

CITY COUNCIL MEETING
DECEMBER 3, 1986

8

OIL AND GAS LEASE
NO BIDS RECEIVED

CC-27(d)

City Clerk Reimche reminded the Council that at its Regular Meeting of October 1, 1986, Council adopted Resolution No. 86-149 declaring the Council's intention to call for bids for a certain oil and gas lease. Sealed bids were to be delivered to the City Clerk's office no later than 5:00 p.m., December 3, 1986. Legal notice regarding the call for bids appeared in local newspapers and in a well known trade paper. Numerous telephone calls were received indicating interest in the matter; however, no bids were received by the deadline set forth in the Resolution of Intention.

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL

FROM: THE CITY MANAGER'S OFFICE

DATE:
December 3, 1986

NO.

SUBJECT: OIL AND GAS LEASE (CITY PROPERTY LOCATED IN THE AREA OF THE WHITE SLOUGH WATER POLLUTION CONTROL PLANT)

Council will recall that at the Regular Council Meeting of October 1, 1986 Resolution 86-149 was adopted declaring the Council's intention to call for bids for a certain oil and gas lease (See Exhibit A attached)

The call for bids was advertised pursuant to law. This office has received numerous telephone calls regarding the matter.

Resolution 86-149 sets forth that the bidders shall submit sealed proposals to enter into the subject lease agreement to the City Clerk on or before 5:00 p.m. Wednesday, December 3, 1986. The bids will then be opened publicly and declared by the City Clerk at the December 3, 1986 Council meeting. The Council may act upon the matter at this meeting or direct staff to analyze the bids and bring back a recommendation to the Council at the next Council meeting.

Alice M. Reinche
Alice M. Reinche
City Clerk

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL	DATE	NO.
FROM: THE CITY MANAGER'S OFFICE	October 1, 1986	
SUBJECT: RESOLUTION OF INTENTION TO CALL FOR BIDS FOR A CERTAIN OIL AND GAS LEASE		

The City has received several inquiries recently indicating an interest in entering into an Oil and Gas Lease on certain City property.

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 \$30.00 per acre.
2. The minimum cash bonus shall be \$10,000.
3. The variable bidding factor shall be the percentage of royalty on all oil, gas, minerals, or other hydrocarbons that may be produced from said land.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 86-149 - 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, December 3, 1986.

Alice M. Reimche
ALICE M. REIMCHE
City Clerk

Exhibit A

RESOLUTION NO. 86-149

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 a bid is submitted. The City will be receiving bids on two (2) alternate locations both situated in the County of San Joaquin, State of California, and more particularly described as follows:

Alternate 1

Portions of Sections 23, 24, 25 and 26, Township 3 North, Range 5 East, Mount Diablo Base and Meridian, also being described as Assessor's Parcels 055-120-1, 055-120-7, 055-130-4, 055-130-13, 055-130-14, 055-130-15, 055-150-11, 055-150-12, 055-150-14, 055-150-15, and 055-150-17. 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 763 acres.

Alternate 2

Portions of Sections 23 and 26, Township 3 North, Range 5 East, Mount Diablo Base and Meridian, also being 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 392 acres.

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

SECTION 3. The minimum annual rental shall be \$30.00 per acre.

SECTION 4. The minimum cash bonus shall be \$10,000.

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 percentage of royalty on all oil, gas, minerals, or other hydrocarbons that may be produced from said land.

SECTION 8. 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, December 3, 1986 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 9. 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, October 1, 1986 by the following vote:

AYES: Council Members - Olson, Pinkerton, Snider,
Hinchman and Reid (Mayor)

NOES: Council Members - None

ABSENT: Council Members - None

ABSTAIN: Council Members - None

ATTEST:

ALICE M. REIMCHE
City Clerk

EXHIBIT "A"

Portions of Sections 23, 24, 25 and 26, Township 3 North,
Range 5 East, Mount Diablo Base and Meridian, also being described
as Assessor's Parcels 055-120-1, 055-120-7, 055-130-4, 055-130-13,
055-130-14, 055-130-15, 055-150-11, 055-150-12, 055-150-14, 055-150-15,
and 055-150-17. The property is also commonly known as the (City of
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highlighted below and totals approximately 763 acres.

