

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

<p>In re:</p> <p>CHESAPEAKE ENERGY CORPORATION, <i>et al.</i>,¹</p> <p style="text-align: right;">Reorganized Debtors.</p>	<p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p>	<p>Chapter 11</p> <p>Case No. 20-33233 (DRJ)</p> <p>(Jointly Administered)</p>
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**STIPULATION AND AGREED ORDER REGARDING
THE CLAIMS OF TORNADO VENTURE QUATRO, LLC,
TORNADO VENTURE CINCO, LLC AND TORNADO VENTURE SEIS, LP**

The above-captioned reorganized debtors (before the Effective Date² of the Plan, the “Debtors,” and after the Effective Date of the Plan, the “Reorganized Debtors”), CNOOC Energy U.S.A. LLC (“CEU”), and Jamestown Resources, L.L.C. (“Jamestown”) (and together with CEU, Jamestown, and the Debtors or Reorganized Debtors, as applicable, the “Lessees”) and Tornado Venture Quatro, LLC (“Tornado Quatro”), Tornado Venture Cinco, LLC (“Tornado Cinco”), and Tornado Venture Seis, LP (“Tornado Seis”) (collectively, the “Claimants” or the “Lessors,” as applicable, and together with the Lessees, the “Settlement Parties”) hereby enter into this stipulation and agreed order (this “Stipulation and Agreed Order”) as follows:

WHEREAS, Tornado Seis and Lessees entered into the following oil and gas leases, as amended (collectively, the “Leases”):

¹ A complete list of each of the Reorganized Debtors in these chapter 11 cases may be obtained on the website of the Reorganized Debtors’ claims and noticing agent at <https://dm.epiq11.com/chesapeake>. The location of Reorganized Debtor Chesapeake Energy Corporation’s principal place of business and the Reorganized Debtors’ service address in these chapter 11 cases is 6100 North Western Avenue, Oklahoma City, Oklahoma 73118.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and Its Debtor Affiliates [Docket No. 2915, Ex. A] (the “Plan”).

- The Oil & Gas Lease dated October 19, 2010 from Tornado Venture Seis, LP to Chesapeake Exploration, L.L.C. as Lessee, covering 2,507.81 acres, more or less, a Memorandum of said Oil, Gas and Mineral Lease being recorded in Vol. 521, Page 3 of the Deed Records of LaSalle County, Texas (CELLC # TX7710267-001); and
- The Oil & Gas Lease dated October 19, 2010 from Tornado Venture Seis, LP to Chesapeake Exploration, L.L.C. as Lessee, covering 494.231 acres, more or less, a Memorandum of said Oil, Gas and Mineral Lease being recorded in Vol. 521, Page 7 of the Deed Records of LaSalle County, Texas (CELLC # TX TX7710266-001);

WHEREAS, Chesapeake Exploration, L.L.C., Chesapeake Operating, L.L.C., Tornado Quatro, and Tornado Cinco entered into the following Surface Use Agreement (“SUA”):

- Surface Use Agreement dated October 18, 2010 between Tornado Venture Quatro, LLC and Tornado Venture Cinco, L.L.C. and Chesapeake Exploration, L.L.C. and Chesapeake Operating, Inc. k/n/a Chesapeake Operating, L.L.C. covering 494.231 acres, more or less (the Star Fire Ranch) and 2,507.81 acres, more or less (the Shining Star Ranch) in La Salle County, Texas, recorded in Vol. 521, Page 11 of the Deed Records of La Salle County (CELLC # 9999648-000);

WHEREAS, on or about November 19, 2018, Claimants filed Cause No. 18-11-00218-CVL, *Tornado Venture Quatro, LLC, Tornado Venture Cinco, LLC, and Tornado Venture Seis, LP v. Chesapeake Exploration, L.L.C., Chesapeake Operating, L.L.C., OOGC America, LLC and Jamestown Resources, L.L.C.*, in the 81st Judicial District Court of La Salle County, Texas (the “Lawsuit”) alleging breaches of the Leases and SUA;

WHEREAS, on June 28, 2020, the Debtors filed voluntary petitions for relief under title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”);

WHEREAS, on August 13, 2020, the Bankruptcy Court entered the *Order (I) Setting Bar Dates For Filing Proofs of Claim, Including Requests For Payment Under Section 503(b)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner For Filing Proofs of Claim, Including Section 503(b)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief* [Docket No. 787];

WHEREAS, on or about October 28, 2020, Tornado Quatro filed Proof of Claim Nos. 2704 and 2705 against Chesapeake Exploration, L.L.C. and Chesapeake Operating, L.L.C., respectively, and Tornado Cinco filed Proof of Claim 2706 and 2707 against Chesapeake Exploration, L.L.C. and Chesapeake Operating, L.L.C., respectively, each asserting an unsecured claim in the amount of \$683,240.83 for amounts allegedly owed under the SUA (the “SUA Claims”);

