

COUNCIL COMMUNICATION

TO THE CITY COUNCIL	DATE:	NO.
FROM THE CITY MANAGER'S OFFICE	June 3, 1987	
SUBJECT: ADOPT RESOLUTION OF INTENTION TO CALL FOR BIDS FOR A LEASE AGREEMENT FOR THE PRODUCTION OF OIL, GAS AND OTHER HYDROCARBONS		

RECOMMENDED ACTION: That the City Council adopt Resolution No. 87-60 - A Resolution of the City Council of the City of Lodi, California, Declaring its Intention to Call for Bids for a Certain Oil and Gas Lease and Making Findings in Connection Therewith and Setting the Time and Date to Receive Bids as 5:00 p.m., Wednesday, July 15, 1987.

The City has received several inquiries recently indicating an interest in entering into an Oil and Gas Lease on certain City property located in the area of the White Slough Water Pollution Control Plant.

Section 7058.5 of the Public Resources Code of the State of California provides that, before a lease or any operating agreement or other type of agreement for the production of oil, gas, or other hydrocarbons is entered into, the governing body of a city shall in open meeting adopt a resolution declaring its intention to take such action. The subject resolution shall fix a time not less than 30 days thereafter and place for a public meeting of said governing body, at which meeting sealed proposals to lease or contract will be received and considered. The resolution shall, before the date of such meeting, be published once a week for four successive weeks in one or more newspapers of general circulation in the city where the property is situated.

Based on information received, it is staff's recommendation that the following bidding factors be established.

1. The minimum annual rental shall be \$20.00 per acre.
2. The landowners royalty share payable for oil, gas and other hydrocarbons produced from wells on the leased land shall be one-sixth (1/6th).
3. The variable bidding factor shall be the cash bonus consideration, payable upon submittal of the bid.

Alice M. Reimche
Alice M. Reimche
City Clerk

RESOLUTION NO. 87-60

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LODI,
CALIFORNIA, DECLARING ITS INTENTION TO CALL FOR BIDS
FOR A CERTAIN OIL AND GAS LEASE AND MAKING FINDINGS
IN CONNECTION THEREWITH

The City Council of the City of Lodi, California, does resolve as follows:

SECTION 1. Pursuant to Sections 7058 and 7058.5 of the Public Resources Code of the State of California, the City Council declares that it intends to call for bids for a lease agreement for the production of oil, gas and other hydrocarbons.

SECTION 2. Said lease shall cover all land lying more than 500 feet below the surface of that certain land upon which bids are submitted. The City will be receiving bids on two (2) parcels locations both situated in the County of San Joaquin, State of California, and more particularly described as follows:

Parcel 1

Portions of Sections 23, and 24, Township 3 North, Range 5 East, Mount Diablo Base and Meridian, also being described as Assessor's Parcels 055-130-14, 055-130-15, 055-150-17, 055-150-27, and 055-150-28. The property is also commonly known as the City of Lodi White Slough Water Pollution Control Facility. This property is highlighted on the attached Exhibit A and totals approximately 390 acres.

Parcel 2

Portions of Sections 24, Township 3 North, Range 5 East, Mount Diablo Base and Meridian, also being described as the Assessor's Parcel 055-130-4, 055-130-13, 055-150-14, and 055-150-15. The property is also commonly described as the Westerly portion of the City of Lodi White Slough Water Pollution Control Facility property. This portion of City property is highlighted on the attached Exhibit B and totals approximately 137 acres.

Exhibits A and B are on file in the office of the City Clerk.

SECTION 3. The minimum annual rental shall be \$20.00 per acre.

SECTION 4. The royalty share payable for oil, gas and other hydrocarbons produced from wells on the leased land shall be one-sixth (1/6th), to be computed as provided in said form of lease.

SECTION 5. The term of the lease shall be for three (3) years and for such longer period (not to exceed 35 years) during which oil, gas, and other hydrocarbon substances shall be produced from said leased land, or lands with which the leased land may be pooled.

SECTION 6. The form of the lease shall be a standard oil and gas lease form such as is used by Shell Oil, Standard Oil, Phillips Petroleum, or any other major oil company.

SECTION 7. The variable bidding factor from which bids shall be received shall be the cash bonus consideration, payable upon submittal of the bid.

SECTION 8. Bids may be submitted on either Parcel 1 (390 Ac \pm) or Parcel 2 (137 Ac \pm) or may be submitted on Parcels 1 and 2 combined (527 Ac \pm).

