

CITY OF FORT WORTH, TEXAS
GAS DRILLING and PRODUCTION
BOND

THE STATE OF TEXAS §
COUNTY OF TARRANT §

WHEREAS, persons performing gas drilling and production operations within the jurisdiction of the City of Fort Worth, Texas are required to execute and file with the City of Fort Worth Gas Inspector a bond covering those operations, pursuant to §15-41 of the City of Fort Worth City Code;

WHEREAS, the Principal named below is the operator of certain Railroad Commission of Texas and City of Fort Worth regulated gas drilling and production operations including but not limited to, (1) operations permitted under the Principal's permit filed with the City of Fort Worth Gas Inspector, and/or (2) any additional wells that may be permitted prior to the expiration of this bond;

WHEREAS, the Principal desires to perform gas operations and activities within the jurisdiction of the City of Fort Worth, and which operations and activities must be carried on in full conformance with all conditions of the ordinances of the City of Fort Worth, including those city ordinances requiring operators to plug and abandon all wells and control, abate, and clean up associated with an operator's gas operations and activities;

WHEREAS, Principal acknowledges and agrees that, due to the acquisition of additional wells, it may be required during the effective term of this bond to provide additional financial security beyond the face amount of this bond before additional permits submitted by the Principal will be accepted and approved.

We, _____(person's name) as Principal, and _____ as Surety, duly authorized and qualified to do business in the State of Texas, are held and firmly bound unto the City of Fort Worth, Texas in the sum of _____ Dollars (\$_____) payable at the City of Fort Worth, Tarrant County, Texas, and for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

This bond is conditioned that if the Principal operates all wells in accordance with the ordinances of the City of Fort Worth plugs and abandons all wells and control, abates, and cleans up pollution associated with its gas operations and activities in accordance with the ordinances of the City of Fort Worth and is in full compliance with the all the regulations of the with the ordinances of the City of Fort Worth, the Road Repair Agreement and any permit issued pursuant thereto and shall repair any damages to City streets, as determined by the City's Director of Transportation and Public Works, caused by the equipment and vehicles used by the Operator in going to and from the drill site with such repairs being in compliance with specifications therefore prepared by and provided to the Operator by the Director of Transportation and Public Works; then the Principal and Surety are relieved of their obligation to pay the bond amount to the City of Fort Worth.

In the event of a failure of Principal to comply with the conditions and obligations of this bond, the Surety shall promptly remedy such non-compliance, in accordance with the ordinances of the City of Fort Worth within 60 days of notice of non-compliance. In the event of surety's failure to remedy such non-compliance, written demand shall be made upon surety for payment of the penal sum of this bond. Sums demanded under this bond shall be paid to the City of Fort Worth at 1000 Throckmorton Street, Fort Worth, Texas, within thirty days after receipt of written demand for payment, which demand shall be mailed by registered or certified U.S. mail to the address shown below.

Conditions and obligations under this bond are construed in accordance with the Road Repair Agreement and all permits, rules, and regulations of the ordinances of the City of Fort Worth, including any amendments thereto that may be made during the term of this bond, and Surety waives notice of any amendments. The City of Fort Worth shall have the right to sue on and otherwise enforce the obligations of this bond without first resorting to or exhausting its remedies against the properties and assets of the Principal.

This bond is effective beginning on the _____ day of _____, 20___. The term of this bond shall expire 6 months after the expiration of the Gas Well Permit or when the gas well is plugged and abandoned and the site of the well restored, which ever occurs earlier, provided, however, any claim against this bond maybe brought within one (1) year following the expiration of the Gas Well Permit or the plugging and/or abandonment of the well, whichever occurs first. Obligations to pay part or all of the bond amount are deemed released after one (1) year from the expiration date of the bond if no non-compliant operations or activities subject to the bond have been discovered by the City of Fort Worth or the Railroad Commission of Texas during that one-year period, and no enforcement action against any operations or activities subject to the bond is pending. Principal and Surety may also be relieved of their obligations to pay part or all of the bond amount by written agreement between the City of Fort Worth, Principal, and Surety.

If the bond amount is not paid in accordance with the terms of this bond and if judgment for any part of the bond amount is awarded through any court proceeding, then the City of Fort Worth shall be entitled to court costs and reasonable attorney's fees awarded by the court. Surety's liability for such costs and fees shall not be limited by the amount of this bond. It is agreed and understood that this bond is executed and performable in Fort Worth, Tarrant County, Texas, and venue for any cause of action construing this bond is in state courts located in Tarrant County, Texas or the United States District Court for the Northern District of Texas.

A transfer, by any means, of any well covered under this bond does not relieve the Principal and Surety of any obligation under this bond until the operator acquiring the well has on file with the City of Fort Worth an approved form of financial security covering the well. The transferred well remains covered by this bond and the Principal and Surety remain responsible for compliance with all City of Fort Worth regulations and ordinances covering the transferred well until the City of Fort Worth determines that the well is covered by proper financial security and the acquiring operator has assumed full responsibility for the well in accordance with all city regulations and ordinances. Obligations to pay part, or all, of the bond amount, as a result of the Principal or Surety's non-compliance with the conditions of this bond that occurred prior to the transfer and assumption of responsibility by the acquiring operator, remain enforceable in accordance with the general terms of this bond.

IN TESTIMONY WHEREOF, said PRINCIPAL has hereunto subscribed his or her name or has caused this instrument to be signed by its duly authorized officers and its corporate seal to be affixed this _____ day of _____ 20_____.

IN TESTIMONY WHEREOF, said SURETY has caused this instrument to be signed by its duly authorized officers and its corporate seal to be affixed this _____ day of _____ 20_____.

PRINCIPAL

(seal)

By _____

NAME & TITLE

SURETY (ATTACH POWER OF ATTORNEY)

(seal)

By _____

NAME & TITLE

SURETY'S FULL MAILING ADDRESS