

**ORDINANCE NO. OR-1852-12**

**AN ORDINANCE AUTHORIZING THE EXECUTION OF A GAS LEASE AGREEMENT BETWEEN THE CITY OF MANSFIELD AND XTO ENERGY FOR CITY-OWNED PROPERTY LOCATED AT 2464 CALLENDER ROAD**

**WHEREAS**, XTO Energy is drilling for gas within 330' of City-owned property; and

**WHEREAS**, the City owns the minerals under the property; and

**WHEREAS**, XTO Energy has proposed a lease for the property in order to continue with lateral lines; and

**WHEREAS**, the City Council finds that it is in the best interest of the citizens of the City of Mansfield to execute a gas lease agreement between the City of Mansfield and XTO Energy for the above-described property.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANSFIELD, TEXAS, THAT:**

**SECTION 1.**

That the City Manager or his designee is hereby authorized to execute a gas lease agreement between the City of Mansfield and XTO Energy.

**SECTION 2.**

This Ordinance shall be cumulative of all provisions of all other Ordinances of the City of Mansfield, Texas except where the provisions of this Ordinance are in direct conflict with the provisions of such Ordinances, in which event the conflicting provisions of such Ordinances are hereby repealed.

**SECTION 3.**

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this Ordinance are severable and if any phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance since the same could have been enacted by the City Council without incorporation in this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

**SECTION 4.**

This ordinance shall take effect immediately from and after its passage on third and final reading as the City Charter provides.

**FIRST READING APPROVED ON THIS 8<sup>TH</sup> DAY OF OCTOBER, 2012.**

SECOND READING APPROVED ON THIS 22<sup>ND</sup> DAY OF OCTOBER, 2012.


DULY PASSED ON THE THIRD AND FINAL READING BY THE CITY COUNCIL  
OF THE CITY OF MANSFIELD, TEXAS, THIS 12<sup>TH</sup> DAY OF NOVEMBER, 2012.

  
\_\_\_\_\_  
David L. Cook, Mayor

ATTEST:

  
\_\_\_\_\_  
Vicki Collins, City Secretary

APPROVED AS TO FORM AND LEGALITY:

  
\_\_\_\_\_  
City Attorney

FILE COPY

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.

**OIL AND GAS LEASE**  
(City of Mansfield Lease)

This Oil and Gas Lease (this "Lease") is made on this 3rd day of January, 2013, but is executed as of the date of acknowledgment of the respective parties between the City of Mansfield (hereafter called "Lessor"), whose address is 1200 E. Broad Street, Mansfield, Texas 76063 and XTO Energy Inc., (hereafter called "Lessee"), whose address is 810 Houston Street, (collectively, hereafter called the "Parties").  
Fort Worth, Tx 76102

1. **Grant.** In consideration of Ten Dollars and other consideration in hand paid, Lessor grants and leases exclusively unto Lessee the land described in attached Exhibit "A" (the "Land") in Tarrant County, Texas, for the sole purpose of exploring, drilling, and producing oil and gas, and to produce, save and transport oil and gas and other products manufactured from oil and gas produced from the Land, but only as to the Barnett Shale formation or the stratigraphic equivalent thereof.

2. **Primary Term.** This Lease is for a term of one year from this date (called "Primary Term") and so long thereafter as oil or gas is produced from the Land in paying quantities.

3. **Minerals Covered.** This Lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons, as well as such other minerals or substances as may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons, produced through a well bore. This Lease does not cover sand, gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the Land separate and apart from, or independently of, oil, gas or other liquid and gaseous hydrocarbons.

4. **Royalty.**

(a) As royalties, Lessee agrees:

(1) To deliver free of cost to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected, 25% (the "Royalty Fraction") of all oil and other liquid hydrocarbons produced and saved from the Land. At Lessor's option, which may be exercised from time to time, Lessee shall pay to Lessor the same part of the market value at the well of oil

and other liquid hydrocarbons of like grade and gravity prevailing on the day the oil and other liquid hydrocarbons are run from the Lease in the general area in which the Land is located.