SECTION 9. The bidder shall submit a sealed proposal to enter into said lease agreement and the same shall be received at the office of the City Clerk of the City of Lodi located in the City Hall on or before 5:00 p.m. Wednesday, July 15, 1987 and said bids shall be opened and publicly declared by the Council at its regular meeting in the City Hall, Lodi, California to be held at 7:30 p.m. on said date. Said bids shall contain a cashier's or certified check covering the full amount of the cash bonus consideration including the first year's rental and shall indicate the willingness of the leasee to enter into a lease containing at least the minimum proposals set forth herein.

SECTION 10. The City Clerk shall publish this resolution once a week for four successive weeks in the Lodi News Sentinel, a newspaper of general circulation published and printed in the city and county where the property is situated.

I hereby certify that the foregoing resolution was passed and adopted by the City Council of the City of Lodi in a Regular Meeting held Wednesday, June 3, 1987, by the following vote:

AYES: Council Members -

NOES: Council Members -

ABSENT: Council Members -

ABSTAIN: Council Members -

ATTEST:

ALICE M. REIMCHE
City Clerk

Approved as to form

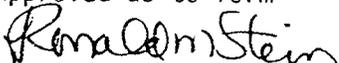

Ronald M. Stein
City Attorney

Exhibit A

Parcel 1

Portions of Sections 23 and 24, Township 3 North, Range 5 East, Mount Diablo Base and Meridian, also being described as Assessor's Parcels 055-130-14, 055-130-15, 055-150-17, 055-150-27, and 055-150-28. The property is also commonly known as the City of Lodi White Slough Water Pollution Control Facility. This property is highlighted below and totals approximately 390 acres.

