

# CITY OF DALWORTHINGTON GARDENS

## Request for Bids

**BID FOR:** Oil and Gas Lease

**BID DUE DATE:** October 12, 2007

**BID DUE TIME:** 2:00 p.m. CDT

**CONTACT:** Melinda Brittain, City Administrator

2600 Roosevelt Drive

DWG, TX 76004-3231  
76016

**E-mail:** [mbrittain@cityofdwg.net](mailto:mbrittain@cityofdwg.net)

Telephone: (817) 274-7368

Fax: (817) 265-4401

Sealed bids, one (1) original and five (5) copies, subject to the terms and conditions of this Request for Bid (RFB) provisions, will be received at the Office of the City Secretary/City Administrator, **2600 Roosevelt Drive, Dalworthington Gardens, TX 76016**, before the due date and time shown above. **Bids must be returned in a sealed envelope or other appropriate package, addressed to the Mayor, City of Dalworthington Gardens, and have the caption "Oil & Gas Lease Proposal and company name, phone number and contact person clearly marked on the outside envelope.** Late bids will be returned to the Bidder unopened. Bids may be withdrawn at any time prior to the due date and time shown above. Bids may not be altered, amended or withdrawn after the due date and time.

The undersigned agrees if the bid is accepted, to promptly execute the Lease upon the terms and conditions contained in this RFB or the bid security will be retained by the City of Dalworthington Gardens (hereinafter called "the City").

<b>Company Name and Address</b>	<b>Company's Authorized Agent:</b>
	<b>Signature</b>
	<b>Name and Title (Typed or Printed):</b>
Federal ID Number (TIN) or SSN and Name	
Telephone No.	<b>Date</b>

**CITY OF DALWORTHINGTON GARDENS**  
**Request for Bids**

**Oil and Gas Lease Bid**

**1.0 INTRODUCTION AND GENERAL INFORMATION**

- 1.1 Purpose of Request for Bids (RFB)** The City intends to lease oil and gas interests in the form of the Lease included in this RFB.
- 1.2 Lease Schedule** The City's anticipated lease schedule is shown below. These dates are subject to change by the City.

Activity

RFB available 9-24-07

Bids Due to City 10-12-07

Lease finalized/executed 10-19-07

- 1.3 Contact with City Council, Staff and Advisors** All questions concerning this RFB must be directed to the City Administrator.

The following provisions are intended to ensure a fair and equitable review process so that there is no actual or potential situation where one bidder secures or attempts to secure an unfair advantage over another bidder or creates a situation where there is an appearance of impropriety in contacts between the bidder or bidder's agent or contractor or consultant and City officials.

After release of the RFB, no officer, employee, agent or representative of the bidder shall have any contact or discussion, verbal or written, with any members of the City Council, City staff or City's consultants, or directly or indirectly through others, seek to influence any City Council member, City staff, or City's consultants regarding any matters pertaining to the oil and gas lease.

Contacts by the bidder with City staff when such contacts do not pertain to the RFB or the potential lease are exempt from this provision. Examples include:

- Private (non-business) contacts with the City by bidder's employees acting in their personal capacity;
- Presentations and/or responses to inquiries initiated by City Staff; and
- Casual social contacts that do not include mention of the City oil and gas leases or potential leases.

If a representative of any company or party submitting a bid violates the foregoing prohibition by contacting any of these parties, such contact may result in a bidder being disqualified from the procurement process.

**1.4 Reservation of Rights** The City reserves the right to reject any or all bids, and may elect to make a decision without further discussion or negotiation. The City further reserves the right to supplement, modify or withdraw this RFB at any time or to issue additional solicitations for bids. The City is not liable for any costs incurred by any bidder in the preparation of a response to this RFB or in any subsequent negotiations or response to questions by the City and its consultants, advisors and contractors.

**1.5 Bid Evaluation** The City will first examine bids to determine their conformance with the RFB. Any bids that are deemed to be non-conforming to the stated requirements may be rejected. Therefore, bidders should exercise particular care in reviewing the required bid format as set forth in this RFB.

**1.6 Award of Lease** The lease will be awarded to the highest and best bidder. However, the City reserves the right to reject any or all bids, to accept or reject any one or more items of a bid, or to waive any irregularities or informalities in a bid.

