

Despite statements in the media about "appealing all the way to the Ohio Supreme Court" the Alai administration accepted \$10,000 apiece to settle two well drilling disputes with Gonzoil Oil. The Mayor's signature is on Page Three. Here is one of the settlement documents for you to read. NOTE: The irony is that this measure was presented on an emergency basis for the "immediate preservation of the public health, safety and welfare" of the City (Page One, below).

Copies to: Fin.

First Reading February 28, 2011

CITY OF BROADVIEW HEIGHTS, OHIO

ORDINANCE NO. 22-11

INTRODUCED BY MAYOR AND ENTIRE COUNCIL

AN ORDINANCE AUTHORIZING THE MAYOR TO ENTER INTO A FINAL SETTLEMENT AGREEMENT AND RELEASE IN FULL SETTLEMENT OF THE CASES KNOWN AS CITY OF BROADVIEW HEIGHTS VS. DIVISION OF MINERAL RESOURCES AND GONZOIL BEFORE THE OIL AND GAS COMMISSION, APPEAL NO'S: 830 AND 831, AND DECLARING AN EMERGENCY.

WHEREAS, the City Council has determined that it is in the best interest of the City to enter a final settlement agreement and release in full settlement of the cases known as City of Broadview Heights vs. Division of Mineral Resources and Gonzoil before the Oil and Gas Commission, Appeal No's: 830 and 831.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BROADVIEW HEIGHTS, COUNTY OF CUYAHOGA AND STATE OF OHIO:

SECTION 1. The Mayor is hereby and herein authorized and directed to enter into a final settlement agreement in full settlement of the cases City of Broadview Heights vs. Division of Mineral Resources and Gonzoil before the Oil and Gas Commission, Appeal No's: 830 and 831, upon the terms and conditions set forth in Exhibit "A" attached hereto and made a part hereof as if fully rewritten herein, the Law Director is hereby and herein authorized and directed to approve by signature a Dismissal Entry with regard to said case.

SECTION 2. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public health, safety and welfare and for the reason stated in the Preamble hereof, and provided it receives the affirmative vote of five (5) or more of the members of Council and the signature of the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

PASSED: March 7, 2011

Theresa Dunlap
PRESIDENT OF COUNCIL

DATE FILED WITH MAYOR: March 9, 2011

APPROVED: Samuel J. Alai
SAMUEL J. ALAI, MAYOR

ATTEST: Annita Phelps
CLERK OF COUNCIL

DATE APPROVED: March 9, 2011

Settlement and Release Agreement

This Settlement and Release Agreement ("Agreement") is made and entered into as of this 7th Day of MARCH, 2011, by and between The City of Broadview Heights ("CITY") and GonzOil, Inc. ("GONZOIL").

WHEREAS, the CITY has instituted two separate appeals before the Ohio Oil and Gas Commission known as Appeal Nos. 829, 831 (Review of Chief's Order 2010-43: Laszlo Well #1D) and Appeal No. 830 (Review of Chief's Order 2010-34 Kral Well #1D) ("the APPEALS") asserting various claims and challenging the decisions of the Chief of the Ohio Oil and Gas Division, which decisions issued Oil and Gas Drilling permits to GONZOIL for purposes of drilling the Laszlo Well #1 D and the Kral Well #1 D.

WHEREAS, the parties wish to resolve and settle all of their past, present and any future claims, disputes and controversies, as such relate to the subject matter of the Appeals;

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

AGREEMENT

1. Recitals. The foregoing Recitals are incorporated into and constitute a part of this Agreement.
2. No Admissions. This Agreement is entered into as an expedient and cost-effective alternative to costly litigation. Other than as indicated herein, the parties make no admissions, express or implied, by entering into this Agreement.
3. GONZOIL's Payment to the CITY. GONZOIL, in exchange for the dismissals of the APPEALS set forth below, the execution of the Oil and Gas Leases of certain City streets, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agrees to pay the CITY the total amount of twenty Thousand Dollars (\$20,000.00) payable within 30 days from the execution of this Agreement by the parties and the execution of the leases contained in Exhibits A and B attached by the CITY.
4. Leases. CITY agrees to execute, contemporaneously herewith, the Oil and Gas Leases of certain City streets (Exhibits A and B) as contained therein. Said leases are made a part of this agreement and are incorporated herein as if fully rewritten herein.
5. Costs and Expenses. The parties shall be responsible for their respective attorneys' fees and costs and expenses incurred in this matter.

6. Controlling Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Ohio.

7. Amendments. This Agreement cannot be altered or otherwise amended except by written instrument signed by all of the parties hereto.

8. Entire Agreement. The parties acknowledge and agree that this Agreement constitutes the full, complete, and entire agreement of the parties and that there are no other representations, covenants, warranties, or other agreements binding of the parties that are not expressly set forth herein.

9. Rule of Construction. The parties acknowledge and agree that they have each had the opportunity to have this Agreement reviewed by counsel of their choosing. Therefore, the normal rule that ambiguities are construed against the drafter shall not apply in connection with the interpretation and construction of this Agreement.

10. Validity of Agreement. The parties represent and agree that the person executing this Agreement on behalf of the CITY and on behalf of GONZOIL have the full and complete permission and authority of the entity for which he is executing this Agreement, and have the full right and authority to commit and fully bind themselves, their representatives, agents, principals, predecessors, successors, and privies according to the provisions hereof. This Agreement is a legally valid, binding and enforceable obligation of the parties in accordance with its terms.

11. Counterpart Signatures. This Agreement may be executed in one or more counterparts, including by facsimile, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

WITNESS our hands and seals as of the date set forth below.

THE CITY OF BROADVIEW HEIGHTS

[Signature]
Witness

By: *[Signature]*

[Signature]
Witness

Date 3/7/11

GONZOIL, INC



Witness

By: *Douglas H. Gonzalez*
Douglas Gonzalez, President

Julia N. ...
Witness

Date March 17, 2011