WHEREAS, on or about October 28, 2020, Tornado Seis filed Proof of Claim Nos. 2701 and 2702 against Chesapeake Exploration, L.L.C. and Chesapeake Operating, L.L.C., respectively, each asserting a secured claim in the amount of \$909,455.34 for alleged underpayment of royalties under the Leases (the “Prepetition Royalty Claims”);

WHEREAS, on December 7, 2020, Tornado Seis filed an objection to the Plan, which was subsequently amended [Dkt. Nos. 2087 and 2105] (the “Tornado Objections”);

WHEREAS, on January 16, 2021, the Bankruptcy Court entered the *Order Confirming Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and Its Debtor Affiliates* [Docket No. 2915] (the “Confirmation Order”) confirming the Plan and authorizing the assumption of certain of the Debtors’ executory contracts or unexpired leases;

WHEREAS, the Confirmation Order provided that, to the extent any amounts owed relating to any assumed executory contracts or unexpired leases with the Claimants were not paid in the ordinary course of business, the Debtors or Reorganized Debtors, as applicable, and the Claimants would endeavor in good faith to reach an agreement as to the cure amount or compensation, if any, required to satisfy the provisions of sections 365(b)(1)(A) and 365(b)(1)(B) of the Bankruptcy Code (the “Cure Amount”);

WHEREAS, in February 2021, the Parties resolved the prepetition Royalty Claims and the Confirmation Objections, and on February 9, 2021, the Parties obtained Court approval of the settlement [Dkt. No. 3049];

WHEREAS, on June 9, 2021, Tornado Seis filed an Administrative Claim for alleged underpayment of royalties under the Leases [Dkt. No. 3701] (together, with the Prepetition Royalty Claim, the “Royalty Claim,” and collectively, the Lawsuit, SUA Claims, Royalty Claim, and the Cure Amount, the “Tornado Claims”); and

WHEREAS, the Claimants and the Lessees have consensually agreed, after good faith, arm’s-length negotiations, to resolve all remaining Tornado Claims through the Effective on the terms set forth in this Stipulation and Agreed Order;

NOW, THEREFORE, IT IS STIPULATED AND AGREED, AND UPON APPROVAL BY THE COURT OF THIS STIPULATION AND ORDER, IT IS SO ORDERED:

1. The settlement agreement attached hereto as **Exhibit A** (the “Settlement Agreement”) is hereby approved.
2. In full and final satisfaction of the Tornado Claims, the Lessees shall pay [REDACTED] (the “Settlement Payment”) to the Claimants within ten (10) business days after entry of this Stipulation and Agreed Order.
3. The remaining Tornado Claims are hereby Disallowed.
4. The Settlement Agreement amends the SUA as described in the Settlement Agreement.
5. Chesapeake Exploration, L.L.C. agrees to certain other operational agreements as set forth in the Settlement Agreement.

6. Lessors agree that the Leases and SUA are valid and subsisting and in full force and effect and to the extent necessary, ratify, revive, confirm, adopt, grant, and let the Leases and SUA, and agrees to dismiss the Lawsuit.

7. The Settlement Parties agree to file a memorandum of settlement agreement as set forth in Exhibit A of the Settlement Agreement (the “Memorandum”), in the real property records of La Salle County, Texas.

8. The Claimants and Lessees hereby release and forever discharge each other and their respective current and former employees, agents, representatives, officers, directors, shareholders, corporate parents, subsidiaries, affiliates partners, beneficiaries, predecessors, successors, assigns, and each of the attorneys and law firms representing them from any and all Settled Matters, defined as:

- All claims, demands, actions, causes of action, liabilities, and damages, of every kind and character whatsoever, whether known or unknown, asserted or unasserted, at law or in equity, from the inception of the SUA and Leases through the Effective Date; including but not limited to (i) all claims for breach of the royalty provisions in the Leases from June 28, 2020 production through the Effective Date, (ii) all claims related to the payment, under-payment, or nonpayment of royalties due on production from June 28, 2020 through the Effective Date, (iii) all Royalty Claims, (iv) all SUA Claims, including but not limited to any claims for pipeline releases or alleged damages, (v) all claims related to the Jeremiah frac pond and G pad to address any potential Clean Water Act violations; and (vi) all associated attorney’s fees, expert or consultant fees or expenses, audit costs or expenses, interest, costs, or any other amounts arising out of or relating to any such claims.

9. Nothing in this Stipulation and Agreed Order shall be interpreted to release Lessees and Claimants from the obligations imposed by this Stipulation and Agreed Order.

10. Epiq Corporate Restructuring, LLC is hereby authorized and directed to remove the Tornado Claims – Proofs of Claim 2701, 2702, 2704, 2705, 2706, and 2707 – from the Official Claims Register to reflect the terms of this Stipulation and Agreed Order.

11. Nothing in this Stipulation and Agreed Order shall be interpreted to impair in any way the rights, claims or defenses reserved under the Plan with regard to or on behalf of the Reorganized Debtors, except to the extent inconsistent with the terms of the Stipulation and Agreed Order.