**1.7 Contact Person** Melinda Brittain, at address/phone stated above.

## **2.0 BEST BID**

**2.1 General** The City wishes to enter into a relationship with a bidder that has extensive and successful oil and gas development experience including experience in environmentally sensitive areas and access to adequate drilling and all necessary equipment. Bids will only be accepted from prospective bidders who are engaged in offering the services called for in this RFB.

**2.2 Experience Regarding Oil and Gas Leases** Bidder will identify its experience in operating oil and gas leases. Regarding experience, bidder will identify lessors and property location, provide a contact name, address and phone number, and describe the property and bidder's responsibilities and accomplishments. Bidder shall have experience performing similar work in a satisfactory manner. The City seeks responsive Bids that reduce adverse impacts on public health and the environment; provide gas development stability; and ensure sustained receipts to the City.

**2.3 Information Regarding Past and Pending Violations and Litigation** The City desires to contract with a bidder that has a strong environmental compliance record and history of legal, ethical business practices. Therefore, bidder will describe all civil legal actions and administrative proceedings now pending with government agencies, or which have occurred in the past seven years, with potential liability or actual damages greater than \$5,000, or penalties assessed in the amount of \$5,000 or more.

## **3.0 SCOPE OF SERVICES AND TECHNICAL SPECIFICATIONS**

**3.1 Scope of Services** The City will lease City of Dalworthington Gardens oil and gas interests in areas verified by bidder in the form of a lease as included in this RFB.

Lessee shall assume all lease area oil and gas operational responsibilities, all monitoring activities, all state, local, and federal reporting responsibilities, be responsible, indemnify, and hold the City harmless, for any and all liabilities regarding any leased premises.

**3.2 Environmental Compliance** The City desires to contract with a bidder that has a strong, positive environmental record and experience in solving environmental issues in a timely manner.

The City is also interested in ensuring that the environmental and neighborhood impacts from oil and gas development operations are minimized. Specific concerns include traffic, safety, noise, dust, litter, odors, air quality impacts, and storm water run-off. The bidder will describe in its bid how these impacts will be mitigated to comply with all current and reasonably anticipated federal and state requirements.

**3.3 Policies, Procedures, Ordinances and Conditions that could Affect Service Delivery** The Lessee will ensure compliance with all federal, state and local ordinances, procedures, and operating rules.

**3.4 City Responsibilities - Lease Administration** The Mayor of the City or his designee is hereby authorized to act on behalf of the City in any and all matters relating to or resulting from this RFB.

#### **4.0 BID SUBMISSION REQUIREMENTS**

**4.1 Delivery and Acceptance of Bids** Bids may be mailed, couriered or hand delivered to the City of Dalworthington Gardens, Office of the City Secretary, 2600 Roosevelt Drive, Dalworthington Gardens, TX 76016. All bids must be received at the Office of the City Secretary in the City by no later than **2:00 p.m., CST, Friday, October 12, 2007**. Bids received after this time and date will be returned unopened. Postmarks will not be accepted as proof of receipt.

Bidders are reminded that the U.S. Postal Service deliveries may be delayed. Bidders are responsible for on-time deliveries of bid documents to the City and are strongly encouraged to use alternate means, such as overnight/hand delivery carriers, or allow ample time for U.S.P.S. deliveries to be received in time. Additionally, local courier firms and copy shops may accept fax copies, seal them and deliver to the City, for fees, for which the bidder bears responsibility.

Bidder must submit one (1) original and five (5) numbered copies of each bid in a sealed envelope or box. Bidders shall mark the company name, telephone number and name of contact person clearly on the outside of the box or envelope. Bids received on time will be opened publicly.

**4.1.1 Bid Security** Bid security in the amount of five percent (5%) of the lease bonus must accompany the bidder's bid. The bid security will be in the form of a cashier's check. The bid security must be in a separate, sealed envelope labeled bid security, with the bidder's name and the RFB number

indicated.

This sum of money (5% of the lease bonus) is not to be considered as a penalty, but shall be deemed, taken and treated as reasonable liquidated damages. This sum of money is fixed and agreed on between the bidder and the City because of the impracticability and extreme difficulty of fixing and ascertaining the actual damage to the City.

