

Office of the City Manager

City of Richland Hills, Texas

Memorandum

To: Honorable Mayor Bill Agan and members of the Richland Hills City Council
From: Eric Strong, Assistant City Manager
Date: May 21, 2013
Subject: Chesapeake Energy Oil and Gas Lease

City Council Action Requested:

Consider Oil and Gas Lease agreement with Chesapeake Exploration for the property located at the southwest corner of Booth Calloway Road and Evergreen Road.

Background Information:

Chesapeake Exploration (CE) has approached the City of Richland Hills, along with several other property owners regarding entering into a three year Oil and Gas Lease for the property located at the southwest corner of Booth Calloway Road and Evergreen Road. This property has a City of Richland Hills water tank located on it.

The lease agreement calls for payment of \$1,500 per net acre, which based on the size of this particular piece of property would provide for payment to the City of \$227.25. However, in the event that they eventually begin drilling in this area and discover oil, gas or other minerals, it will also provide a royalty payment of 25%.

Staff recommends the approval of this agreement.

Board/Citizen Input:

N/A

Financial Impact:

N/A

Staff Contacts:

Eric Strong, Assistant City Manager
817-616-2745
estrong@richlandhills.com

Attachments:

Chesapeake Agreement and Map

TURNER

OIL & GAS PROPERTIES, INC.

May 21, 2013
5B - 3

LAND BROKERAGE SERVICES

Frank Jarvis

3232 W. Britton Rd., Suite 200, Oklahoma City, OK. 73120

Phone 405.752.8000/Facsimile 405.752.8327

May 02, 2013

City of Richland Hills
3200 Diana Dr
Richland Hills, TX 76118-6237

RE: Oil and Gas Lease
Memorandum of Oil and Gas Lease
A 710-4C
0.209000 net acres, TARRANT County, TX

Dear City Of Richland Hills:

Enclosed, please find an Oil and Gas Lease covering your interest in certain lands in TARRANT County, Texas. Chesapeake Exploration, LLC is offering to lease the above referenced for a bonus consideration of \$1,500.00 per net mineral acre for a primary term of 3 years. A W-9 form and an Order of Payment are also enclosed to be completed and returned with the lease and Memorandum. The Order of Payment in the amount of **\$227.25** will be funded within 30 days from receipt and confirmation of title.

WE NEED YOUR LEASE, MEMORANDUM, ORDER OF PAYMENT, AND W-9 RETURNED TO TURNER OIL & GAS PROPERTIES WITHIN 2 WEEKS FROM THE DATE OF THIS LETTER

Directions

- Please sign the Lease and Memorandum of Oil and Gas Lease in the presence of a Notary Public exactly as your name appears in all spaces. Provide and have the Notary Public acknowledge your signature. If there is an error in spelling, etc., please make the change and initial beside the change.
- Please sign the Order of Payment and have it witnessed. Please provide your telephone number and email address on the Order of Payment for Chesapeake. The Order of Payment is a 30-day scheduled payment. Processing begins upon receipt and transfer of documents to Chesapeake.
- Please complete and sign the W-9.
- If you have had a change in status such as a divorce, death, or ownership, please include copies of Death Certificates and Will/Probate, Divorce Decree or Deed if applicable.
- For your convenience, a self-addressed, postage paid envelope has been enclosed for you to return your signed lease, Memorandum, Order of Payment, and W-9 form.

If you should have any questions and/or comments regarding this matter, please contact me.

