

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

In re:	§	
	§	Chapter 11
	§	
CHESAPEAKE EXPLORATION, L.L.C., <sup>1</sup>	§	Case No. 20-33239 (DRJ)
	§	
Reorganized Debtor.	§	(formerly Jointly Administered under
	§	Lead Case Chesapeake Energy
	§	Corporation, Case No. 20-33233)

**STIPULATION AND AGREED ORDER REGARDING  
CITY OF BURLESON, TEXAS'S PROOFS OF CLAIM**

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The above-captioned reorganized debtors (before the Effective Date<sup>2</sup> of their Plan, the “Debtors,” and after the Effective Date of their Plan of reorganization, the “Reorganized Debtors”) and City of Burleson, Texas (“COB,” and together with the Debtors or Reorganized Debtors, as applicable, the “Parties”) hereby enter into this stipulation and agreed order (this “Stipulation and Agreed Order”) as follows:

WHEREAS, COB executed 17 oil, gas, and mineral leases (“Leases”) to which Chesapeake Exploration, L.L.C. (“CELLC”) was the successor Lessee;<sup>3</sup>

WHEREAS, on May 23, 2016, COB filed Plaintiff’s Original Petition (as amended or supplemented, the “Petition”) against Debtors CELLC and Chesapeake Operating, L.L.C. (“COLLC”) (together, “Chesapeake”) in the District Court of Johnson County, Texas, 413th

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<sup>1</sup> 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.

<sup>2</sup> 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. 2833] (the “Plan”).

<sup>3</sup> The Leases are more specifically described in the attached Settlement Agreement.

Judicial District, in an action styled Cause No. DC-C201600300; *City of Burleson, Texas v. Chesapeake Operating, L.L.C., et al.*, seeking damages related to claims of breach of contract, common law fraud, fraud by nondisclosure, sham transactions and fraudulent sales, exemplary damages, and attorneys' fees based on, among other things, Chesapeake's alleged underpayment of royalties and breach of marketing duties under the Leases at issue (the "Lawsuit");

WHEREAS, on April 8, 2015, the Texas Multidistrict Litigation Panel granted Chesapeake's *Joint Motion for Transfer and Request for Stay*, thereby creating a case in the District Court of Tarrant County, Texas, 48th Judicial District styled *In re Chesapeake Barnett Royalty Litigation*, Cause No. 15-0113, MDL No. 048-000000-15 (the "MDL Case") and joining the Lawsuit to the MDL Case;

WHEREAS, on February 14, 2019, the MDL Case was transferred to the District Court of Tarrant County, Texas, 96th Judicial District and styled *In re Chesapeake Barnett Royalty Litigation*, Cause No. 15-0113, MDL No. 096-000003-15;

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 October 29, 2020, COB timely filed (i) Proof of Claim No. 3567 against CELLC in the amount of \$7,628,748.00 (the “COB Claim”), asserting various secured and unsecured claims relating to the Leases and the Lawsuit;<sup>4</sup>

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] confirming the Plan (the “Confirmation Order”);

WHEREAS, by way of that certain *Notice of Nonsuit Without Prejudice*, dated November 9, 2021, and that certain *Order of Nonsuit Without Prejudice*, dated November 10, 2021, COB nonsuited its claims against Chesapeake in the Lawsuit and MDL Case without prejudice; and

WHEREAS, COB and the Reorganized Debtors have consensually agreed, after good faith, arm’s-length negotiations, to resolve the COB Claim on the terms set forth in the Confidential Settlement and Release Agreement attached hereto as Exhibit A (the “Settlement Agreement”), and this Stipulation and Agreed Order.

**NOW, THEREFORE, IT IS STIPULATED AND AGREED** as follows:

1. The Settlement Agreement is hereby approved.
2. The COB Claim is hereby reduced and Allowed as a Class 7 General Unsecured Claim in the amount of [REDACTED] against Debtor CELLC. COB withdraws the COB Claim as to Debtor COLLC.

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<sup>4</sup> COB originally filed (a) Proof of Claim No. 150 against CELLC (a/k/a Claim No. 3567); and (b) Proof of Claim No. 151 against COLLC (a/k/a Claim No. 3568) against COLLC, each asserting various secured and unsecured claims relating to the Leases and the Lawsuit. POC No. 3568 has already been expunged by the Bankruptcy Court as of the date of this Stipulation and Agreed Order.

3. Following entry of this Stipulation and Agreed Order, and to the extent necessary, COB will take all other steps reasonably necessary to finalize the Settlement Agreement, including removal of the UCC1 (as defined in the Settlement Agreement) by filing an oath of full payment with the Oklahoma Secretary of State's office.

4. Upon entry of this Stipulation and Agreed Order, Epiq Corporate Restructuring, LLC is hereby authorized and directed to amend or remove the POCs from the Official Claims Register without prejudice to the rights described and reserved in this Stipulation and Agreed Order.

5. The Parties hereby agree that each party shall bear its own costs and attorneys' fees and other expenses incurred related to the Settlement Agreement.

6. 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 Debtors, the Reorganized Debtors, and COB, except to the extent inconsistent with the terms of the Stipulation and Agreed Order.

**IT IS SO ORDERED.**

Signed: \_\_\_\_\_, 2022  
Houston, Texas

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DAVID R. JONES  
UNITED STATES BANKRUPTCY JUDGE

**STIPULATED AND AGREED TO THIS 12TH DAY OF SEPTEMBER, 2022:**

By: /s/ J. Machir Stull

**JACKSON WALKER L.L.P.**

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**-and-**

By: /s/ James E. Key

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**Exhibit A**

**Confidential Settlement and Release Agreement**

**[FILED UNDER SEAL]**