(2) To pay to Lessor:

(i) On gas produced from the Land and sold by Lessee or used on or off the Land and to which the following subparagraphs (ii) and (iii) do not apply, the Royalty Fraction of the higher of the market value at the point of sale, use, or other disposition or the gross proceeds received by Lessee.

(ii) On gas produced from the Land that is processed in a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the higher of the Royalty Fraction of the market value of the gas at the inlet to the processing plant, or the Royalty Fraction of the market value of all processed liquids saved from the gas at the plant plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

(iii) On gas produced from the Land that is processed in facilities other than a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the Royalty Fraction of the higher of the market value or gross proceeds at the plant of all processed liquids credited to the account of Lessee and attributable to the gas plus the Royalty Fraction of the higher of the market value or gross proceeds of all residue gas at the point of sale, use, or other disposition.

(b) Subject to subparagraph "(c)" following this subparagraph, the market value of gas will be determined at the specified location by reference to the gross heating value (measured in British thermal units) and quality of the gas. The market value used in the calculation of oil and gas royalty will never be less than the total proceeds received by Lessee in connection with the sale, use, or other disposition the oil or gas produced or sold. For purposes of this paragraph, if Lessee receives from a purchaser of oil or gas any reimbursement for all or any part of severance or production taxes, or if Lessee realizes proceeds of production after deduction for any expense of production, gathering, dehydration, separation, compression, transportation, treatment, processing, storage, or marketing, then the reimbursement or the deductions will be added to the total proceeds received by Lessee. Royalty will be payable on oil and gas produced from the Land and consumed by Lessee on the Land for compression, dehydration, fuel, or other use.

(c) Notwithstanding any provisions to the contrary contained in this Lease, if gas produced from the Land is sold by Lessee at the point of first sale pursuant to an arms-length contract with a purchaser that is not an affiliate of Lessee, and for a term no longer than that which is usual and customary in the industry at the time the contract is made, then, then for purposes of this Lease, the "market value" of the gas sold pursuant to the contract shall be the total proceeds received by Lessee in the sale.

(d) Lessor shall be paid the Royalty Fraction of all payments and other benefits made under any oil or gas sales contract or other arrangement, including take-or-pay payments and payments received in settlement of disputes; provided that if Lessor receives a take-or-pay payment or similar payment for gas that has not been produced, and if the gas is subsequently produced, Lessor will only receive its Royalty Fraction of any payments made for make-up gas taken pursuant to the take or-pay provision or similar provision.

(e) Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than 90 days after completion of the well, in the case of an oil well, or after the pipeline connection, in the case of a gas well. Thereafter, Lessee must disburse or cause to be disbursed to Lessor its royalty on production by the last day of the second month after the month of production. If not paid when due, Lessor's royalty will bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due will not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. The royalty payment obligations under this Lease shall not be affected by any division order or the provisions of the Section 91.402 of the Texas Natural Resources Code or any similar statute.

(f) As used in this Lease, "affiliate" means (i) a corporation, joint venture, partnership, or other entity that owns more than ten percent of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent of the outstanding voting interest; or (ii) a corporation, joint venture, partnership, or other entity in which, together with Lessee, more than ten percent of the outstanding voting interests of both Lessee and the other corporation, joint venture, partnership, or other entity is owned or controlled by the same persons or group of persons.

(g) The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all time hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Land or pipeline company transporting production from the Land, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid.

(h) Lessor's royalty on products produced, saved and sold by Lessee under this lease shall be paid based upon a price no lower than that actually realized by Lessee at the point of first sale. For the purpose of this Lease, the term "point of first sale" shall be defined as that point at which oil and/or gas or any other products produced by Lessee under this lease are no longer owned or controlled by Lessee.

