

CITY COUNCIL MEETING
AUGUST 5, 1987

AWARD BID FOR CERTAIN
OIL AND GAS LEASES IN
THE AREA OF THE WHITE
SLOUGH POLLUTION CONTROL
PLANT

RES. NO. 87-96
CC-27(d)

Council was reminded that, at the July 15, 1987 Council meeting, the following bids for certain oil and gas leases in the area of the White Slough Water Pollution Control Plant were publicly opened and declared:

Bid 1

NGC Energy Company
2320 Courage Drive
Suite 110
Fairfield, CA 94523

Parcel 1	390 acres at \$20.00 per acre (first years rental)	\$ 7,800.00
	Cash bonus	<u>\$ 4,095.00</u>

A Cashiers Check was included with the bid in the amount of \$11,895.00

Bid 2

Sun Exploration and Production
2151 Alessandro
Suite 190
Ventura, CA 93001

Parcel 2	137 acres at \$20.00 per acre (first years rental)	\$ 2,740.00
	Cash bonus	<u>\$ 685.00</u>

A Cashiers Check was included with the bid in the amount of \$ 3,425.00

Council was further reminded that Resolution No. 87-60 was adopted by the Lodi City Council on June 3, 1987 declaring its intention to call for bids for a certain gas and oil lease on this property. The resolution provided for bids on either parcel or on both parcels. Parcel 1 totals approximately 390 acres and parcel 2 totals approximately 137 acres.

The bidding factors contained in Resolution No. 87-60 are as follows:

1. The minimum annual rental shall be \$20.00 per acre
2. The royalty shall be one-sixth (1/6th)
3. The term of the lease shall be for a minimum of three years but not to exceed 35 years.
4. The form of the lease shall be a standard oil and gas lease form such as used by major oil companies.

5. The one variable bidding factor as allowed by state statute was determined to be a cash bonus payable upon submittal of the bid.

Council adopted Resolution No. 87-96 awarding the bids for certain oil and gas leases on property located in the area of the White Slough Water Pollution Control Plant to NGC Energy Company on Parcel 1 and Sun Exploration and Production on Parcel 2 as outlined above.

COUNCIL COMMUNICATION

TO THE CITY COUNCIL
FROM THE CITY MANAGER'S OFFICE

DATE
August 5, 1987

NO.

SUBJECT: AWARD BID FOR CERTAIN OIL AND GAS LEASES IN THE AREA OF THE WHITE SLOUGH POLLUTION CONTROL PLANT (AREA LOCATED WEST OF THORNTON ROAD APPROXIMATELY TWO MILES SOUTH OF HIGHWAY 12) AND AUTHORIZE THE MAYOR AND CITY CLERK TO EXECUTE THE SUBJECT LEASE AGREEMENTS ON BEHALF OF THE CITY

At the July 15, 1987 Council meeting, the following bids for certain oil and gas leases in the area of the White Slough Water Pollution Control Plant were publicly opened and declared:

Bid 1

NGC Energy Company
2320 Courage Drive
Suite 110
Fairfield, CA 94523

Parcel 1	390 acres at \$20.00 per acre (first years rental)	\$7,800.00
	Cash bonus	<u>\$4,095.00</u>
	A Cashiers Check was included with the bid in the amount of	\$11,895.00

Bid 2

Sun Exploration and Production
2151 Alessandro
Suite 190
Ventura, CA 93001

Parcel 2	137 acres at \$20.00 per acre (first years rental)	\$2,740.00
	Cash bonus	<u>\$ 685.00</u>
	A Cashiers Check was included with the bid in the amount of	\$3,425.00

Council will recall that Resolution No. 87-60 was adopted by the Lodi City Council on June 3, 1987 declaring its intention to call for bids for a certain gas and oil lease on this property. The resolution provided for bids on either parcel or on both parcels. Parcel 1 totals approximately 390 acres and parcel 2 totals approximately 137 acres.

The bidding factors contained in Resolution No. 87-60 are as follows:

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

2. The royalty shall be one-sixth (1/6th)
3. The term of the lease shall be for a minimum of three years but not to exceed 35 years.
4. The form of the lease shall be a standard oil and gas lease form such as used by major oil companies.
5. The one variable bidding factor as allowed by state statute was determined to be a cash bonus payable upon submittal of the bid.

The bids have been reviewed and found to be in order by City Attorney Stein and Finance Director Holm

RECOMMENDED ACTION: That Council adopt Resolution No. 87-96 awarding the bids for certain oil and gas leases on property located in the area of the White Slough Water Pollution Control Plant to NGC Energy Company on Parcel 1 and Sun Exploration and Production on Parcel 2 as outlined above.

Alice M. Reimche
Alice M. Reimche
City Clerk

AMR:jj

COUNCO14
TXTA.02D

CITY COUNCIL

EVELYN M. OLSON, Mayor
JOHN R. (Pandy) SNIDER
Mayor Pro Tempore
DAVID M. HINCHMAN
JAMES W. PINKERTON, Jr.
FRED M. REID

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
CALL BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 334-5634
TELECOPIER: (209) 333-6795

THOMAS A. PETERSON
City Manager

ALICE M. REIMCHE
City Clerk

RONALD M. STEIN
City Attorney

August 6, 1987

Sun Exploration and Production Company
2151 Alessandro, Suite 190
Ventura, CA 93001

Re: Gas and Oil Lease - City of Lodi

Gentlemen:

This letter will confirm that the bid contained in your letter of July 10, 1987 to the City of Lodi regarding the City of Lodi Oil and Gas Lease was accepted by the Lodi City Council, and a certified copy of Resolution No. 87-96 - Resolution Awarding the Bids for Oil and Gas Leases on property located in the area of White Slough Water Pollution control Plant Property is enclosed.