Frank Jarvis
Agent for Chesapeake Exploration
(405) 501-4449
fjarvis@turneroil.net

71242.TXTA

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) - Paid-Up (8.2012)
With 640 Acres Pooling Provision
No surface use with no option to extend

PAID-UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this **2nd** day of **May, 2013**, by and between **City of Richland Hills** whose address is **3200 Diana Dr, Richland Hills, TX 76118-6237**, as Lessor, and **CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company**, whose address is **P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496**, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

0.209 acres, more or less, out of the Solomon Hayworth Survey, A-710, Tarrant County, Texas being more particularly described as Parcel No.6 in that certain Deed and Bill of Sale dated July 22, 1954, from C.F. Alexander, Charles E. McArthur, and Hilding F. Henrickson to the Town of Richland Hills, Tarrant County, Texas recorded in Volume 2743, Page 417, of the Deed Records of Tarrant County, Texas.

in the County of TARRANT, State of TEXAS, containing **0.2090** gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of **three (3)** years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **25.00%** of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **25.00%** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the post production costs incurred by Lessee, including delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if during the primary term, at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for any reason, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in for any reason or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease. Lessee has the right to shut a well in for any reason, including lack of market, safety issues, pricing issues, production issues, or any other reason deemed reasonable by Lessee.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at Lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being

maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations (from any location, whether on the leased premises, lands pooled therewith or any other location) reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling, which effective date may be retroactive. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder, for any reason, by expansion or contraction or both, either before or after commencement of production, and before or after the expiration of the primary term, including in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision, which effective date may be retroactive. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises

described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, and/or by inability to obtain necessary permits with conditions that are acceptable to operator, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, which will take effect upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 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 the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. For the same consideration recited above, Lessor agrees to execute, without payment of additional compensation, any and all documents required to obtain approval from any and all federal, state, county or municipal/local government entities to conduct the operations contemplated by this Lease, including, but not limited to, distance waivers, consents, variances, easements or covenants prohibiting construction of improvements within certain distances of a pad site, and petitions of support.

18. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

City Of Richland Hills

By: Bill Agan, Mayor

CORPORATE ACKNOWLEDGMENT

STATE OF _____)

COUNTY OF _____)

This instrument was acknowledged before me on the _____ day of _____, 20_____, by _____ as _____ of City of Richland Hills on behalf of the said corporation.

Notary Public

[SEAL]

Notary Public, State of _____

Notary's name (printed): _____

Notary's commission expires: _____

Chesapeake Exploration, L.L.C.

ORDER OF PAYMENT

Date: May 02, 2013

Chesapeake Exploration, L.L.C. ("Chesapeake") will tender payment to the Lessor identified in the Paid Up Lease ("Lease") as indicated herein by check within 30 days of Chesapeake's receipt of the original executed Order of Payment and the original executed Lease. Payment is conditioned upon title to the property interests leased being confirmed acceptable to Chesapeake, in its sole discretion. A title defect is a basis to render title unacceptable and shall include, but shall not be limited to, a prior unsubordinated mortgage, unreleased lease or delinquent property taxes. Payment may be tendered by mail or any comparable method (e.g., Federal Express), and payment is deemed complete upon mailing or dispatch. Where the due date for any payment specified herein falls on a holiday, Saturday or Sunday, payment tendered (mailed or dispatched) on the next business day is timely. Lessor shall retain a copy of this Order of Payment. No default for non-payment may be claimed by Lessor during said 30-day period.

If Lessor owns more or less than the net interest defined herein, Chesapeake may, without immediate notice to Lessor, increase or reduce the consideration payable hereunder proportionate to the actual interest owned by Lessor or render title unacceptable at its sole discretion.

Chesapeake retains the right to surrender the Lease associated with the Order of Payment at any time and for any reason. If the Lease is surrendered before payment is due under this Order of Payment, the Lessor may retain any consideration paid at the time of signing the Lease, but Lessor is not entitled to any additional amount. If the Lease has not been surrendered or payment made by the specified due date, then Lessor shall notify Lessee in writing and Lessee shall have 30 days from receipt of such written notice to make payment or surrender the Lease without any liability.

Lessor acknowledges and agrees that the Lease is a valid and binding agreement, subject to the terms and conditions contained herein. Lessor represents he/she has a full understanding of the risks involved in leasing property for oil and gas development and that Lessor has read and understands the terms and provisions of the Lease and this Order of Payment. Lessor agrees this is an arm's length transaction entered into as a result of his/her own free act and will and Chesapeake or anyone acting on its behalf has made no representations of value or exerted any duress or coercion. Lessor agrees that payment made hereunder is final and will not seek to amend or modify the payment, or seek additional consideration based upon any differing terms which Chesapeake has or will negotiate with any other lessor/oil and gas owner. Non-acceptance by Lessor of timely payment shall not serve to void the Lease.