[Remainder of page intentionally left blank.]

Signed: _____, 2021

DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

**STIPULATED AND AGREED TO THIS
29TH DAY OF OCTOBER, 2021:**

/s/ Matthew D. Cavanaugh

JACKSON WALKER LLP

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By: /s/ J. Byron “Trace” Burton, III

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*Counsel for Tornado Venture Quatro, LLC,
Tornado Venture Cinco, LLC and Tornado
Venture Seis, LP*

Exhibit A

Settlement Agreement

CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE

This Confidential Settlement Agreement and Release ("Settlement Agreement") is made and entered into between and among Tornado and Lessees, as defined below, as of the Effective Date as herein defined. Tornado and Lessees may hereafter be referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, on or about November 19, 2018, Tornado filed the Lawsuit (as defined below) against Lessees in La Salle County, Texas, alleging breaches of: (1) two oil and gas leases ("Leases"), and (2) the Surface Use Agreement ("SUA"), both as defined below; and

WHEREAS, on June 28, 2020, Chesapeake Exploration, L.L.C. ("CELLC") and its parent and affiliated entities (collectively, the "Debtors") filed voluntary petitions for relief under title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"); and

WHEREAS, on August 13, 2020, the Bankruptcy Court entered the *Order (I) Setting Bar Dates For Filing Proofs of Claim, Including Requests For Payment Under Section 503(b)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner For Filing Proofs of Claim, Including Section 503(b)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief* [Dkt. No. 787] (the "Bar Date Order"); and

WHEREAS, on or about October 28, 2020, Tornado Quatro filed Proof of Claim Nos. 2704 and 2705, and Tornado Cinco filed Proof of Claim 2706 and 2707 against Debtors, seeking amounts allegedly owed under the SUA; and

WHEREAS, on or about October 28, 2020, Tornado Seis filed Proof of Claim Nos. 2701 and 2702 and on June 9, 2021, Tornado Seis filed an Administrative Claim, seeking alleged underpayment of royalties under the Leases [Dkt. No. 2103] (the "Royalty Claims"); and

WHEREAS, on December 7, 2020, Tornado Seis filed the *Objection to Confirmation of the Second Amended Joint Chapter 11 Plan and Amended Objection to Confirmation of the Second Amended Joint Chapter 11 Plan* [Dkt. No. 2087 and 2105] (the "Tornado Objections") (collectively, the Lawsuit, SUA Claims, Royalty Claims, and Tornado Objections hereafter referred to as the "Tornado Claims"); and

WHEREAS, Lessees believe all amounts due under the SUA and Leases have been properly computed and paid, deny Tornado's claims, and deny any breaches of the SUA or Leases; and

WHEREAS, on January 12, 2021, the Debtors filed the *Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and Its Debtor Affiliates* [Dkt. No. 2833]; and

WHEREAS, on January 16, 2021, the Bankruptcy Court entered the *Order Confirming Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and Its Debtor Affiliates* (the "Confirmation Order") [Dkt. No. 2915] confirming the Plan; and

WHEREAS, in February 2021 Tornado and Lessees, through a separate settlement, resolved royalty claims arising prior to and through June 27, 2020; and

WHEREAS, Tornado and Lessees have consensually agreed, after good faith, arm's length negotiations, to resolve any and all remaining claims by Tornado through the Effective Date pursuant to the terms of this Settlement Agreement;

NOW, THEREFORE, in consideration of the mutual promises set forth in this Settlement Agreement and for other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS: As used in this Settlement Agreement:

A. "Tornado" means:

- 1) Tornado Venture Quatro, LLC, Tornado Venture Cinco, LLC, and Tornado Venture Seis, LP and their respective affiliates, parents, beneficiaries, owners, employees, members, managers, officers, directors, agents, partners, representatives, heirs, attorneys, predecessors, successors, assigns, divisions, and all other persons or entities acting on their behalf.

B. "Lessees" means:

- 1) Chesapeake Exploration, L.L.C. and its respective affiliates, parents, beneficiaries, owners, employees, members, managers, officers, directors, agents, partners, representatives, heirs, attorneys, predecessors, successors, assigns, divisions, and all other persons or entities acting on its behalf, including but not limited to Chesapeake Operating, L.L.C. ("CELLC"); and
- 2) CNOOC Energy U.S.A. LLC f/k/a OOGC America LLC and its respective affiliates, parents, beneficiaries, owners, employees, members, managers, officers, directors, agents, partners, representatives, heirs, attorneys, predecessors, successors, assigns, divisions, and all other persons or entities acting on its behalf ("CEU"); and
- 3) Jamestown Resources, L.L.C. and its respective affiliates, parents, beneficiaries, owners, employees, members, managers, officers, directors, agents, partners, representatives, heirs, attorneys, predecessors, successors, assigns, divisions, and all other persons or entities acting on its behalf ("Jamestown").