If a bidder withdraws its bid after the due date, fails to negotiated in good faith with the City as determined by the Mayor of the City or his designee, or if, after the City and bidder agree on the specific lease terms, the bidder fails to sign the lease within fourteen (14) days after the lease has been presented to the bidder, the proposal security shall be forfeited and retained by the City as liquidated damages.

A bidder may withdraw from the negotiation process at any time prior to the projected date for completion of the lease and forfeit the proposal security. The withdrawal shall be in writing, signed by the same individual that signed the bid, and delivered to the City by certified mail to the office of the City Secretary.

**4.2 Interpretations, Amendments and Addenda** Any explanation, clarification, or interpretation desired by a bidder regarding any part of the RFB must be requested in writing from the City Administrator no later than the date specified herein. Requests for explanations or clarifications may be emailed, faxed or mailed to the City's contact for this RFB at the Contact location stated above.

All requests must clearly identify the bidder's company name and point of contact. Nothing stated or discussed orally during any conversation shall alter, modify or change the requirements of the RFB. Only interpretations, explanations or clarifications of this RFB and answers to questions that are incorporated into a written amendment or addendum to this RFB issued by the City shall be considered by bidders. All amendments or addenda will be distributed to each Person that registers with the Office of the City Secretary and requests a copy of all amendments to this RFB, but it shall be the responsibility of bidders to make inquiries as to the addenda issued. All such amendments or addenda shall become a part of this RFB, and all bidders shall be bound by such amendments or addenda. Each amendment or addendum issued will be on file in the Office of the City Secretary. Each bidder must acknowledge receipt of all amendments.

**4.3 Ambiguity, Conflict or Errors in RFB** Bidders are expected to examine all documents that make up the RFB. The City assumes no responsibility for any errors or misrepresentations that result from the use of an incomplete RFB. If a bidder discovers any ambiguity, conflict, discrepancy, omission, or other error in this RFB, it shall immediately notify the City of such error in writing and request modification or clarification of the document. The City may make modifications, if any, by issuing a written revision and will give written notice to all parties who

have received the RFB from the City. The bidder is responsible for clarifying any ambiguity, conflict, discrepancy, omission, or other error in the Request for Bids prior to submitting the bid or it shall be waived.

**4.4 Information Provided by City** Information included in or provided with this RFB is provided solely for the convenience of the Bidders. WHILE THIS INFORMATION IS BELIEVED TO BE ACCURATE, NO REPRESENTATION OR WARRANTY OF ANY KIND IS MADE BY THE CITY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION INCLUDED IN OR PROVIDED WITH THIS RFB. Bidders are solely responsible for conducting such independent due diligence investigations as may be necessary for the preparation of bids. The City and its employees, consultants, agents and advisors are not responsible for the completeness or accuracy of any information distributed or made available, orally or in writing, during this procurement process.

**4.5 Costs and Expenses of Bidders** The City accepts no liability under any circumstances for any costs or expenses incurred by bidders in making a bid, visiting and evaluating City property, or in acquiring information, clarifying or responding to any condition, request or standard contained in this RFB. Each bidder that participates in this procurement process does so at its own expense and risk and agrees that the City shall not reimburse any costs incurred during this process whether or not any award results from this solicitation.

**4.6 Statutory and Regulatory Provisions** No representation is made as to the feasibility of any oil or gas lease on City property. There may be significant and costly legal and regulatory steps that must be accomplished by any successful bidder including, without limitation, necessary changes in zoning, securing permits or waivers from governmental agencies such as this City, the City of Fort Worth, City of Arlington, Texas Railroad Commission, Texas Water Commission, Texas Health Department, Environmental Protection Agency or Texas Commission on Environmental Quality or other federal, state or local agencies. Also, statutory provisions such as the requirement for a Public Hearing on the use of Park property may be required and the outcome of any zoning change request, permit, waiver or hearing is unknown.