(i) Lessee will handle and market Lessor's royalty oil, gas and other hydrocarbons from the Land in the same manner as Lessee must handle Lessee's portion of same. It is further agreed that, up to the point of first sale, Lessor's royalty must never bear, either directly or indirectly, any part of the costs or expenses of producing or gathering the oil or gas from the Land, nor any part of the costs of

construction, operation, or depreciation of any plant or other facilities or equipment for processing or marketing said oil and/or gas produced from the Land. Nothing herein is intended to cause royalty to be calculated or paid "at the well;" accordingly no processing, marketing, transportation, or other post-wellhead costs will be borne by Lessor up to the point of first sale.

(j) Upon written request and reasonable notice by Lessor, Lessee shall make available to Lessor or Lessor's authorized representative for inspection and examination the books and accounts, receipts, well records, and all contracts and other records pertaining to the production, transportation, sale, and marketing of the oil and gas produced on the Leased Premises which relate to or have bearing on, in any manner, the royalty to be received by Lessor hereunder. Any inspection or examination shall be done at Lessee's principal place of business during normal working hours but not more frequently than once in a two (2) year period.

**5. Shut-in Royalty.** While there is a gas well on this Lease or on lands pooled with the Land capable of producing in paying quantities, but gas is not being sold for a period of ninety days, at the end of the Primary Term or any time thereafter, Lessee shall pay or tender in advance an annual shut-in royalty of \$500 for each well from which gas is not being sold. Payment with respect to a well will be due within 90 days after the well is shut-in and shall not be proportionately reduced. While shut-in royalty payments are timely and properly paid, this Lease will be held as a producing lease. The right of Lessee to maintain this Lease in force by payment of shut-in gas royalty is limited to a period of four cumulative years. The payment or tender of royalty under this paragraph may be made by the check of Lessee mailed or delivered to the parties entitled thereto on or before the due date.

**6. Continuous Development.**

(a) If, prior to the expiration of the Primary Term, oil or gas is not being produced from the Land, but Lessee has commenced the drilling of a well on the Land, the Lease will not terminate but will remain in effect for so long thereafter as operations are carried out with due diligence with no cessation of more than 60 days, and if the operations result in the production of oil or gas, the Lease shall remain in force as otherwise provided herein. For the purposes of this Lease, the term "operations" is strictly defined as the period of time the well is spudded with appropriate equipment on site to drill to the depth indicated on the drilling permit to the time the drilling rig is released from the drill site.

(b) If this Lease is maintained beyond the expiration of the Primary Term by production or otherwise, it will remain in force as to all acreage and depths within the Barnett Shale formation or the stratigraphic equivalent thereof as long as there is no lapse of more than 120 days between the completion of one well and the commencement of the actual drilling of another well. The commencement of actual drilling means the penetration of the surface with a drilling rig capable of drilling to the anticipated total depth of the well. After a well is commenced, drilling operations must continue in a good and workmanlike manner in a good faith effort to reach the anticipated total depth with no cessation of operations for more than 60 consecutive days. A well will be deemed to have been completed on the date of

completion as shown on the completion report filed with the Railroad Commission of Texas or on the date of release of the drilling rig from the drill site and any completion operations cease, whichever is sooner. The permitted time between wells shall be cumulative so that if a well is commenced prior to the date it is required to be commenced, the number of days prior to the date on which the well should have been commenced shall be added to the time permitted for the next well. If production from the Land, or the land pooled therewith, ceases from any cause, this Lease will terminate unless Lessee commences operations on the tract within 60 days after the cessation of production or this lease is maintained by other provisions, in which case the Lease will continue in force as long as the operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in production, so long thereafter as there is production.

**7. Pooling.** Lessee may pool the Land with contiguous acreage to form a pooled unit for the production of oil or gas. The acreage in a pooled unit may not exceed 160 acres. If Lessee pools any of the Land, Lessee shall be required to pool all of the Land. The unit will become effective when Lessee files in the Real Property Records where the Land is located a document describing the pooled acreage and depths for the pooled unit, and Lessee shall make a copy of the document available to Lessor. Lessee may at its election exercise its pooling option before or after commencing operations. Operations for drilling on or production of oil or gas from any part of a pooled unit that includes land covered by this Lease shall be considered as operations on or production of oil or gas from the Land. There shall be allocated to the Land included in the unit that prorated portion of the oil and gas, or either of them, produced from the pooled unit that the number of surface acres of the Land included in the unit bears to the total number of surface acres included in the unit. Royalties shall be computed on the portion of production allocated to the Land.