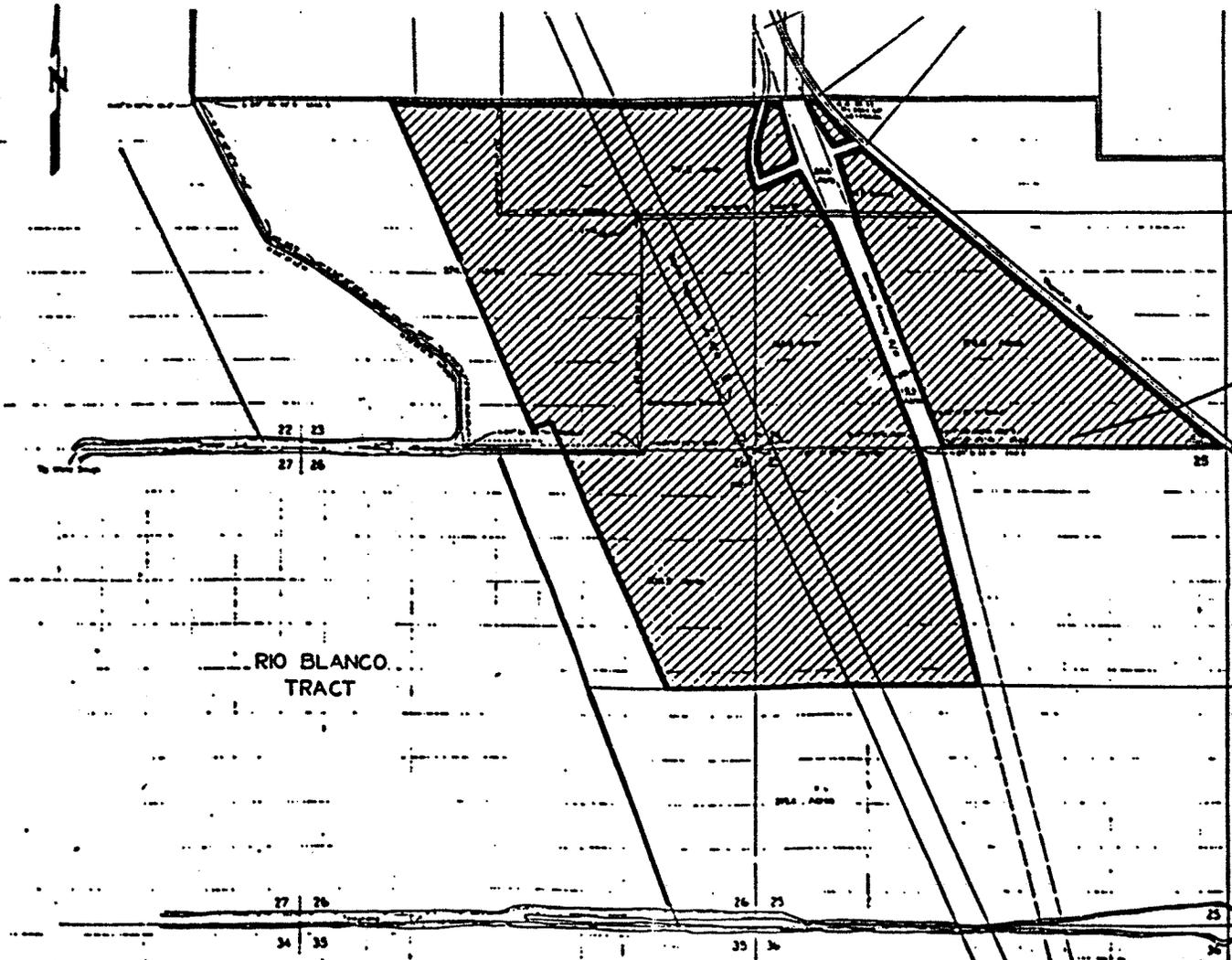


EXHIBIT 'B'

Portions of Sections 23 and 26, Township 3 North, Range 5 East, Mount Diablo Base and Meridian, also being 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 392 acres.