**4.7 Bidder's Indemnification of City** BIDDER DOES HEREBY AGREE TO WAIVE ALL CLAIMS, RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS CITY AND ALL OF ITS OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES, FROM AND AGAINST ANY AND ALL LIABILITY, CLAIMS, LOSSES, DAMAGES, SUITS, DEMANDS OR CAUSES OF ACTION INCLUDING ALL EXPENSES OF LITIGATION AND/OR SETTLEMENT, COURT COSTS AND ATTORNEY FEES WHICH MAY ARISE BY REASON OF INJURY TO OR DEATH OF ANY PERSON OR FOR LOSS OF, DAMAGE TO, OR LOSS OF USE OF ANY PROPERTY OCCASIONED BY ERROR, OMISSION, OR NEGLIGENT ACT OF BIDDER, HIS OFFICERS, AGENTS, EMPLOYEES, SUBCONTRACTORS, INVITEES OR ANY OTHER PERSON, OR FOR ANY CLAIM, LOSS, DAMAGE, SUIT, DEMAND OR CAUSE OF ACTION RELATING TO THE BID, AWARD,

NEGOTIATION, OR SELECTION OF BIDDER ARISING OUT OF OR IN CONNECTION WITH THIS RFB, AND BIDDER WILL AT HIS OR HER OWN COST AND EXPENSE DEFEND AND PROTECT CITY FROM ANY AND ALL SUCH CLAIMS AND DEMANDS.

BY SUBMISSION OF A RESPONSE TO RFB, BIDDER AGREES THAT IT SHALL BE BOUND BY THE INDEMNITY PROVISIONS OF THIS RFB. IF ANY LIABILITY, CLAIMS, LOSSES, DAMAGES, SUITS, DEMANDS OR CAUSES OF ACTION ARISE OUT OF RFB, THE CITY MAY SEEK PAYMENT OF ANY EXPENSES INCURRED IN DEFENSE, SETTLEMENT, OR PAYMENT OF ANY JUDGMENTS, COSTS, FEES, CHARGES, EXPENSES, OR ANY EXPENDITURE NECESSARY DUE TO THE LIABILITY, CLAIMS, LOSSES, DAMAGES, SUITS, DEMANDS OR CAUSES OF ACTION THAT ARISES OUT OF THIS RFB.

## **5.0. INSTRUCTIONS AND MINIMUM STANDARDS**

**5.1. Oil and Gas Lease Bid Proposal Instructions** Description of Property: The property to be leased consists of a certain tract or tracts of land described by exhibit hereto and including an estimated 76.2932 acres.

The bidder shall be responsible for determining the exact net acres to be leased.

The lease shall be awarded, at the discretion of the City Council, to the highest and best bidder submitting a bid in accordance with terms as outlined below.

It is the intention of the City to award the lease to the highest and best bidder submitting a sealed bid in accordance with these instructions; provided that, if in the judgment of the City the bids submitted do not represent the fair value of such lease, the Council will reject all bids. No bids will be considered unless submitted prior to the specified public bid opening. The City reserves the right to reject any and all bids for such lease at its discretion. However, should any bid be accepted, such lease shall be executed upon a form acceptable to the City. The City shall determine the highest and best bidder according to the terms submitted for the oil and gas lease, the reputation and quality of the bidder's oil and gas services including but not limited to the bidder's financial ability to provide the oil and gas services, safety record, compliance history and any other relevant information that the bidder submits to the City for consideration.

### **5.2 Minimum Standards of Bid**

1. A primary term of twenty-four (24) months with an option to extend the lease for an additional twenty-four (24) months with an additional bonus payment of \$10,000 per acre.

2. Lease Bonus payment: \$10,000 per acre or bidder's best offer.
3. Royalty: 27.5% (as described in the lease document) or bidder's best offer.
4. Bid Security in the amount of five percent (5%) of the lease bonus.
5. Other minimum standards:
  - A. Lessee shall restore the surface of all land that might be damaged by its operation as nearly as possible to its original conditions as soon as practicable after such damage occurs. Lessee must further agree to indemnify and hold harmless the City against any and all claims upon the part of third persons for damages or injuries of any kind or character that might arise from Lessee's operations.
  - B. The City prohibits any surface pits of any kind and the surface disposal of salt water or oil/gas field waste within the City.  
  