C. "Lessee Releasees" means Lessees and all other working interest owners associated with the Leases and each of their respective affiliates, beneficiaries, owners, employees, members, managers, officers, directors, agents, partners, representatives, heirs, attorneys, predecessors, successors, assigns, divisions, and all other persons or entities acting on their behalf.

D. The "Leases" means the following oil and gas leases:

- 1) The Oil & Gas Lease dated October 19, 2010 from Tornado Venture Seis, LP to Chesapeake Exploration, L.L.C. as Lessee, covering 2,507.81 acres, more or less, a Memorandum of said Oil, Gas and Mineral Lease being recorded in Vol. 521, Page 3 of the Deed Records of LaSalle County, Texas (CELLC # TX7710267-001); and
 - 2) The Oil & Gas Lease dated October 19, 2010 from Tornado Venture Seis, LP to Chesapeake Exploration, L.L.C. as Lessee, covering 494.231 acres, more or less, a Memorandum of said Oil, Gas and Mineral Lease being recorded in Vol. 521, Page 7 of the Deed Records of LaSalle County, Texas (CELLC # TX TX7710266-001).
- E. The “SUA” means the Surface Use Agreement dated October 18, 2010 between Tornado Venture Quatro, LLC and Tornado Venture Cinco, L.L.C. and Chesapeake Exploration, L.L.C. and Chesapeake Operating, Inc. k/n/a Chesapeake Operating, L.L.C. covering 494.231 acres, more or less (the Star Fire Ranch) and 2,507.81 acres, more or less (the Shining Star Ranch) in La Salle County, Texas, recorded in Vol. 521, Page 11 of the Deed Records of La Salle County (CELLC # 9999648-000).
- F. The “Lawsuit” means Cause No. 18-11-00218-CVL, *Tornado Venture Quatro, LLC, Tornado Venture Cinco, LLC, and Tornado Venture Seis, LP v. Chesapeake Exploration, L.L.C., Chesapeake Operating, L.L.C., OOGC America, LLC and Jamestown Resources, L.L.C.*, in the 81st Judicial District Court of La Salle County, Texas.
- G. “Proofs of Claim” means all Proofs of Claim filed by Tornado in the Chesapeake Energy Corporation Bankruptcy, including Proof of Claim Nos. 2701, 2702, 2704, 2705, 2706 and 2707.
- H. “Settled Matters” means all claims, demands, actions, causes of action, liabilities, and damages, of every kind and character whatsoever, whether known or unknown, asserted or unasserted, at law or in equity, from the inception of the SUA and Leases through the Effective Date, as defined below; including but not limited to (i) all claims for breach of the royalty provisions in the Leases from June 28, 2020 production through the Effective Date, (ii) all claims related to the payment, underpayment, or nonpayment of royalties due on production from June 28, 2020 through the Effective Date, (iii) all Royalty Claims, (iv) all SUA Claims, including but not limited to any claims for pipeline releases or alleged damages, (v) all claims related to the Jeremiah frac pond and G pad to address any potential Clean Water Act violations; and (vi) all associated attorney’s fees, expert or consultant fees or expenses, audit costs or expenses, interest, costs, or any other amounts arising out of or relating to any such claims.
- I. “Settlement Amount” means the sum of [REDACTED]

- J. “Effective Date” means September 1, 2021 with respect to all claims other than Royalty Claims. For Royalty Claims, “Effective Date” means for production through July 31, 2021.

2. PAYMENT:

- A. Within ten (10) business days of the latter of (i) execution of this Settlement Agreement by all Parties, (ii) approval of this settlement by the Bankruptcy Court, and (iii) the receipt by Lessees of an executed form W-9 from all wire recipient(s), Lessees shall pay the Settlement Amount by wire transfer to the account listed on Exhibit B to this Settlement Agreement, and the making of such payment satisfies any and all of Lessees’ payment obligations under the Settlement Agreement.

3. AMENDMENT TO THE SUA:

- A. The SUA will be amended, effective as of September 1, 2021, as follows:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- B. The attached Exhibit A Memorandum of Surface Use Agreement will be filed in the real property records of La Salle County, Texas within ten (10) business days of approval of this Settlement Agreement by the Bankruptcy Court.

