



**BOARD OF COUNTY COMMISSIONERS
OF GUNNISON COUNTY
RESOLUTION NO. 14 - 16**

**A RESOLUTION
APPROVING THE TRANSFER OF GUNNISON COUNTY OIL AND GAS PERMITS
AND AGREEMENTS
FROM GUNNISON ENERGY CORPORATION TO
GUNNISON ENERGY LLC**

WHEREAS, the *Gunnison County Colorado Regulations for Oil and Gas Operation* provides, at Section 1-110: *Enforcement and Penalties, B. Transfer of Permits*, the process to transfer Gunnison County Oil and Gas Permits, with written approval of the Board of County Commissioners of Gunnison County; and

WHEREAS, by letter of June 10, 2014 Lee Fyock, Vice President Permitting and Environment, Gunnison Energy Corporation, notified Gunnison County that Gunnison Energy Corporation had finalized an internal corporate restructuring under which its business will be carried on in the form of a limited liability company rather than as a corporation and requested that all Gunnison County Oil and Gas Permits be transferred to Gunnison Energy LLC; and

WHEREAS, the Board of Commissioners intends to approve the transfer of any agreements currently in place with Gunnison Energy Corporation to Gunnison Energy LLC and the transfer of all Gunnison County Oil and Gas Permits issued to Gunnison Energy Corporation to Gunnison Energy LLC and;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF GUNNISON COUNTY that:

All Gunnison County Oil and Gas Permits issued to Gunnison Energy Corporation, identified in the attached "Exhibit A", and all agreements with Gunnison Energy Corporation, including but not limited to the document titled *Agreement*, executed November 5, 2010 for road maintenance of County Road 265, attached as "Exhibit B", are hereby transferred to Gunnison Energy LLC, and that Gunnison Energy LLC shall comply with all conditions, terms and requirements identified in each individual Gunnison County Oil and Gas Permit; and that all such conditions, terms and requirements remain in full force and effect;

INTRODUCED by Commissioner Howck, seconded by Commissioner Chamberland, and passed on this 1st day of July, 2014.

**BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF GUNNISON, COLORADO**


Paula Swenson, Chairperson


Phil Chamberland, Vice-Chairperson


Jonathan Houck, Commissioner

ATTEST:


Gunnison County Deputy County Clerk





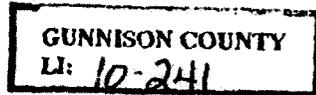
EXHIBIT A

GUNNISON ENERGY CORPORATION

OIL AND GAS PERMITS

Permit No.	Description
OG05-03	Hotchkiss Federal 12-89 #17-13 Gas Well
OG05-04	Hotchkiss Federal 12-89 #19-23 Gas Well
OG06-01	Hotchkiss Gathering Pipeline
OG06-02	Hotchkiss Federal 12-90 #1-34 Gas Well
OG06-11	Hotchkiss Federal 18-22 Gas Well
OG06-14	Hotchkiss Federal 18-43 Gas Well
OG07-02	Hotchkiss Federal 18-22D Injection Well
OG07-03	Sheep Gathering Pipeline
OG07-04	Jacobs Trust 12-90 #6-32 Gas Well
OG08-12	Hotchkiss Federal -16 Vertical - Horizontal Gas Wells
OG09-03	Ragged Mt. Compressor Station & Pipeline Upgrade
OG11-05	Hotchkiss Water Storage Facility
OG11-08	Federal 1289 H1 and H2 Wells
OG13-03	Jacobs Trust 1290 #6-32 H1 & H2
OG13-06	Spadafora 1190 #20-21V
OG13-07	DMGU Hotchkiss Federal 1289
OG14-01	Hotchkiss Federal

EXHIBIT B



AGREEMENT

THIS AGREEMENT is entered into this 5th day of November, 2010 among SG Interest I, Ltd. whose address is 100 Waugh Drive, Suite 400, Houston, Texas 77007 and Gunnison Energy Corporation whose address is 1801 Broadway, Suite 1200, Denver, Colorado 80202 and the Board of County Commissioners of the County of Gunnison, Colorado (herein "Gunnison County") whose address is 200 E. Virginia, Gunnison, Colorado 81230; and

This Agreement shall be valid through 2015, at which time it shall be renewable at the agreement of all parties under the same terms agreed to herein for an additional specific period of time. This Agreement shall bind any successor in interest to the operations of SG Interests and/or Gunnison Energy Corporation that may use Gunnison County Road 265 for the same or similar purposes.