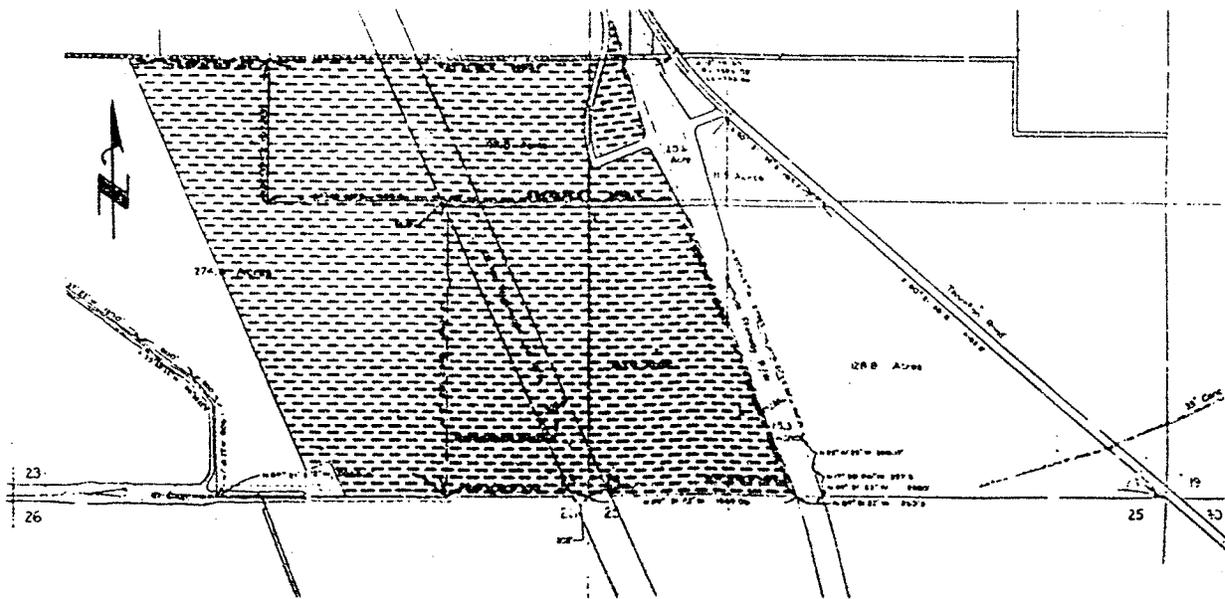
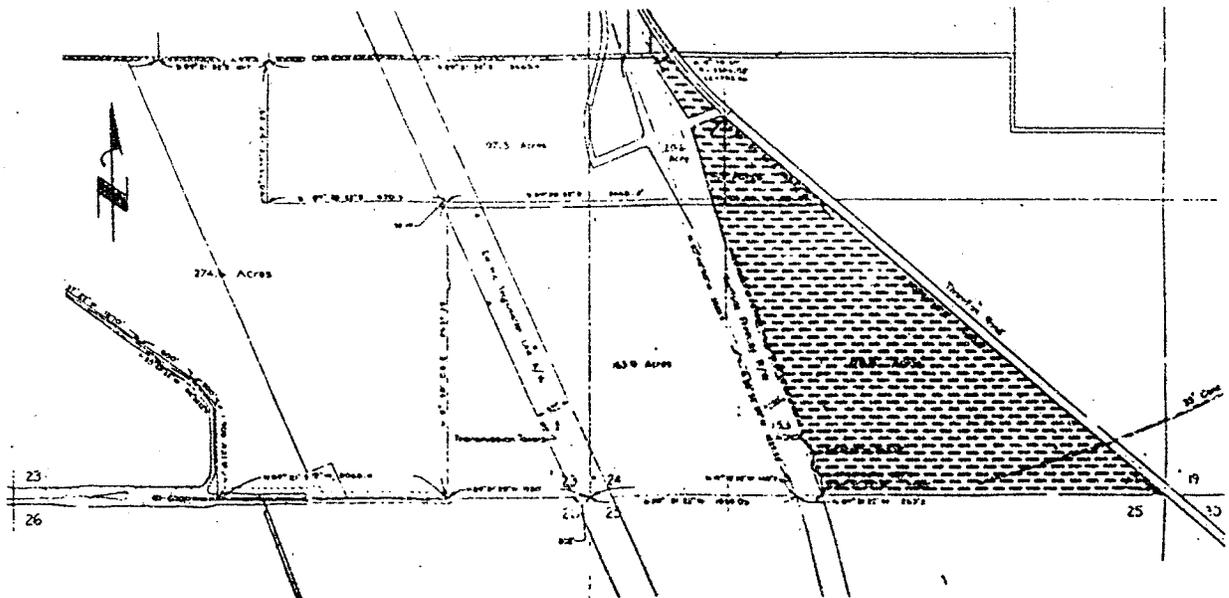
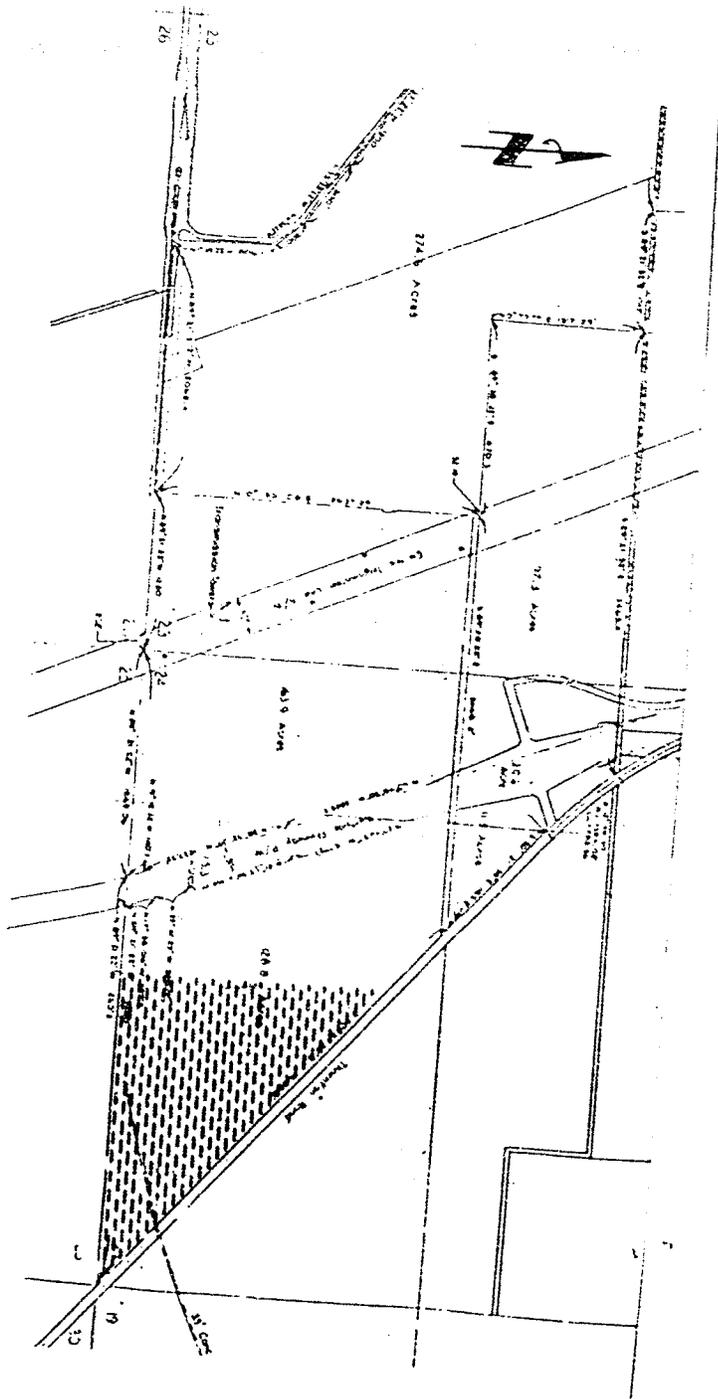