PAY TO: City of Richland Hills

in the amount of

Two Hundred Twenty-Seven And 25 / 100 * * * * * dollars (\$227.25)

Address: 3200 Diana Dr, Richland Hills, TX 76118-6237

Phone: _____ SSN/TIN: _____ Send 1099 to: _____

STATE TX	COUNTY TARRANT	SURVEY/ABSTRACT A-710 - S HAYWORTH
PROSPECT/PROJECT NAME Barnett - Turner		BONUS PER ACRE \$1,500.00
LEASE NUMBER	<input checked="" type="checkbox"/> New	<input type="checkbox"/> Renewal

This payment is for Bonus Consideration for Oil & Gas Lease dated May 02, 2013, which covers property described as follows:

0.209 acres, more or less, out of the Solomon Hayworth Survey, A-710, Tarrant County, Texas being more particularly described as Parcel No.6 in that certain Deed and Bill of Sale dated July 22, 1954, from C.F. Alexander, Charles E. McArthur, and Hilding F. Henrickson to the Town of Richland Hills, Tarrant County, Texas recorded in Volume 2743, Page 417, of the Deed Records of Tarrant County, Texas.

Gross Acres: 0.20900000 Net Acres: 0.20900000 Mineral Interest: 100.000000%

City Of Richland Hills

Landowner's signature: _____ Witness _____

By: Bill Agan, Mayor

(if needed)

Approved By: _____

Forward to:
LAND DEPARTMENT
CHESAPEAKE EXPLORATION, L.L.C.
6100 N. WESTERN AVE.
OKLAHOMA CITY, OK 73118

FOR INTERNAL USE ONLY	DATE PAID	DATE BY
	AMOUNT	CHECK NUMBER
	NOTE	

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Name (as shown on your income tax return) City of Richland Hills
Business name/disregarded entity name, if different from above
Check appropriate box for federal tax
Classification (required): Individual/sole proprietor, C Corporation, S Corporation, Partnership, Trust/estate, Limited liability company, Other (see instructions), Exempt payee
Address (number, street, and apt, or suite no.) 3200 Diana Dr
City, state, and ZIP code Richland Hills, TX 76118-6237
List account number(s) here (optional)
Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3.

Social security number: [] [] [] - [] [] - [] [] [] [] [] []

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer Identification Number [] [] [] [] - [] [] [] [] [] [] [] [] [] []

Part II Certification

Under penalties of perjury, I certify that:

- 1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has not notified me that I am no longer subject to backup withholding, and
3). I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person Date

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- 1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax or foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7). Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

