

TOWN OF WINDSOR

RESOLUTION NO. 2013-34

A RESOLUTION APPROVING THE EXTENSION OF AN OIL AND GAS LEASE, AND RELATED TERMS, BETWEEN THE TOWN OF WINDSOR, COLORADO, AND GREAT WESTERN LEASING, LLC, AND AUTHORIZING THE MAYOR TO EXECUTE SAME (DIAMOND VALLEY SITE)

WHEREAS, the Town of Windsor (“Town”) is a Colorado Home Rule Municipality, with all powers and authority vested pursuant to law; and

WHEREAS, the Town is the owner of certain mineral interests located beneath Town-owned property within the south half of Section 22, Township 6, Range 67 West, 6th P.M; and

WHEREAS, under Colorado law, the owners of mineral interests have a right to exploit, extract and put to beneficial use all minerals beneath the surface of the land; and

WHEREAS, the oil and gas deposits located within Weld County have drawn increasing interest from oil and gas extraction firms; and

WHEREAS, as is the case within Weld County, the Town’s oil and gas interests have become a source of particular interest to oil and gas extraction firms; and

WHEREAS, Great Western Leasing, LLC (“GW”) has approached the Town with terms and conditions for extending the Lease of Town-owned oil and gas rights beneath the property commonly known as the “Diamond Valley Park Site”, consisting of approximately 105.54 acres; and

WHEREAS, the Town’s Oil and Gas Special Counsel has negotiated a proposed Lease extension with GW, the terms and conditions of which are set forth in the attached “ Second Amendment to Oil and Gas Lease”, incorporated herein by this reference as if set forth fully; and

WHEREAS, the terms and conditions of the attached Second Amendment to Oil and Gas Lease are consistent with the market and with prevailing oil and gas exploration practices within Weld County; and

WHEREAS, the attached Second Amendment to Oil and Gas Lease specifically provides that no oil and gas activity will take place on the surface of any Town-owned property; and

WHEREAS, the Town’s Oil and Gas Special Counsel has recommended that the attached Second Amendment to Oil and Gas Lease be approved by the Town Board; and

WHEREAS, the Town Board has concluded that the attached Second Amendment to Oil and Gas Lease is beneficial to the public interest, in that it allows the Town to derive revenue from existing Town-owned resources; and

WHEREAS, the within Resolution is deemed to promote the public health, safety and welfare.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN BOARD OF THE TOWN OF WINDSOR, COLORADO as follows:

1. The attached Second Amendment to Oil and Gas Lease is hereby approved.
2. The Mayor or, as necessary, Mayor *Pro Tem*, is hereby authorized to execute the attached Second Amendment to Oil and Gas Lease on behalf of the Town.

Upon motion duly made, seconded and carried, the foregoing Resolution was adopted this 24th day of June, 2013.

TOWN OF WINDSOR, COLORADO

By: _____

John S. Vazquez, Mayor

ATTEST:

Patti Garcia
Patti Garcia, Town Clerk



SECOND AMENDMENT TO OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the Town of Windsor, a Colorado municipal corporation, whose address is 301 Walnut Street, Windsor, CO 80550 ("Lessor") did execute and deliver unto Great Western Leasing, LLC, with an address of 1700 Broadway, Suite 650, Denver CO 80290 ("Lessee"), that certain Oil and Gas Lease dated August 22, 2011, recorded at Reception No. 3795882 on September 30, 2011 in the records of Weld County, State of Colorado (the "Lease"), covering the following described lands situated in Weld County, Colorado, to wit:

Township 6 North, Range 67 West, 6th P.M.

Lot One (I), Block Two (2), Diamond Valley Subdivision, Lot Two (2) Block Two (2) Diamond Valley Subdivision Town of Windsor and all dedicated streets, roads and alleys, being in the S/2 of Section 22.

Containing 105.54 acres, more or less

WHEREAS, primary term as cited in Article I of the original lease reads 15 months in length with an original expiration date of November 20, 2012; and

WHEREAS, by Assignment of Oil and Gas Lease dated November 8, 2011, recorded at Reception No. 3807194 on November 11, 2011, Great Western Leasing, LLC ("Assignor") assigned and conveyed said Lease to Grizzly Petroleum Company, LLC, a Colorado limited liability company, with an address of 1700 Broadway, Suite 650, Denver, CO 80290 ("Assignee"); and

WHEREAS, the Town of Windsor, a Colorado municipal corporation, whose address is 301 Walnut Street, Windsor, CO 80550 ("Lessor") did execute and deliver unto Grizzly Petroleum Company, LLC, with an address of 1700 Broadway, Suite 650, Denver CO 80290 ("Lessee"), that certain Amendment to Oil and Gas Lease dated August 13, 2012, recorded at Reception No. 3869192 on August 28, 2012 in the records of Weld County, State of Colorado (the "Lease"); and

WHEREAS, that certain Amendment to Oil and Gas lease dated August 13, 2012, recorded at Reception No. 3869192 on August 28, 2012, Amended Article 16 and extended the primary term one (I) additional year. The amended lease expiration expires on November 22, 2013; and

NOW, THEREFORE, in consideration of the sum of Ten Thousand Five Hundred and Fifty Four Dollars (\$10,554.00), the receipt and sufficiency of which is hereby acknowledged, the undersigned Lessor hereby agrees to extend the primary term six (6) additional months; amending the lease expiration date to expire on May 22, 2014. In addition, in consideration of the sum of Five Thousand Two Hundred and Seventy Seven Dollars (\$5,277.00), the undersigned Lessor grants an option for an additional extension of three (3) months. The option can be exercised by the Lessee at any time prior to the amended expiration date of May 22, 2014 so long as payment in the amount of Five Thousand Two Hundred and Seventy Seven Dollars

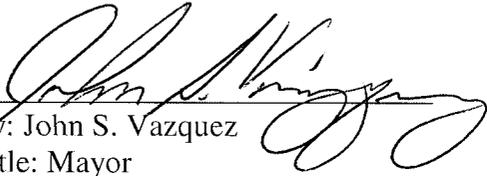
(\$5,277.00) is made in full prior to the May 22, 2014 expiration date. If the extension option is exercised, the amended expiration date will be August 22, 2014.

Lessor does hereby ratify, approve, confirm and adopt the above described oil and gas lease insofar as it covers the above described land and does hereby lease, demise, grant and let said land unto Grizzly Petroleum Company, LLC, its successors and assigns, subject to and under all of the terms and provisions of said Lease and lands as amended and described above. The undersigned does hereby agree and declare that said Lease is in full force and effect and such Lease is hereby expressly affirmed and ratified to be effective and binding for all purposes.

The provisions hereof shall extend to and be binding upon the heirs, successors, legal representatives and assigns of the parties hereto.

EXECUTED this 24th day of JUNE, 2013, but shall be effective for all intents and purposes as of August 22, 2011.

Lessor: Town of Windsor


By: John S. Vazquez
Title: Mayor

STATE OF COLORADO) (CORPORATE ACKNOWLEDGMENT)
) SS.
COUNTY OF WELD)

The foregoing instrument was acknowledged before me this 24th day of JUNE 2013, by John S. Vazquez, as Mayor of the Town of Windsor, a Colorado municipal corporation, on behalf of said corporation.

My Commission Expires: 10/14/2014





Notary Public