



**CITY OF GRAND PRAIRIE
COMMUNICATION**

MEETING DATE: 02/03/2026

PRESENTER: Cindy Mendez, Director of Public Health and Environmental Quality

TITLE: Authorize the City Manager to approve an Amendment to an Oil and Gas Lease Agreement with TotalEnergies E&P USA Barnett 1, LLC to allow underground drilling on an additional 69.27295 acres of City-owned properties. The Amendment will extend the lease to a five-year primary term, with a \$500 per net mineral acre bonus payment and 25% royalties to the City

REVIEWING COMMITTEE: (Reviewed by the F&G on 02/032026)

PURPOSE OF REQUEST:

TotalEnergies E&P USA Barnett 1, LLC (“TEP Barnett”) has sent the City multiple offer letters pursuant to the Mineral Interest Pooling Act, Chapter 102 of the Texas Natural Resources Code (“MIPA”) seeking to lease or purchase the City’s mineral interest rights on various parcels of land owned by the City.

MIPA allows mineral right owners like TEP Barnett to apply for pooling of separately-owned properties in the same oil field reservoir. Under MIPA, if the mineral right owner and the owners of the separate properties are unable to reach an agreement, the Texas Railroad Commission has the authority to compel the parties to enter into a lease so that the mineral rights on the properties can be pooled. TEP Barnett has submitted an application to pool the City’s subject acreage under MIPA. The offer being made to the City is in lieu of the City being forced into the subject drilling lease pools for potentially less royalties and with less favorable terms for the City.

In December of 2024, the City and TEP Barnett entered into a 3-year lease that provided the City a \$500 per net mineral acre bonus payment and royalties in exchange for the City leasing its mineral interest rights to TEP Barnett on approximately 85.6468 acres of City-owned property. The lease does not include any surface rights, and TEP Barnett would be drilling into the leased properties from existing drill sites.

The current Amendment adds 69.27295 net mineral acres of City-owned property to the Lease and extends the lease term from three to five years.

In exchange for giving TEP Barnett the right to expand its underground drilling onto the subject City properties, TEP Barnett has offered the City the following:

- 1) a \$500 per mineral acre bonus payment for the newly added 69.27295 net mineral acres, estimated at \$34,636.48 for the (This is a one-time, upfront payment); and
- 2) a 25% royalty from oil and gas production, based on a percentage of the production from the well that is proportionate to the City property's area in the lease pool

The offer from TEP Barnett is reasonable based on current market conditions and what has been offered to other property owners in the recent past.

ATTACHMENTS / SUPPORTING DOCUMENTS:

1. Legal Description of City-owned Properties Subject to Amendment
2. Map of City-owned Properties Subject to Amendment