4. OTHER AGREEMENTS BY CELLC:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. RELEASES AND OTHER CONSIDERATION

- A. Tornado hereby releases and forever discharges Lessee Releasees and their respective current and former employees, agents, representatives, officers, directors, shareholders, corporate parents, subsidiaries, affiliates partners, beneficiaries, predecessors, successors, assigns, and each of the attorneys and law firms representing the Lessee Releasees, from any and all Settled Matters. This release and discharge of claims does not include the obligations imposed by this Settlement Agreement after the Effective Date.
- B. Lessees hereby release and forever discharge Tornado and Tornado's current and former employees, agents, representatives, officers, directors, shareholders, corporate parents, subsidiaries, affiliates, partners, beneficiaries, heirs, predecessors, successors, assigns, and each of the attorneys and law firms representing Tornado, from any and all Settled Matters. This release and discharge of claims does not include the obligations imposed by this Settlement Agreement after the Effective Date.
- C. Upon payment of the Settlement Amount by Lessees pursuant to this Settlement Agreement, Tornado agrees that Epiq Corporate Restructuring, LLC is hereby authorized and directed to remove the Proofs of Claims from the Official Claims Register.
- D. Complete Bar Other Than to Enforce Settlement Agreement. The releases in this Settlement Agreement shall forever be a complete bar to the commencement or prosecution of any action or proceeding by Tornado against the Lessees or by the Lessees against Tornado with regard to the Settled Matters, other than to enforce the Settlement Agreement.

- E. Tornado's Representation. Tornado represents and warrants that it has not sold, assigned, pledged, or in any other way transferred an interest in the Settled Matters released under this Settlement Agreement or the properties that are the subject of the Leases and SUA.
- F. Lessees' Representation. Lessees represent and warrant that they have not sold, assigned, pledged, or in any other way transferred an interest in the Settled Matters released under this Settlement Agreement.
- G. Leases Valid and In Force. Tornado and Lessees agree that the Leases and SUA are valid and subsisting and in full force and effect as of the Effective Date and to the extent necessary, Tornado and Lessees herein ratify, revive, confirm, adopt, grant, and let the Leases and SUA, as amended pursuant to the provisions of this Settlement Agreement. In addition:
 - 1) Each Party has all rights and remedies to enforce all obligations thereunder that arise after the Effective Date. For the avoidance of doubt, the Parties reserve all rights with respect to alleged unpaid or underpaid royalties arising on or after July 31, 2021 production and relating to the Leases.
 - 2) Nothing in the Plan or the Confirmation Order shall affect any Party's obligations after the Effective Date to comply with the terms of the Leases, the SUA and all federal, state, and local laws, rules and regulations with respect to royalties or obligations relating to the Leases or SUA, including, without limitation, laws, rules, and regulations regarding the inspection of books and records and segregation or escrow of funds or production proceeds belonging or payable to holders of royalties.
- H. Confidentiality. The Parties represent, warrant, and agree that the terms of this Settlement Agreement SHALL BE KEPT STRICTLY CONFIDENTIAL. Notwithstanding the foregoing, the Parties may disclose certain terms contained herein to the extent necessary to obtain approval of this Settlement Agreement by the Court in the Bankruptcy Matter. The Parties agree to take all reasonable efforts to maintain the confidentiality of the terms of the Agreement as well as the negotiations related thereto, except as required by law, statute, ordinance, or any court order, and except as may be reasonably necessary to their accountants, advisors, and/or attorneys.
- I. Dismissal of Lawsuit. Within five (5) business days of receipt of the Settlement Payment provided herein, Tornado shall file, in the form set forth in Exhibit C, an Agreed Motion to Dismiss with Prejudice and proposed Order of Dismissal with Prejudice, dismissing, with prejudice, the Lawsuit.

6. MERGER CLAUSE AND EXPRESS DISCLAIMER OF RELIANCE:

Each Party:

- A. has entered into this Settlement Agreement freely and without duress after consulting with professionals of its choice;
- B. expressly warrants and represents that other than those expressly stated in this Settlement Agreement, no promise or agreement has been made to it in executing this Settlement Agreement;
- C. is not relying upon, and expressly disclaims and waives any statement, representation, or omission of any agent of the entities or persons being released hereby, other than those expressly stated within this Settlement Agreement;
- D. is relying on its own judgment and has been represented by legal counsel in the negotiation and drafting of this Settlement Agreement; and
- E. represents that it has discussed this Settlement Agreement and its legal consequences with its respective counsel.

7. GENERAL TERMS:

- A. Ambiguity. Any ambiguity in or dispute regarding the interpretation of this Settlement Agreement shall not be resolved by any rule of interpretation providing for interpretation against the drafting party.
- B. Change or Modification. No change or modification to this Settlement Agreement is binding unless it is in writing and executed by all Parties.
- C. Legal and Other Costs. The Parties will each pay their own legal and other costs and expenses incident to this Settlement Agreement.
- D. Governing Law. This Settlement Agreement is governed by the laws of the State of Texas, without reference to any conflict of laws provision or analysis.
- E. Authority to Enter into Settlement. The Parties represent and warrant that they are authorized to enter into this Settlement Agreement.
- F. Compromise of Disputed Claims. This Settlement Agreement is a compromise of disputed claims. The terms and conditions of this Settlement Agreement and the negotiations leading up to it are not to be construed as an admission of liability or wrongdoing by any Party, or as a concession by any Party as to the correctness or incorrectness of any Party's position concerning the Settled Matters.
- G. Entire Agreement. This Settlement Agreement supersedes all prior agreements, written or oral, between Tornado and Lessees concerning the Settled Matters. There

are no other agreements, covenants, promises or arrangements between the Tornado and Lessees relating to the Settled Matters than those set forth herein.