**8. Curing Defaults.** Should Lessee at any time fail to comply with its obligations hereunder regarding construction, maintenance, or repair within 30 days after written notice from Lessor, Lessor will have the right to do or have done whatever is necessary to fulfill the obligations to its satisfaction, and Lessee shall be liable to Lessor for the reasonable and necessary expenses thus incurred by Lessor, to be paid within ten days after Lessor furnishes to Lessee an itemized written statement of the expenses.

**9. Offset Wells.** Lessee must completely protect the oil and gas in and under the Land, or such portions thereof as may be in force and effect from time to time, from drainage by wells on adjoining or adjacent lands or leases. Lessee must drill as many wells as are necessary and to the depth or depths necessary for complete protection against drainage from said adjacent land or leases. Lessee is obligated to protect the Land from drainage by wells drilled on other lands of Lessor to the same extent as though such draining wells were drilled on lands belonging to third parties. Neither the royalties nor shut-in gas well rentals paid or to be paid hereunder may relieve Lessee from the obligations herein expressed, nor shall the provisions of this Paragraph relieve Lessee of any implied duties or obligations arising under this Lease.

For purposes of this Lease, an "offsetting well" is a well that is producing oil or gas in paying quantities that is now or hereafter completed closer than 330 feet of or draining the Land. Lessee must, within ninety (90) days after determining that a reasonable and prudent operator under the same or similar circumstances would drill an offset well with a



reasonable expectation of receiving a profit, either (i) commence the drilling or recompletion of a well on the Land and shall make a good faith effort to establish commercial production in the sand or horizon from which the offset well is producing, or (ii) pay Lessor a monthly royalty equal to the royalty that would be payable under this Lease if the production from the offsetting well had come from the Land. If at the time the offset obligation accrues a well on contiguous acreage pooled with the Land can be demonstrated to a reasonable person to be completely protecting the Land then no offset well obligation will be due. If at the time such offset obligation accrues, Lessee is engaged in the drilling of another well on contiguous acreage pooled with the Land, then Lessee has not more than one hundred twenty (120) days after the date of completion of such other well drilled by Lessee within which to commence the drilling of the well to protect against the offset well. Lessee's obligation to drill a well on the Land or land pooled therewith shall not apply if Lessor is being paid any share of production or any other form of compensation attributable to the offsetting well as a result of a production sharing agreement or any other agreement.

**10. Secondary Recovery.** Lessee will not implement any repressuring, pressure maintenance, recycling, or secondary recovery operations without the prior written consent of Lessor, which shall not be unreasonably withheld.

**11. Surface Operations.**

(a) The Land is currently used for municipal purposes and NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE no oil, gas or other drilling, production or transportation operations of any kind, including but not limited to the drilling, placement, or casing of any well, meter, pipeline, road or other structure shall take place or be situated upon the surface or within 500 feet of the surface of the Land. No seismic operations shall be conducted upon the Land whatsoever without express written consent of Lessor. Lessee shall not be permitted any use of the surface of the Land for any purpose without the written consent of Lessor and Lessee shall have no rights to ingress and egress upon the surface of the Land. Notwithstanding the foregoing, nothing contained in this provision shall prohibit Lessee from locating beneath the Land the lateral component of a horizontal or directionally drilled well located on lands pooled with the Land provided that such lateral component shall not penetrate the Land at a depth of less than 500 feet below the surface.

(b) Lessee shall not have the privilege of using surface water from the Land. Water from Lessor's creeks, tanks, or wells may not be used by Lessee.