Lessee shall drill each well with a closed system.
  - C. Lessee must conform to the lease and all ordinances that apply to drilling of oil and/or gas in the City.
  - D. Lessee must satisfy itself as to title and acquire all necessary abstracts and other title information solely at their own expense; THE LEASE SHALL CONTAIN NO WARRANTY OF TITLE BY THE CITY. THE DISCLAIMER IS AS FOLLOWS:

**THE LEASE SHALL CONTAIN NO WARRANTY OR TITLE BY THE CITY EXPRESS OR IMPLIED; AND ANY WARRANTIES THAT MIGHT ARISE BY COMMON LAW AND THE WARRANTIES IN SECTION 5.023 OF THE TEXAS PROPERTY CODE (OR ITS SUCCESSORS) ARE EXCLUDED.**

THE LEASE SHALL CONTAIN THE FOLLOWING LANGUAGE, WEHETHER COPIED THEREIN OR INCOPRORATED THEREIN BY THIS REFERENCE: WITHOUT LIMITATION AS TO THE DISCLAIMER BY CITY OF WARRANTS SET FORTH HEREINABOVE, CITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED OR ARISING BY OPERATION OF LAW WITH RESPECT TO ANY MATTER CONCERNING THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE FOLLOWING: (i) TITLE, (ii) HABITABILITY, MERCHANTABILITY OR SUITABILITY OR FITNESS OF THE PROPERTY FOR A PARTICULAR PURPOSE OR USE, (iii) THE

NATURE AND CONDITION OF THE PROPERTY, INCLUDING WITHOUT LIMITATION, WATER, SOIL AND GEOLOGY, LOCATION OF CEMETERIES, ZONING, EASEMENT RIGHTS, WATER AND SEWAGE FACILITIES OR OTHER GOVERNMENTAL RIGHTS OR OBLIGATIONS, (iv) COMPLETENESS OF ACCURACY OF PERMITS, SURVEYS OR REPORTS CONCERNING THE PROPERTY, (v) TAX CONSEQUENCES, (vi) COMPLIANCE OF ALL OR ANY PART OF THE PROPERTY WITH APPLICABLE ENVIRONMENTAL LAWS, RULES OR REGULATIONS WITH RESPECT TO HEALTH, THE ENVIRONMENT, ENDANGERED SPECIES AND WETLANDS (COLLECTIVELY, "ENVIRONMENTAL LAWS") INCLUDING, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, AS AMENDED, THE ENDANGERED SPECIES ACT (16 U.S.C. §1531, ET SEQ.) AS AMENDED, THE TEXAS WATER CODE, AS AMENDED, THE TEXAS NATURAL RESOURCE CODE, AS AMENDED, AND THE TEXAS SOLID WASTE DISPOSAL ACT, AS AMENDED, (vii) THE EXISTENCE OF ASBESTOS, OIL, ARSENIC, PETROLEUM OR CHEMICAL LIQUIDS OR SOLIDS, LIQUID OR GASEOUS PRODUCTS OR HAZARDOUS SUBSTANCES AS THOSE TERMS AND SIMILAR TERMS ARE DEFINED OR USED IN APPLICABLE ENVIRONMENTAL LAWS, (viii) NATURE AND EXTENT OF RIGHT-OF-WAY, LEASES, ENCUMBRANCES, LICENSES, RESERVATIONS, CONDITIONS OR OTHER SIMILAR MATTERS, OR (ix) COMPLIANCE WITH ANY LAW, ORDINANCE OR REGULATION OF ANY GOVERNMENTAL ENTITY OR BODY. CONVEYANCE OF THE PROPERTY IS MADE ON AN "AS IS," "WHERE IS," AND "WITH ALL FAULTS" BASIS, AND THE WARRANTIES AND COVENANTS SET FORTH IN SECTION 5.023 OF THE TEXAS PROPERTY CODE DO NOT APPLY TO THIS CONVEYANCE. LESSEE ACKNOWLEDGES THAT LESSEE HAS HAD THE FULL, COMPLETE AND UNFETTERED RIGHT TO INSPECT THE PROPERTY TO LESSEE'S SATISFACTION AND THAT THE GRANTING OF THE LEASE OF THE PROPERTY HEREBY MADE WAS IN PART BASED UPON THE FACT THAT THIS CONVEYANCE WAS MADE BY CITY WITHOUT WARRANTY OR REPRESENTATION. IN ADDITION, LESSEE AND ANYONE CLAIMING BY, THROUGH OR UNDER LESSEE, HEREBY FULLY RELEASES THE CITY, CITY'S EMPLOYEES, OFFICERS, REPRESENTATIVES, ATTORNEYS AND AGENTS FROM ANY AND ALL CLAIMS AGAINST ANY OF THEM FOR ANY COST, LOSS, LIABILITY, DAMAGE, EXPENSE, DEMAND, ACTION OR CAUSE OF ACTION ARISING FROM OR RELATED TO ANY DEFECTS, ERRORS OR OMISSIONS OR OTHER CONDITIONS WHATSOEVER OF THE PROPERTY. THIS COVENANT