REGISTERED PROFESSIONAL SURVEYORS

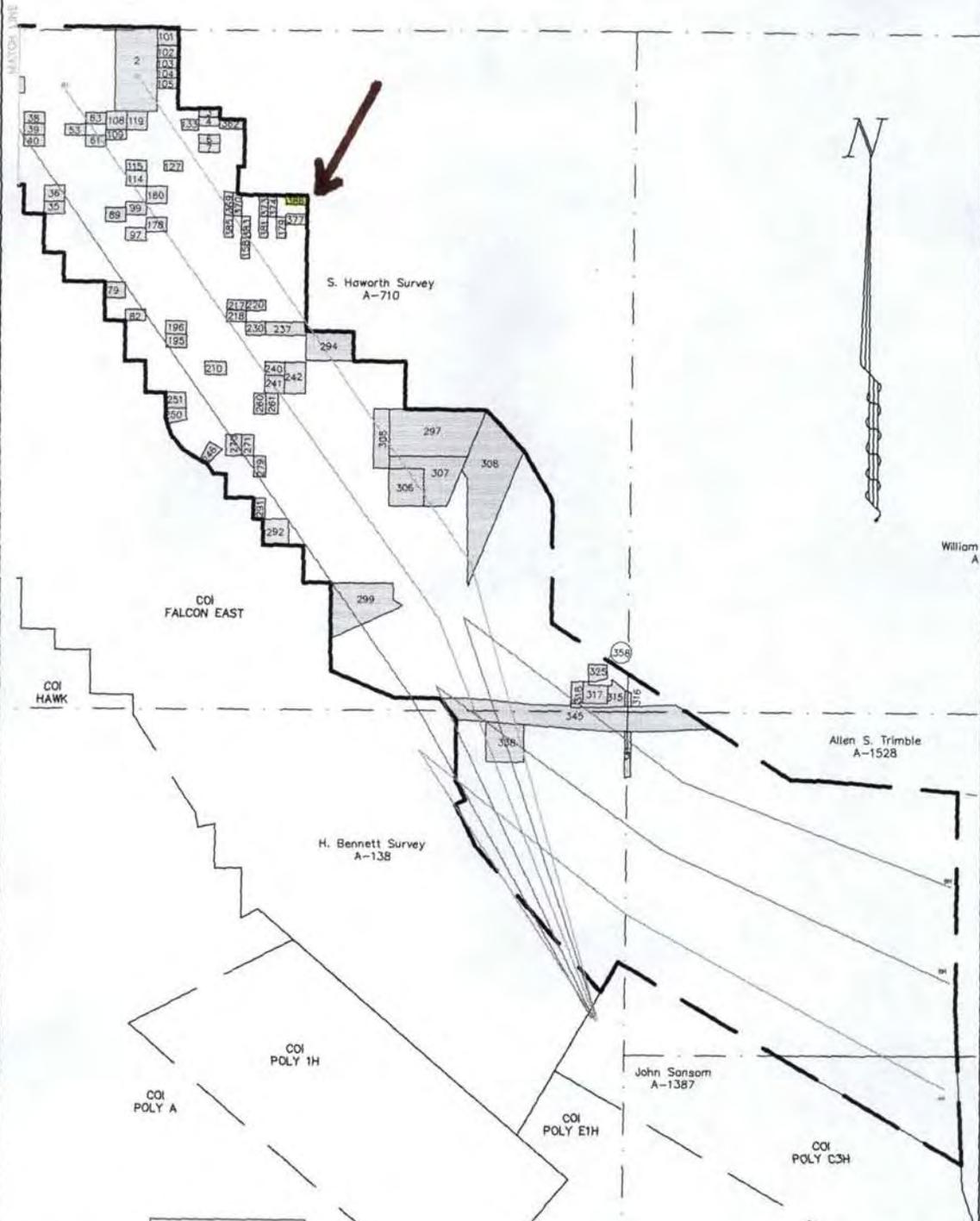
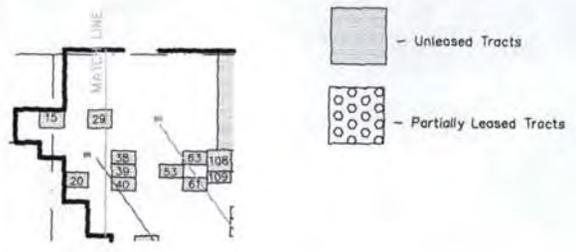
HERBERT S. BEASLEY

LAND SURVEYORS L.P.

- LAND • TOPOGRAPHIC
- CONSTRUCTION SURVEYING

P. O. BOX 8873
FORT WORTH, TEXAS 76124

METRO 817-429-0194
FAX 817-446-5488

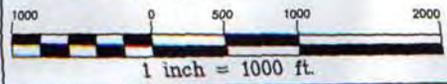


For Review
06/19/2012 8:05:26 AM
Prepared 14 June 2012

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Exhibit C

Basis of Bearings: NAD27 Texas North Central Zone.
Grid Scale Factor: 0.99986117718



CHESAPEAKE OPERATING, INC.
449.151 Acre Lorikeet
Fort Worth, Tarrant County, Texas.

CHK-Lorikeet Unit.dwg