This Agreement may be amended and altered at any time to include other permitted oil and gas operations directly impacting County Road 265 by operations other than SG Interests or Gunnison Energy. Any such future amendment to this Agreement would reflect the proportionate use of County Road 265 by such commercial users and/or operators.

The purpose of this Agreement is to memorialize the terms and obligations of the parties hereto for the application of magnesium chloride on Gunnison County Road 265.

1. Terms and Obligations.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto understand and agreed to the following terms and obligations:

(a) Gunnison County Public Works Department will grade County Road 265 each year in preparation for the application of magnesium chloride. Gunnison County Public Works Department will apply the magnesium chloride as needed which is to be determined at the sole discretion of the Gunnison County Public Works Department. Gunnison County will be responsible for the cost of grading and application of the magnesium chloride. This Agreement shall be limited to two (2) separate full strength applications of magnesium chloride to the entire length of County Road 265 per calendar year and one (1) additional application of full strength magnesium chloride, as necessary, for adequate dust suppression of the road at residential driveway entrances adjacent to County Road 265.





(b) Gunnison Energy Corporation and SG Interests I, Ltd. will pay for the actual product cost of the magnesium chloride.

(c) Gunnison Energy Corporation and SG Interests I, Ltd. will provide the water necessary for the application of the magnesium chloride.

(d) Gunnison County will invoice SG Interests I, Ltd. for the cost of the magnesium chloride. SG Interests I, Ltd. will in turn invoice Gunnison Energy Corporation for one-half (1/2) the total cost. This will allow Gunnison County to send once invoice and receive payment in full each year without the need to allocate costs between the two companies.

(e) SG Interests I, Ltd. shall send full payment to Gunnison County within sixty (60) days from the date of the invoice.

2. Miscellaneous.

(a) SEVERABILITY. If any clause or provision of this Agreement shall be held to be invalid in whole or in part, then the remaining clauses and provisions, or portions thereof, shall nevertheless be and remain in full force and effect.

(b) AMENDMENT. No amendment, alteration, modification of or addition to this Agreement shall be valid or binding unless expressed in writing and signed by the parties to be bound thereby.

(c) NO WAIVER OF GOVERNMENTAL IMMUNITY. Nothing in this Agreement is, or shall be construed to be, a waiver, in whole or part, by Gunnison County of governmental immunity provided by the Colorado Governmental Immunity Act or otherwise.

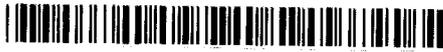
3. Attorneys Fees.

If any party hereto shall bring any suit or action against another for relief, declaratory or otherwise, arising out of this Agreement, the prevailing party shall have and recover against the other party, in addition to all court costs and disbursements, such sum as the court may adjudge to be reasonable attorneys fees and expert witness fees.

4. Governing Law.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Colorado. Exclusive jurisdiction and venue for any legal proceedings related to this Agreement shall be in the state District Court governing Gunnison, Colorado.

5. Counterparts: Facsimile Transmission.



This Agreement may be executed by facsimile and/or in any number of counterparts, any or all of which may contain the signatures of less than all the parties, and all of which shall be construed together as but a single instrument and shall be binding on the parties as though originally executed on one originally executed document. All facsimile counterparts shall be promptly followed with delivery of original executed counterparts.

6. Entire Agreement.

This Agreement contains the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes any and all prior agreements, proposals, negotiations and representations pertaining to the obligations to be performed hereunder.

By signing below, each party agrees to the statements, obligations and terms as stated above.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

SG Interests I, Ltd.

By: 

Robbie H. Guinn, Jr. Robert H. Guinn II
Vice President - Land

ATTEST: 

Secretary

Gunnison Energy Corporation

By: 

Brad Robinson
President

ATTEST: 

Secretary

Board of County Commissioners
of the County of Gunnison, Colorado



By: Jim Starr
Jim Starr
Chairperson

ATTEST:
Rita D...
Deputy County Clerk

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