delay or interruption and ninety (90) days thereafter, anything in this lease to the contrary withstanding.
20. If, during any time this lease is in force and effect, Lessor receives any bona fide offer, which Lessor is willing to accept from any party offering consideration to Lessor for a lease (top lease) covering any or all of the substances covered by this lease or covering all or a portion of the leased premises, with the top lease becoming effective upon the expiration of this lease, Lessor hereby agrees to immediately notify Lessee in writing of said offer, setting forth the proposed Lessee's name, bonus consideration and royalty to be paid for such lease, and Lessor shall include a copy of the lease form to be utilized which form shall reflect all pertinent and relevant terms and conditions of the top lease. Lessee shall have thirty (30) days after receipt from Lessor, of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease or extend the primary term of this lease with Lessor on equivalent terms and conditions as made in the top lease. If Lessee fails to notify Lessor

within the aforesaid thirty (30) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. It is understood that any top lease acquired by Lessee herein pursuant to this provision, shall not limit the term or otherwise affect the validity of this lease. Any top lease granted by Lessor to a third party without prior notification to Lessee, as set out above, shall be null and void.

21. Lessee has the optional right, but not the obligation, to extend this lease for an additional **Three (3) years** beyond the primary term, including any time earned under the continuous drilling provision and/or force majeure clause contained in the lease (the "Expiration Date"), by tendering to Lessor on or before the Expiration Date, an amount equal to **100%** of the original bonus paid to Lessor, its successors or assigns, on a per net mineral acre basis on any or all of the lands which the Lessor owns an interest in and which Lessee elects to exercise under its option. Unless otherwise notified by Lessor in writing of a new mailing address, Lessee's tender to Lessor of the monies referenced herein to the mailing address set out above shall be deemed as effective for all purposes and received by Lessor. If Lessee exercises this option to extend, Lessee is granted the right to file a Notice of Option to Extend in the Deed Records of the County where the lands are located.

(REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK)

IN WITNESS WHEREOF, this instrument is EFFECTIVE as the date first above written but EXECUTED as of the date in the acknowledgement.

LESSOR: City of Sidney

BY: City of Sidney
ITS: Manager

STATE OF _____

ACKNOWLEDGMENT

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by **City of Sidney, as Manager of City of Sidney**, to me known to be the identical person(s) described herein, and who executed the within and foregoing instrument of writing and acknowledgment to me that he / she duly executed the same as his / her free and voluntary act and deed for the uses and purposes therein set forth.

Witness my hand and official seal.

Notary Public in and for the State of _____

Please return to:
Phoenix Capital Group Holdings, LLC
18575 Jamboree Road, Suite 830
Irvine, CA 92612

MEMORANDUM OF OIL AND GAS LEASE

STATE OF MONTANA §
 §
COUNTY OF RICHLAND §

Lessor: City of Sidney
 115 2nd Street Southeast
 Sidney, MT 59270

Lessee: Phoenix Capital Group Holdings, LLC
 18575 Jamboree Road, Suite 830
 Irvine, CA 92612

Lease Date: November 21, 2024 (“Effective Date”)

Notice is hereby given that Lessor named above, executed and delivered to Lessee, named above, an Oil and Gas Lease (the “Lease”) in which Lessor granted, leased and let to Lessee all of Lessor’s oil, gas and other minerals produced in conjunction therewith, in the lands (the “Leased Premises”) located in the county and state named above more particularly described as:

Township 23 North, Range 59 East, Richland County, M.P.M.
Section 34: SWNW

Containing 40 acres, more or less.

The Oil and Gas Lease provides for a primary term of Five (5) years from the Effective Date, with the option to extend said Oil and Gas Lease for an additional term of Three (3) years and so long thereafter as oil and/or gas is being produced from the Leased Premises, or lands pooled therewith, or so long thereafter as operations are being conducted thereon, as therein provided.

Reference is hereby made to executed copies of said Oil and Gas Lease in possession of Lessor and Lessee, respectively, for all of the provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Memorandum of Oil and Gas Lease to be duly executed as of the date hereinabove stated.

LESSOR: City of Sidney

BY: City of Sidney
ITS: Manager

STATE OF _____

ACKNOWLEDGMENT

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by **City of Sidney, as Manager of City of Sidney**, to me known to be the identical person(s) described herein, and who executed the within and foregoing instrument of writing and acknowledgment to me that he / she duly executed the same as his / her free and voluntary act and deed for the uses and purposes therein set forth.

Witness my hand and official seal.

Notary Public in and for the State of _____