Exhibit B

Parcel 2

Portions of Section 24, Township 3 North, Range 5 East, Mount Diablo Base and Meridian, also being described as Assessor's Parcels 055-130-4, 055-130-13, 055-150-14, and 055-150-15. The property is also commonly described as the westerly portion of the City of Lodi White Slough Water Pollution Control Facility property. This portion of City property is highlighted below and totals approximately 137 acres.





For letter of May 2, 87

W. M. SHORT & ASSOCIATES

Over 30 Years
Of Experience To Serve You

Telephone: 619-366-3563

RECEIVED

61018 Prescott Trail
Joshua Tree, CA 92252

1987 MAY -8 AM 9:00

ALICE H. REINOLTE
CITY CLERK
CITY OF LODI

May 2, 1987

City Council
City of Lodi, California
221 West Pine Street
Lodi, California

Gentlemen:

I respectfully request that those certain City owned mineral rights, as described below, being approximately 66.00 acres, be made available for an oil, gas, and mineral lease bid at your early convenience. Subject mineral rights are more fully described as follows:

TOWNSHIP 3 NORTH - RANGE 5 EAST, MDB&M:

Section 24: All that portion of the SE $\frac{1}{4}$ lying West and South of Thornton Road and East of Interstate Route No. 5.

(APN 055-13-4)

If subject parcel is not available for leasing at this time, I will appreciate being so advised at your convenience.

Yours truly,



W. M. SHORT

RUSHING MINERALS, INC.



RECEIVED

1987 JAN 23 2630 K STREET
BAKERSFIELD, CA. 93301
(805) 327-7988

APR 23 '87
City Manager's Office

ALICE M. REIMCHE
CITY CLERK
CITY OF LODI

January 23, 1987

Ms. Alice Reimche
City Clerk
City of Lodi
Lodi, CA 95240

Dear Ms. Reimche:

Reference is made to our telephone conversation of January 22, 1987 concerning oil, gas and mineral rights owned by the City of Lodi.

These rights have been put up for competitive bidding twice in the last year and no bids have been received. It is our opinion that firms were unwilling to bid for two primary reasons:

- (a) The terms were onerous for the area;
- (b) No surface rights were available.

I am not aware of the ownership of the surface, but if it is owned by the City, limited surface drill sites should be granted.

Secondly, if the City would advertise the property for lease on the below listed terms, we believe you would receive some bids:

1. 5 year primary term;
2. 1/6th Landowner's Royalty;
3. No Bonus;
4. Biddable Factor to be dollars per acre of annual rental;
5. Successful bidder to pay cost of advertising for bids.

If the City of Lodi will advertise the subject property for Oil, Gas and Mineral Leasing and conduct such a sale

Ms. Alice Reimche
City of Lodi
January 23, 1987

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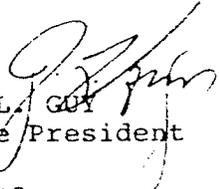
on or before May 1, 1987, Rushing Minerals will, in the event you have no bidders, reimburse the City of Lodi for advertising costs up to a maximum of \$2,000.00.

We would appreciate being advised if this proposal is acceptable to the City of Lodi.

Thank you.

Very truly yours,

RUSHING MINERALS, INC.


J. L. GUY
Vice President

JLG:a