**RELEASING THE CITY SHALL BE A COVENANT RUNNING WITH THE LAND.**

- E. A development plat or other drawing showing a drill plan and drill sites and proposed pooled units that are not located on the leased premises must be submitted with this bid. The plan should also show the location of access roads to the drill site, pipelines, electric lines and all surface facilities and equipment, none of which may be located on the leased premises unless the Lease allows otherwise. The City reserves the right to award this bid based on both price and the most advantageous location of the drilling locations and sites for pooling purposes.
  
- F. An oil and gas lease will be finalized after the successful bidder is selected. The final form of said lease must be approved by the City Council but shall be substantially in the form of the lease document attached to this Request for Bids as Exhibit "A". The oil and gas lease shall not be filed of record but the Memorandum of Oil and Gas Lease, a copy of which is attached to this Request for Bids as Exhibit "B", shall be filed of record.
  
- G. The City will allow the successful bidder to pool the lease to the extent provided in the lease document included in this RFB.
  
- H. By submitting a bid, the bidder specifically waives any right to recover or be paid attorney's fees from the City or any of the City's employees and representatives under any of the provisions of the Texas Uniform Declaratory Judgments Act (Texas Civil Practice and Remedies Code, Section 37.001, et. seq., as amended). By submitting a bid, each bidder agrees to waive and does hereby waive any claim the bidder has or may have against the City of Dalworthington Gardens, Texas, and the City's respective employees and representatives for the award of attorney fees, arising out of or in any way connected with the following:
  - 1. The administration, evaluation or recommendation of any bid;
  - 2. Waiver or deletion of any of the requirements under the bid documents including the lease;
  - 3. Acceptance or rejection of any bids; and
  - 4. Award of the bid or lease.

The bidder agrees that this is the intentional relinquishment of the above listed presently existing rights.

By execution and submission of this bid, the bidder hereby represents and

warrants to the City that the bidder has read and understands the bid documents and this bid is made in accordance with the bid documents. Bidder acknowledges that it understands all terms within the bid documents, which include the waiver provisions, and that it had the right to consult with counsel regarding all of the above documents. By submitting a bid, the bidder acknowledges and agrees that there was and is no disparity of bargaining power between the bidder and the City.

- I. By submitting a bid, the bidder acknowledges that the bidder understands all terms of the bidding documents and consents to the bidding process and the possibility of non-selection.
- J. The City reserves the right to waive, delete or amend any of the requirements connected with this bid.

Bids addressed to the Mayor of the City of Dalworthington Gardens, Texas, will be received at the City's Municipal Building, 2600 Roosevelt Drive, Dalworthington Gardens, Texas 76016 until 2:00 PM CST; on October 12, 2007, and then publicly opened and read aloud at 2:30 PM CST in the Council Chamber of the City's Municipal Building. Any bids received after 2:00 p.m. on said date will not be considered.

- 6. Any location for the drilling of a well located on city property shall be limited to three (3) acres. Further, Lessee shall pay to the City \$50,000 per drilling location even if one or more bore holes that result in one or more horizontal wells are drilled from the same location.
- 7. From any well that is drilled from a location on City lands but also is drilled under other lands not owned by the City, Lessee shall assign and convey to the City a 3% overriding royalty interest of all production.
- 8. For any well that is drilled and completed on City lands, the said well shall be enclosed to the satisfaction of the City in accordance with applicable ordinances of the City and the terms of any drilling permit issued therefor.
- 9. To the extent possible, Lessee shall purchase from the City all water used in the drilling of any well.
- 10. When pooling City lands to form a drilling location, Lessee shall, to the extent possible and reasonably practical, form a pooling unit including only City lands.