- H. Headings. Headings in this Settlement Agreement have been inserted for convenience of reference only; they are not a part of the agreement and do not affect the meaning, terms, and/or interpretation of this Settlement Agreement in any way.
- I. Provision Void or Unenforceable. If any provision of this Settlement Agreement is found to be void or unenforceable, that provision shall be severed from this Settlement Agreement and the other provisions will remain in full force and effect.
- J. Counterparts and Scanned Signatures. This Settlement Agreement may be executed in any number of counterparts, each of which is an original instrument, but all of which together constitute one and the same instrument. Any signature to this Settlement Agreement delivered by facsimile or electronic mail is an original for all purposes.
- K. Binding Effect. The Settlement Agreement binds and benefits the Parties and their respective successors and assigns.

LESSEES:

Signed this 11th day of October, 2021 by:

Chesapeake Exploration, L.L.C.



By: Sheldon W. Burleson
Title: Vice President – Southern Region

SAV

Signed this ____ day of October, 2021 by:

CNOOC Energy U.S.A. LLC
f/k/a OOGC America LLC

By: Rick Sumrall
Title: Vice President

Signed this ____ day of October, 2021 by:

Jamestown Resources, L.L.C.

By: Matthew Reynolds
Title: Manager

LESSEES:

Signed this ____ day of October, 2021 by:

Chesapeake Exploration, L.L.C.

By: Sheldon W. Burleson
Title: Vice President – Southern Region

Signed this 12 day of October, 2021 by:

**CNOOC Energy U.S.A. LLC
f/k/a OOGC America LLC**



By: Rick Sumrall
Title: Vice President

Signed this ____ day of October, 2021 by:

Jamestown Resources, L.L.C.

By: Matthew Reynolds
Title: Manager

LESSEES:

Signed this ____ day of October, 2021 by:

Chesapeake Exploration, L.L.C.

By: Sheldon W. Burleson
Title: Vice President – Southern Region

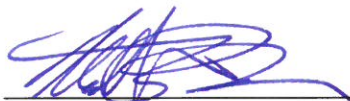
Signed this ____ day of October, 2021 by:

**CNOOC Energy U.S.A. LLC
f/k/a OOGC America LLC**

By: Rick Sumrall
Title: Vice President

Signed this 11th day of October, 2021 by:

Jamestown Resources, L.L.C.

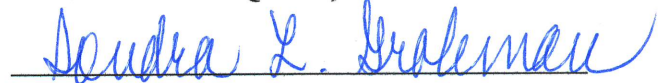


By: Matthew Reynolds
Title: Manager

TORNADO:

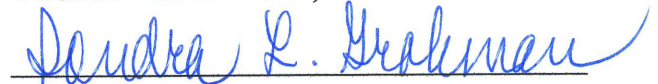
Signed this 25 day of October, 2021 by:

Tornado Venture Quatro, LLC



Sondra L. Grohman
Sole Manager

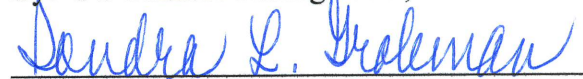
Tornado Venture Cinco, LLC



Sondra L. Grohman
Sole Manager

Tornado Venture Seis, LP

By: SG Tornado Management, LLC



Sondra L. Grohman
Sole Manager

EXHIBIT A

**MEMORANDUM OF SETTLEMENT AGREEMENT
AMENDMENT OF SURFACE USE AGREEMENT**

NOTICE IS GIVEN that Chesapeake Exploration, L.L.C., CNOOC Energy U.S.A. LLC f/k/a OOGC America LLC, and Jamestown Resources, L.L.C., and Tornado Venture Quatro, LLC and Tornado Venture Cinco, LLC have entered into a Settlement Agreement that includes an amendment to the Surface Use Agreement dated October 18, 2010 between Tornado Venture Quatro, LLC and Tornado Venture Cinco, LLC and Chesapeake Exploration, L.L.C. and Chesapeake Operating, Inc. k/n/a Chesapeake Operating, L.L.C. covering 494.231 acres, more or less (the Star Fire Ranch) and 2,507.81 acres, more or less in La Salle County, Texas recorded in Vol. 521, Page 11 of the Deed Records of La Salle County.

The amendment, which amends the provision regarding payment for water usage, is effective September 1, 2021. All of the terms, covenants, and other provisions of the Surface Use Agreement and Settlement Agreement are hereby incorporated into this Memorandum for all purposes.

This Memorandum is given to place everyone on notice of the existence of the Amendment of the Surface Use Agreement and is given in lieu of filing the original of the Settlement Agreement and Amendment of the Surface Use Agreement for record in the Official Public Records of La Salle County, Texas.

Executed copies of the Settlement Agreement are in the possession of Chesapeake Exploration, L.L.C. at 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118 and Tornado.

