



Town of Johnstown

TOWN COUNCIL CONSENT AGENDA COMMUNICATIONS

AGENDA DATE: February 22, 2023

SUBJECT: Town of Johnstown and PDC Energy, Inc. Lease Agreement

ATTACHMENTS: 1. Lease Agreement

PRESENTED BY: Matt LeCerf, Town Manager

AGENDA ITEM DESCRIPTION:

Enclosed for your review and consideration is a lease agreement between the Town of Johnstown and PDC Energy, Inc. for oil and gas. The Town owns 27.6293 acres of land which we own the mineral right to. PDC would like to engage with the Town in an agreement to lease the right to the minerals for these lands. The general parameters include the following:

- Royalty/Market Enhancement/Lease Term: 3 year primary
- Initial lease payment of \$3,500 per net mineral acre (Total \$96,702.55)
- 20% Royalty payment on oil and gas net proceeds
- No surface operations or storage rights are permitted on Town land.
- Limited to oil & gas only.
- No Warranty of Title.
- Disposal and injection wells – Lessee shall not have the right to drill, construct, or maintain disposal or injection wells on or under the Leasehold.
- Shut-in rate – \$30 per net mineral acre

This lease agreement was explored with two entities and PDC offered the most competitive and beneficial offer to the Town.

LEGAL ADVICE:

The Town used outside counsel to assist with this lease agreement.

FINANCIAL ADVICE:

NA

The Community That Cares

johnstown.colorado.gov

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RECOMMENDED ACTION: Approve the lease agreement with the addendum permitting the Town Manager to sign the agreement.

Reviewed and Approved for Presentation,



Town Manager

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