**CITY OF DALWORTHINGTON GARDENS**  
**OIL & GAS LEASE BID FORM**

**Description of Properties:** The property to be leased consists of the tracts of land described in Exhibit C to the Request for Bids.

The Bidder is responsible for determining the exact net acres to be leased.

**Oil and Gas Lease Bid:**

- **Primary Term:** \_\_\_\_\_ months. The **maximum** term permissible in the bid is eighteen months. A primary term of twelve (12) months or less is preferred.
- **Lease Bonus:** \_\_\_\_\_  
(\$ \_\_\_\_\_) is the total lease bonus.
- **Bid Security:** \_\_\_\_\_  
(\$ \_\_\_\_\_) This amount is five percent (5%) of the Lease Bonus.
- **Royalty:** \_\_\_\_\_ percent (\_\_\_\_%). The royalty paid to the City will be a **minimum** of twenty seven and one-half percent (27.5%).
- Only limited surface use of the tracts will be permitted in accordance with the lease and an approved drilling site plan. No surface use of developed parkland will be permitted.
- **Site Plan:** Bidder must include a proposed gas drilling development plan or other drawings that include, at minimum:
  1. All drill sites;
  2. Pipeline access or plan for pipeline access;
  3. Surface equipment;
  4. Electrical service locations; and
  5. Access roads.
- Bidders shall also submit the following information:
  1. Bidders' experience in drilling and production in the Barnett Shale;
  2. Proof of financial ability to produce oil and gas;
  3. Industry compliance history; and
  4. Any other relevant information that the bidder wishes to submit to the City for the consideration.

An oil and gas lease will be finalized after the successful bidder is selected based upon a fully competed bid form with appropriate attachments and the oil and gas lease provided to bidder. Revisions to the RFB lease are discouraged. Any proposed revisions to the RFB lease must be specifically provided with your bid.

By execution and submission of this bid, the bidder hereby represents and warrants to the City that the bidder has read and understands the bid documents that include all documents in this Request for Bids, and this bid is made in accordance with the bid documents. Bidder acknowledges that it understands all terms within the bid documents,

which include the waiver provisions, and that it had the right to consult with counsel regarding all of documents.

By submitting a bid, the bidder specifically waives any right to recover or be paid attorney's fees from the City of Dalworthington Gardens, Texas, or any of the City's employees and representative under any of the provisions of the Texas Uniform Declaratory Judgments Act (Texas Civil Practice and Remedies Code, Section 37.001, et. seq., as amended.). By submitting a bid, each bidder agrees to waive and does hereby waive any claim the bidder has or may have against the City, and the City's respective employees and representatives for the award of attorney fees, arising out of or in any way connected with the following:

1. The administration, evaluation or recommendation or any bid;
2. Waiver or deletion of any of the requirements under the bid documents;
3. Acceptance or rejection of any bids; and
4. Award of the bid or lease.

By submitting a bid, the bidder acknowledges that the bidder understands all terms of the bidding documents and consents to the bidding process and the possibility of non-selection. By submitting a bid, the bidder acknowledges and agrees that there was and is no disparity of bargaining power between the bidder and the City.

The City reserves the right to waive, delete or amend any of the requirements connected with this bid and to reject any and all bids. The City also reserves the right to award this bid based on both price and the most advantageous location of the drilling locations and sites for pooling purposes.

Enclosed with this bid is a cashier's check for five percent (5%) of the lease bonus, which it is agreed shall be collected and retained by the City as liquidated damages if the City accepts this bid within one hundred twenty (120) days after the opening of bids and the undersigned bidder then fails to execute the Lease with the City within fourteen (14) days after the Lease has been presented to the bidder. This sum of money is fixed and agreed on between the bidder and the City because of the impracticability and extreme difficulty of fixing and ascertaining the actual damage to the City.

Respectfully submitted,

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_

Date: \_\_\_\_\_