Executed to be effective September 1, 2021.

Signature Pages Follow

LESSEES:

Signed this 11th day of October, 2021 by:

Chesapeake Exploration, L.L.C.



By: Sheldon W. Burleson

Title: Vice President – Southern Region


PRV

THE STATE OF OKLAHOMA §

§

COUNTY OF OKLAHOMA §

This instrument was acknowledged before me on the 11th day of October, 2021, by Sheldon W. Burleson in the capacity stated.



NOTARY PUBLIC, State of Oklahoma

My Commission Expires:

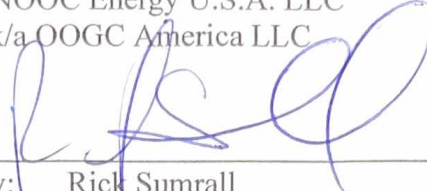
02/04/2025

Print Name Paula J. Brown



Signed this 12 day of October, 2021 by:

CNOOC Energy U.S.A. LLC
f/k/a OOGC America LLC



By: Rick Sumrall
Title: Vice President

THE STATE OF Texas §
COUNTY OF Harris §

This instrument was acknowledged before me on the 12th day of October, 2021, by R.L. Sumrall in the capacity stated.

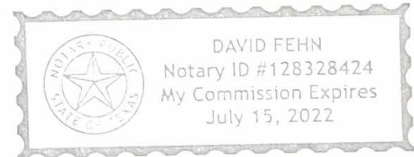


NOTARY PUBLIC, State of Texas

My Commission Expires:

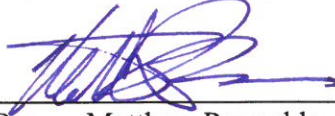
July 15, 2022

Print Name David Fehn



Signed this 11th day of October, 2021 by:

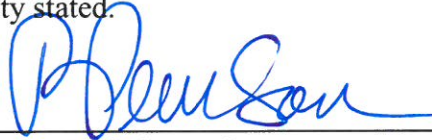
Jamestown Resources, L.L.C.



By: Matthew Reynolds
Title: Manager

THE STATE OF Texas §
§
COUNTY OF Harris §

This instrument was acknowledged before me on the 11th day of October, 2021, by Matthew Reynolds in the capacity stated.



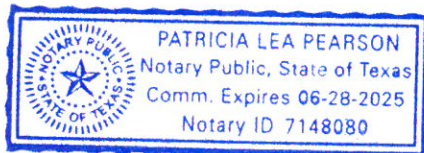
NOTARY PUBLIC, State of _____

My Commission Expires:

06/28/2025

Print Name _____

Patricia Pearson



TORNADO:

Signed this 25 day of October, 2021 by:

Tornado Venture Quatro, LLC

Sondra L. Grohman

Sondra L. Grohman

Sole Manager

Tornado Venture Cinco, LLC

Sondra L. Grohman

Sondra L. Grohman

Sole Manager

Tornado Venture Seis, LP

By: SG Tornado Management, LLC

Sondra L. Grohman

Sondra L. Grohman

Sole Manager

THE STATE OF TEXAS

§

COUNTY OF

Gillespie

§

§

This instrument was acknowledged before me on the 25 day of October, 2021, by Sondra L. Grohman in the capacity stated.

Micaela Nino
NOTARY PUBLIC, State of Texas

My Commission Expires:

06/22/2025

Print Name

Micaela Nino

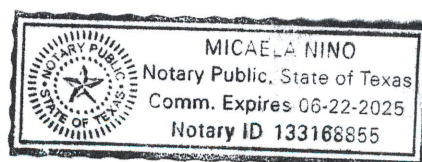


Exhibit B

Settlement Payment instructions:

Wiring Instructions

BANK NAME:	Broadway National Bank 1177 NE Loop 410 San Antonio, TX 78209
ROUTING NO.:	114021933
ACCOUNT NAME:	WILLIAM B. KINGMAN, P.C. IOLTA
ACCOUNT NO.:	0885630

Exhibit C

NO. 18-11-00218-CVL

TORNADO VENTURE QUATRO, LLC;	§	IN THE DISTRICT COURT
TORNADO VENTURE CINCO, LLC; and	§	
TORNADO VENTURE SEIS, LP,	§	
<i>Plaintiffs</i>	§	
	§	
v.	§	LA SALLE COUNTY, TEXAS
	§	
CHESAPEAKE EXPLORATION, L.L.C.;	§	
CHESAPEAKE OPERATING, L.L.C.;	§	
OOGC AMERICA LLC; AND	§	
JAMESTOWN RESOURCES, L.L.C.,	§	81 st JUDICIAL DISTRICT
<i>Defendants</i>	§	

AGREED MOTION TO DISMISS WITH PREJUDICE

Plaintiffs Tornado Venture Quatro LLC, Tornado Venture Cinco, LLC and Tornado Venture Seis, LP (“Plaintiffs”) file this Agreed Motion to Dismiss with Prejudice and would show the Court as follows:

Plaintiffs hereby inform the Court that they have settled their claims against Defendants and no longer desire to pursue their claims against defendants and request that the Court enter an order dismissing all such claims asserted by Plaintiffs against defendants with prejudice to re-filing of same, and with all parties bearing their respective costs.