Also enclosed herewith please find an original and two copies of the Subsurface Oil and Gas Lease which has been executed by the Mayor and City Clerk with their signatures acknowledged. Would you please cause two copies of this document to be executed and returned to the City of Lodi. Please have the signature of your corporate representative on these documents acknowledged.

We will have the document recorded and will send you a photostatic copy of the documents with the recordation information shown.

If you have any questions regarding this matter, please do not hesitate to contact this office.

Very truly yours,

Alice M. Reimche
City Clerk

CITY COUNCIL

EVELYN M. OLSON, Mayor
JOHN R. (Randy) SNIDER
Mayor Pro Tempore
DAVID M. HINCHMAN
JAMES W. PINKERTON, Jr.
FRED M. REID

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
CALL BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 334-5634
TELECOPIER (209) 334-6795

THOMAS A. PETERSON
City Manager

ALICE M. REIMCHE
City Clerk

RONALD M. STEIN
City Attorney

August 6, 1987

NGC Energy Company
2320 Courage Drive, Suite 110
Fairfield, CA 94523

Re: Gas and Oil Lease - City of Lodi

Gentlemen:

This letter will confirm that the bid contained in your letter of July 14, 1987 to the City of Lodi regarding the City of Lodi Oil and Gas Lease was accepted by the Lodi City Council, and a certified copy of Resolution No. 87-96 - Resolution Awarding the Bids for Oil and Gas Leases on property located in the area of White Slough Water Pollution control Plant Property is enclosed.

Also enclosed herewith please find an original and two copies of the Subsurface Oil and Gas Lease which has been executed by the Mayor and City Clerk with their signatures acknowledged. Would you please cause two copies of this document to be executed and returned to the City of Lodi. Please have the signature of your corporate representative on these documents acknowledged.

We will have the document recorded and will send you a photostatic copy of the documents with the recordation information shown.

If you have any questions regarding this matter, please do not hesitate to contact this office.

Very truly yours,

Alice M. Reimche
City Clerk

RESOLUTION NO. 87-96

RESOLUTION AWARDING BIDS ON CERTAIN OIL AND GAS LEASES
ON PROPERTY LOCATED IN THE AREA OF THE
WHITE SLOUGH WATER POLLUTION CONTROL PLANT

WHEREAS, on June 3, 1987 the City Council of the City of Lodi adopted Resolution No. 87-60 "A Resolution of the City Council of the City of Lodi Declaring Its Intention to Call for Bids for a Certain Oil and Gas Lease and Making Findings in Connection Therewith";

WHEREAS, pursuant to Resolution No. 87-60, the City Clerk published the subject resolution in both the "Lodi News Sentinel" and the "Stockton Record", newspapers of general circulation published and printed in the city and county where the property is situated;

WHEREAS, pursuant to Resolution No. 87-60, the City Clerk did receive and open the following bids at the July 15, 1987 council meeting:

Bid 1

NGC Energy Company
2320 Courage Drive
Suite 110
Fairfield, CA 94523

Parcel 1	390 acres at \$20.00 per acre (first years rental)	\$7,800.00
	Cash bonus	\$4,095.00
		<u>\$11,895.00</u>

(Check received in the amount of
\$11,895.00 which includes the
1st years rental and cash bonus)

One-sixth (1/6th) royalty

Term of 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
with which the leased land may be
pooled.

Bid 2

Sun Exploration and Production
2151 Alessandro
Suite 190
Ventura, CA 93001

Parcel 2	137 acres at \$20.00 per acre (first years rental)	\$2,740.00
	Cash bonus	<u>\$ 685.00</u>
		\$3,425.00

(Check received in the amount
of \$3,425.00 which includes
the 1st years rental and cash
bonus)

One-sixth (1/6th) royalty

Term of 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
with which the leased land may be
pooled.

WHEREAS, Resolution No. 87-60 provides that bids may be submitted
on either Parcel 1 (390 acres \pm) or Parcel 2 (137 acres \pm) or may
be submitted on Parcels 1 and 2 combined (527 acres \pm)

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of
Lodi that the award of bid on certain oil and gas leases on property
located in the area of the White Slough Water Pollution Control Plant
shall be made to NGC Energy Company on Parcel 1 and the Sun Exploration
and Production Company on Parcel 2 as heretofore set forth.

Dated: August 5, 1987

I hereby certify that Resolution No. 87-96 was passed and adopted by the City Council of the City of Lodi in a regular meeting held August 5, 1987 by the following vote:

Ayes: Council Members - Olson, Snider and Reid

Noes: Council Members - None

Absent: Council Members - Hinchman and Pinkerton

Alice M. Reimche
Alice M. Reimche
City Clerk

Approved as to form

R Stein
Ronald M. Stein
City Attorney