**12. Assignments.** No assignment of this Lease may be made unless the successor operator posts and maintains an acceptable performance bond with and for the benefit of Lessor which guarantees the performance of all plugging (in like amount and as comparable to that accepted by the Railroad Commission for wells of like depth) and restoration obligations hereunder. Lessor's consent shall not be unreasonably withheld; provided, however, consent to any assignment shall not constitute consent to any other assignment. With the exception of an assignment to Lessee's affiliates, any assignment made without Lessor's consent shall be void and shall constitute a material breach of this lease. Lessee must furnish Lessor a copy of any assignment made pursuant to this Paragraph, with the recording data reflected thereon. Assignment of this lease or any part thereof shall not



relieve Lessee, its assignees or any successor of any obligations hereunder theretofore accrued; and any assignee of Lessee must, by acceptance of such assignment, be bound by all terms and provisions hereof. The term "assignment," as used herein, must include, without limitation, any assignment, sublease, farmout, operating agreement, pooling agreement, unitization agreement, assignment, or any other agreement by which any share of the operating rights granted by this lease are assigned or succeeded to, or agreed to be assigned or succeeded to, to any other party.

The provisions hereof shall extend to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the respective parties hereto. No changes or division in the ownership of the land, rentals or royalties shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished with the instrument or instruments, or copies thereof, constituting the chain of legal title from the original Lessors.

**13. Force Majeure.** If, while this lease is in force, at or after the expiration of the primary term, Lessee's drilling operations are delayed by reason of Lessee's inability to obtain fuel for operations or Lessee's inability to obtain the services of a drilling rig, or prohibition from entering the Land, then all provisions contained herein providing for the termination of this lease, in whole or in part, upon cessation of continuous drilling operations shall be extended until thirty (30) days after the removal of such delaying cause; provided, however, that Lessee must give written notice to Lessor of the existence and cause of such delay within fifteen (15) days thereafter. Other than the foregoing, no force majeure type provision is applicable to this lease. This Lease and any obligation hereunder may not be extended by more than two years in the cumulative by reason of Force Majeure.

**14. No Warranties.** Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately. If there are royalty interests in oil and gas in the Land now owned by parties other than Lessor, Lessor makes no warranty or representation that this lease grants the Lessee the power or authority to pool such royalty interests, but in the event that pooling is permitted hereunder Lessor's royalty on production from the pooled unit shall be calculated as if Lessee had the power, and had exercised the power, to pool such royalty interests, whether or not Lessee in fact has such authority. In the event Lessee pays Lessor any bonus, royalties, or any other consideration (collectively, the "Consideration") and the Lessor ultimately does not own the Land or owns less than the interest thought to be owned by Lessor at the time of payment of the Consideration, or any portion thereof, Lessor shall not be obligated to return the Consideration, or any portion thereof, under any circumstance.

**15. Notices.** All notices will be deemed given and reports will be deemed delivered if sent by certified letter, return receipt requested, properly addressed and deposited in the United States Postal Service, postage prepaid, to Lessor and Lessee at the addresses shown above. Either party may designate a new address by written notice to the other party.

**16. Attorney's Fees.** In the event that Lessor is required to employ legal counsel for the enforcement of any provision of this Lease and prevails, Lessor will be entitled to recover from Lessee reasonable attorney's fees and expenses incurred by Lessor.

17. **Insurance.** At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its activities and operations hereunder, including any work performed on its behalf by contractors, subcontractors, and others, naming Lessor as an additional insured. The policies shall include coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean up and surface remediation. The coverage shall be in the minimum amount of \$5,000,000. Lessee shall furnish a certificate from the issuing insurance company or companies evidencing the coverage. Lessee may satisfy the insurance obligations through self-insurance.