WHEREFORE, Plaintiffs request that the Court enter an order dismissing all of the claims asserted, or that could have been asserted, in this suit by Plaintiffs against defendants with prejudice to re-filing of same. A proposed agreed order is attached.

Respectfully submitted,

UHL, FITZSIMONS, JEWETT, BURTON &
WOLFF, PLLC

By: _____
J. Byron "Trace" Burton, III
State Bar No. 24031776
tburton@ufjbwlaw.com
4040 Broadway, Suite 430
San Antonio, Texas 78209
Telephone: (210) 829-1660
Facsimile: (210) 829-1641

ATTORNEYS FOR PLAINTIFFS
TORNADO VENTURE QUATRO, LLC;
TORNADO VENTURE CINCO, LLC; and
TORNADO VENTURE SEIS, LP

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served on all counsel of record, as listed below, on _____, 2021.

VIA ESERVE and/or EMAIL

Christopher D. Sileo
Amy Lee Dashiell
SCOTT DOUGLASS & McCONNICO LLP
303 Colorado Street, Suite 2400
Austin, Texas 78701
csileo@scottdoug.com
adashiell@scottdoug.com

VIA ESERVE and/or EMAIL

KANE RUSSELL COLEMAN LOGAN PC
THOMAS G. CIARLONE, JR.
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DEMETRI J. ECONOMOU
deconomou@krcl.com
TEXAS BAR NO. 24078461
Galleria Tower II
5051 Westheimer Road, Suite 1000
Houston, Texas 77056

VIA ESERVE and/or EMAIL

J. Byron "Trace" Burton, III
UHL, FITZSIMONS, JEWETT, BURTON & WOLFF, PLLC
4040 Broadway, Suite 430
San Antonio, Texas 78209
tburton@ufjlaw.com

VIA ESERVE and/or EMAIL

COPELAND & RICE LLP
Russell T. Gips
State Bar No. 24069788
2777 Allen Parkway, Suite 977
Houston, TX 77019
rgips@copelandrice.com

/s/

J. Byron "Trace" Burton, II

NO. 18-11-00218-CVL

TORNADO VENTURE QUATRO, LLC;	§	IN THE DISTRICT COURT
TORNADO VENTURE CINCO, LLC; and	§	
TORNADO VENTURE SEIS, LP,	§	
<i>Plaintiffs</i>	§	
	§	
v.	§	LA SALLE COUNTY, TEXAS
	§	
CHESAPEAKE EXPLORATION, L.L.C.;	§	
CHESAPEAKE OPERATING, L.L.C.;	§	
OOGC AMERICA LLC; AND	§	
JAMESTOWN RESOURCES, L.L.C.,	§	81 st JUDICIAL DISTRICT
<i>Defendants</i>	§	

AGREED ORDER OF DISMISSAL WITH PREJUDICE

On this day, the Court considered the Agreed Motion to Dismiss with Prejudice, wherein Plaintiffs seek to dismiss with prejudice all claims asserted in this cause by Plaintiffs against the defendants. The Court, having considered the Motion, is of the opinion that the Motion should be **GRANTED**.

IT IS THEREFORE ORDERED that all claims asserted in this cause by Plaintiffs Tornado Venture Quatro LLC, Tornado Venture Cinco, LLC and Tornado Venture Seis, LP, against Defendants Chesapeake Exploration, L.L.C., Chesapeake Operating, L.L.C., CNOOC Energy U.S.A. LLC f/k/a OOGC America LLC and Jamestown Resources, L.L.C. are hereby dismissed with prejudice to re-filing, and that costs are taxed to the party incurring same.

This is a final order disposing of all claims.

IT IS SO ORDERED ON THIS _____ day of _____, 2021.

JUDGE PRESIDING

AGREED AS TO FORM AND SUBSTANCE:

/s/

J. Byron "Trace" Burton, III
UHL, FITZSIMONS, JEWETT, BURTON
& WOLFF, PLLC
Counsel for Plaintiffs
Tornado Venture Quatro LLC,
Tornado Venture Cinco, LLC and
Tornado Venture Seis, LP

/s/

Christopher D. Sileo
Amy Lee Dashiell
SCOTT DOUGLASS & McCONNICO LLP
Counsel for Defendants
Chesapeake Exploration, L.L.C.
and Chesapeake Operating, L.L.C.

/s/

Russell T. Gips
COPELAND & RICE LLP
Counsel for Defendant
CNOOC Energy U.S.A. LLC

/s/

Demetri J. Economou
KANE RUSSELL COLEMAN LOGAN PC
Counsel for Defendant
Jamestown Resources, L.L.C.