

**DALLAS FORT WORTH INTERNATIONAL AIRPORT BOARD
OFFICIAL BOARD ACTION/RESOLUTION**

Date 09/06/2012	Committee Full Board	Subject Settlement of Dallas/Fort Worth International Airport Board, et al v. Chesapeake Exploration LLC.	Resolution # 2012-09-334
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Action

That the Cities of Dallas and Fort Worth are requested to execute a full and final settlement of Cause No. 153-237052-09; Dallas/Fort Worth International Airport Board, et al v. Chesapeake Exploration LLC, in the 153rd Judicial District of Tarrant County, Texas; and to execute a lease amendment as described herein.

Description

- The proposed settlement will settle the royalty dispute between the parties, which is the only remaining issue in the referenced litigation, on the following terms:
 - ◆ **Back Royalties.** Chesapeake will pay DFW \$5,000,000 for production through June 2012, and be released from all royalty liability for that period;
 - ◆ **Future Index.** Beginning with July 2012 production, royalties will be based on the higher of (a) proceeds actually received by Chesapeake or (b) the index price for Natural Gas Pipeline Co. of America – Texok Zone, as published in Platt's Inside FERC's Gas Market Report (the "Index") less \$0.350 (the "Adjusted Index").
 - ◆ **2012 (July-Dec.) Price Guarantee.** From July 2012 to December 2012, Chesapeake guarantees that royalties to DFW will be at least \$60,000 per month higher than they would have been if based on proceeds received from Chesapeake's current marketer, Louis Dreyfus. In the event Chesapeake ceases to sell to Louis Dreyfus, then the royalties paid to DFW will be at least \$60,000 per month higher than they would have been if based on the published Carthage daily midpoint price less \$0.65 on a weighted average basis for all gas sold in the month.
 - ◆ **Limited Liability of Working Interest Partners.** Total E&P USA Inc. and all the other working interest partners, including the remaining MWBEs, will no longer have joint and several liability for the entire lease; but only liability for lease obligations in proportion to their ownership. Chesapeake will continue to have joint and several liability for all lease obligations.

Justification

- This will fully settle all issues in controversy between DFW and Chesapeake, and will establish a more definite formula for payment of future royalties.

D/M/WBE Information

Contract #	Agreement #	Purchase Order #	Action Amount	Revised Amount
			\$0	\$0

For Information contact	Fund	Project #	External Funding Source	Amount
Paul Tomme 3-5480				\$0

Additional InformationAdditional Attachments: **N****BE IT RESOLVED BY THE DALLAS-FORT WORTH INTERNATIONAL AIRPORT BOARD**

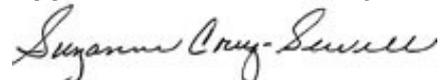
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Approved as to Form by

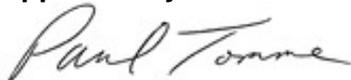

Tomme, Paul
General Counsel
Sep 6, 2012 10:16 am

Approved as to Funding by

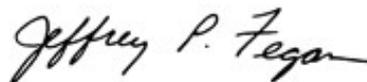

Miyashita, Glenn
AVP Capital Planning
Finance
Sep 6, 2012 3:55 pm

Approved as to M/WBE by


Cruz-Sewell, Suzanne
AVP Business Diversity & Dev
Business Diversity and
Development
Sep 6, 2012 3:27 pm

SIGNATURE REQUIRED FOR APPROVAL**Approved by**


Department Head
Legal
Sep 6, 2012 10:14 am



Chief Executive Officer

Sep 7, 2012 1:10 pm

Date