18. **Indemnity.** Lessee herein shall be solely responsible for full compliance with all rules and regulations of the Railroad Commission of Texas, or any other governmental agency, in its operations on the Land and especially including the proper plugging of any well that is to be abandoned on the Land, and does hereby indemnify and agree to hold Lessor harmless against any such rules and regulations. **OTHER THAN LESSOR'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, LESSEE SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE INDEMNIFIED PARTIES (AS HEREINAFTER DEFINED) FROM ANY AND ALL LIABILITY, LIENS, DEMAND, JUDGMENTS, SUITS AND CLAIMS OF ANY KIND OR CHARACTER ARISING OUT OF, IN CONNECTION WITH, OR RELATING TO ANY OPERATION OR ACTIVITY CONDUCTED BY LESSEE, OR ITS AGENTS, CONTRACTORS, EMPLOYEES, LICENSEES OR INVITEES, ON OR UNDER THE LAND INCLUDING BUT NOT LIMITED TO CLAIMS FOR INJURY OR DEATH OF ANY PERSONS OR DAMAGE, LOSS OR DESTRUCTION OF ANY PROPERTY, REAL OR PERSONAL, UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHERWISE. LESSEE FURTHER COVENANTS AND AGREES TO DEFEND ANY SUITS BROUGHT AGAINST ANY OF THE INDEMNIFIED PARTIES ON ACCOUNT OF SAID CLAIMS AND TO PAY ANY JUDGMENTS AGAINST ANY OR ALL OF THE INDEMNIFIED PARTIES RESULTING FROM ANY SUCH SUIT OR SUITS, TOGETHER WITH ALL COSTS AND EXPENSES RELATIVE TO ANY SUCH CLAIMS, INCLUDING BUT NOT LIMITED TO, ATTORNEY'S FEES, EXPERT FEES, AND COURT COSTS. EACH OF THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO PARTICIPATE IN THE DEFENSE OF ANY SUIT OR CLAIM IN WHICH THEY (OR ANY OF THEM) MAY BE A PARTY WITHOUT RELIEVING LESSEE OF ITS OBLIGATIONS HEREUNDER. THE FOREGOING INDEMNITY AND ALL OTHER INDEMNITIES OF LESSEE CONTAINED IN THIS LEASE SHALL SURVIVE ANY TERMINATION OF THIS LEASE AND SHALL INURE TO THE BENEFIT OF LESSOR AND EACH OF THE INDEMNIFIED PARTIES. AS USED IN THIS LEASE, THE TERM "INDEMNIFIED PARTIES" REFERS TO LESSOR AND ANY AND ALL OFFICERS, EMPLOYEES, AGENTS, TENANTS, AND INVITEES OF LESSOR. AS USED IN THIS PARAGRAPH, THE TERM "LAND" INCLUDES THE LAND COVERED BY THIS LEASE. LESSEE'S INDEMNITY OBLIGATIONS SURVIVE THE TERMINATION OF THIS LEASE.**

**19. Miscellaneous Provisions.**

- (a) In the event this Lease terminates for any reason as to all or any part of the Land, Lessee shall, within 60 days thereafter, deliver to Lessor a recordable release covering all of the Land or that portion of the Land as to which this Lease terminated.
- (b) Nothing in this Lease negates the implied covenants imposed upon Lessee under applicable law.
- (c) Lessee will conduct all operations hereunder in compliance with the rules of the Railroad Commission of Texas and federal and state environmental laws and regulations and municipal ordinances. Upon written request by Lessor, Lessee will give Lessor at least ten days prior notice in writing before conducting drilling, recompletion, or reworking operations on acreage pooled with the Land.
- (d) The term "production" means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason of Force Majeure. Lessee's obligations to pay money under this Lease are to be performed in Tarrant County, Texas. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document. Under no circumstances may Lessee, its agents, employees, or contractors bring firearms or dogs or other animals on the Land or hunt or fish on the Land. Upon Lessor's written request, Lessee agrees to furnish to Lessor a copy of each title opinion or report obtained by Lessee that covers all or any part of the Land together with a copy of each title curative document obtained by Lessee.
- (e) Lessor shall have the right to inspect, during normal business hours, all records of Lessee relating the sale and marketing of production from the Lease and the payment of royalties, including the right to audit Lessee's books insofar as they relate to the foregoing.
- (f) No seismic or other geophysical operations may be conducted by Lessee without Lessor's prior written approval.
- (g) Should Lessor not own all of the minerals underlying the Land, Lessee agrees that it will not drill, conduct operations or participate in drilling or operations on the Land which are not in compliance with the terms and requirements of this Lease by claiming authority under the lease or leases covering the outstanding interest.
- (h) Jurisdiction and venue for any legal dispute between Lessor and Lessee related in any way to this lease shall be in the court(s) of competent jurisdiction located in Tarrant County, Texas.
- (i) Annual Meeting. Upon 30 days' notice, Lessor shall have the right, no more

often than once each calendar year, to call a meeting with Lessee and/or its permitted assigns to review Lessee's operations on the Land and to discuss Lessee's and/or its permitted assigns' then anticipated operations on the Land or acreage pooled therewith for the succeeding year.

(j) Notwithstanding the requirements of this Lease, Lessee covenants and agrees to comply with the minimum rules and regulations of the municipality governing the location of the padsite. In addition, Lessee acknowledges and agrees that this Lease does not constitute, and shall not contractually obligate the City Council of the City of Mansfield to grant a waiver of any requirements set forth in the Regulations or to approve any application submitted thereunder.

(k) Environmental Safeguards. Lessee represents, warrants, and covenants that, at all times during its possession of the Land or of any easements or areas retained under this lease:

(1) The Land must never be used by Lessee for the generation, storage, or disposal of Hazardous Substances or as a landfill or other waste disposal site.

(2) There must be no underground fuel storage tanks on the Land.

(3) None of the equipment owned or used by Lessee on the Land may contain any polychlorinated biphenyls.

(4) No Hazardous Substances or wastes exist in, on, or under the Land as a result of Lessee's operations to the best of Lessee's knowledge.

(5) The Land is in full compliance with all Applicable Laws, as defined below, to the best of Lessee's knowledge.

(6) There are no actions, suits, claims, or proceedings seeking money damages, injunctive relief, remedial action, or other remedy pending or threatened relating to (a) a violation or noncompliance with any Applicable Laws; (b) the disposal, discharge, or release of Hazardous Substances; or (c) exposure to Hazardous Substances or any other solid wastes, pollutants, chemical substances, noises, or vibrations to the extent the same will arise from any condition related to Lessee's ownership or use of the Land.

(7) All necessary plans for development, applications, inspection reports, certificates, and other instruments required under any Applicable Law to be filed by Lessee in connection with the conduct of Lessee's use of the Land have been filed with the appropriate federal, state, and local governmental bodies, authorities, and agencies, and all permits, licenses, or other authorizations necessary for the lawful conduct of Lessee's use of the Land in compliance with all Applicable Laws have been obtained.

(8) If violations of Applicable Laws with respect to the Land or Lessee's operations on the Land are found to exist, Lessor has the right and authority

to notify any relevant public or governmental agency of the existence of such violations of Applicable Laws.

(9) Lessee will not engage in and will not permit any other party to engage in any activity on the Land which would cause the Land to become a hazardous waste treatment, storage, or disposal facility within the meaning of, or otherwise bring the Land within the ambit of, the Resource Conservation and Recovery Act of 1976, as amended, or any similar state law or local ordinance or other environmental law.

(10) Except for Hazardous Substances originating from the subsurface of the Land (e.g. H<sub>2</sub>S, naturally occurring radioactive materials, and CO<sub>2</sub>), Lessee will not engage in and will not permit any other party to engage in any activity on the Land which would cause a release or threatened release of a Hazardous Substance from or to the Land within the meaning of, or otherwise bring the Land within the ambit of, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

(11) Lessee will not engage in and will not permit any other party to engage in any activity on the Land which would cause the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Federal Water Pollution Control Act or the Clean Air Act, or any similar state law or local ordinance or any other environmental law.

(12) Lessee will not permit any substance or conditions in or on the Land which might support a claim or cause of action under RCRA, CERCLA, or any other federal, state or local environmental statute, regulation, ordinance or other environmental regulatory requirement.

(13) If Lessee determines that a threat to the environment, including but not limited to a release, discharge, spill, or deposit of a hazardous substance has occurred or is occurring which affects or threatens to affect the Land, or persons, structures, equipment, or other property adjacent thereto, Lessee must immediately verbally notify: (1) Lessor, and (2) all emergency response centers and environmental or regulatory agencies, as required by law or regulation. Lessee must provide the City Manager and the Fire Chief of the City of Mansfield with written confirmation of the verbal report within 72 hours. Lessee agrees to cooperate fully with Lessee in promptly responding to, reporting, and remediating a threat to the environment, including the drainage systems, soils, groundwater, waters, or atmosphere, in accordance with applicable law or as authorized or approved by any federal, state, or local agency having authority over environmental matters.

“Applicable Laws” shall mean and include any and all existing or future laws, statutes, rules, regulations, and judicial interpretations thereof of the United States, of any state in which the Land, or any portion thereof, is located, and of any other governmental or quasi-governmental authority having jurisdiction, that relate to the prevention, abatement,

and/or elimination of pollution and/or protection of the environment, including, but not limited to, the federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation or Recovery Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act, and the Hazardous Materials Transportation Act, together with all state statutes serving any similar or related purpose.

“Hazardous Substance” shall mean any substance regulated or covered by an Applicable Law except those necessary for oil and gas operations, which are subsequently removed from the Land within a reasonable period of time after necessary use in oil and gas operations.

(l) Groundwater Protection. Any oil or gas wells drilled by Lessee shall be drilled in compliance with the surface casing requirements imposed by the State of Texas for groundwater protection and Lessee shall install such surface casing in the required manner in order to insure the protection of all fresh water bearing formations in and under the leased premises.

**20. Binding on Successors and Assigns.** This Lease shall be binding on the parties hereto and their successors, assigns, heirs and legal representatives. Lessor represents and warrants that this Lease and Exhibits thereto have been approved and duly adopted by the City of Mansfield in accordance with all applicable public meeting and public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Lease with the attached Exhibits on behalf of Lessor has been authorized to do so. Lessee represents and warrants that this Lease and Exhibits thereto have been approved by appropriate action of Lessee and that the individual executing this Agreement on behalf of Lessee has been authorized to do so.

Executed on the date first written above.

LESSOR: CITY OF MANSFIELD

By:

  
Clayton Chandler, City Manager

THE STATE OF TEXAS           §  
COUNTY OF TARRANT       §

This document was acknowledged before me on April 9, 2013, by Clayton Chandler, City Manager of the City of Mansfield.

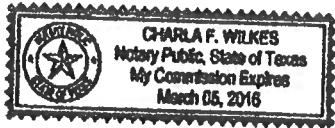


  
Notary Public, State of Texas

LESSEE: XTO Energy Inc.  
By: Edwin S. Ryan <sup>Paul</sup>

THE STATE OF TEXAS §  
COUNTY OF TARRANT §

This document was acknowledged before me on March 8, 2017, by Edwin S Ryan, Jr, on behalf of said Corporation.



Charla F. Wilkes  
Notary Public, State of Texas



## **EXHIBIT “A”**

**0.799 acres**, more or less, out of the W. W. Warnell Survey, A-1612, Tarrant County, Texas and being Lot 1-R, Block 1, Shadow Oaks Addition, situated in the City of Mansfield, Tarrant County, Texas, according to the plat recorded at Volume 388-196, Page 91, Official Public Records of Tarrant County, Texas, and being more particularly described in that Certain Constable's Deed dated January 2, 2001 from Zane Hilger, Constable, of the City of Mansfield, Tarrant County, Texas as recorded at Volume 14706, Page 135, Official Public Records, Tarrant County, Texas.