



Agenda Commentary

Item Title/ Subject: Airport Property Oil and Gas Lease

Staff Source: City Clerk Lisa Anders

History/Background Information: April 2005 this property was lease for a three year period. May of 2008 the City advertised for bids to lease and no bids were received.

Item/Subject Summary: Staff recommends advertising for bids on a mineral lease of Airport Property. The property contains approximately 240 acres.

Price/Cost: None

Recommendation: Authorize staff to advertise for bids on mineral lease of 240 acres of Airport Property

NOTICE OF MINERAL LEASE
BY SEALED BID TO BE OPENED AUGUST 16, 2011

Sealed bids will be accepted at the City Clerk's Office, City Hall, Clinton, Oklahoma not later than 5:30 P.M., Tuesday, August 16, 2011 for the lease of approximately 456 acres of land located in Custer County. Bids need to be marked on the outside of the envelope "**MINERAL BIDS**". Bids may be mailed to the Office of the City Clerk at P.O. Box 1177 Clinton, OK 73601. Bidders submitting sealed bids by the stated time may raise their written bid orally at the time the bids are opened. If additional information is need regarding this property, you may call the Clerk's Office at City Hall at 580-323-0265.

Legal: Lots 6 and 7 and E/2 of SW/4, and the West 93.33 acres of SE/4 of Section 6, Township 12N, Range 16 W.I.M., and containing 241.33 acres more or less; and

Lots 1 and 2 and E/2 of NW/4 of Section 7, Township 12 N, Range 16 W.I.M., and containing 148.54 acres, more or less; and

A parcel of land lying in the Northeast Quarter of Section 7, Township 12 North, Range 16 W.I.M., more particularly described and bounded as follows: Beginning at a point on the South line of the Northeast Quarter of said Section 1,840 feet West on the Southeast corner of said Northeast Quarter of Section 7 (which point is also 1,779.7 feet West of the West right of way line of the CRI&P Railway Company), thence North parallel to the East line of said quarter section for a distance of 1,600 feet, thence South 89 degrees 47 seconds East for a distance of 740 feet, thence North parallel with the East line of said Quarter Section a distance of 1,040 feet to the North line of said Northeast Quarter of Section 7, thence West along the North line of said Quarter section to the Northwest corner thereof, thence South along the quarter section line to the Southwest corner of said Northeast Quarter of Section 7, thence East along the South line of said quarter section to the point of beginning, containing 66.67 acres, more or less.

Terms of Lease: Lease will be on a form prescribed by the Clinton Airport Authority Trustees. The minimum terms of the lease will be 3/16th of gross production at the wellhead for three years. Companies should be prepared to submit an amount equal to 10% of the sealed bid price to the City Clerk on the night of the bid auction. Checks will be held for 30 days in anticipation of completion of the contract terms. Should the contract not be completed within 30 days, the City of Clinton acting in its capacity as Clinton Airport Authority, at its sole discretion, may return the above-mentioned check and declare the auction null and void and advertise for bids at a later date.

This property is more specifically known as the Clinton Regional Airport. No drilling will be allowed on the airport property without the consent of the Federal Aviation Administration and the Clinton Airport Authority.

The City of Clinton acting in the capacity a the Clinton Airport Authority reserves the right to waive any irregularities in bids received and reserves the right to reject any and all bids and the right to accept the best bid submitted.

Dated: July 29, 2011
Steve Hewitt
City Manager
Clinton, OK

FORM OF BID FOR LEASING OIL AND GAS

CITY OF CLINTON, OKLAHOMA
CLINTON AIRPORT AUTHORITY

Date of Sale: August 16, 2011

Legal: Legal: Lots 6 and 7 and E/2 of SW/4, and the West 93.33 acres of SE/4 of Section 6, Township 12N, Range 16 W.I.M., and containing 241.33 acres more or less; and

 Lots 1 and 2 and E/2 of NW/4 of Section 7, Township 12 N, Range 16 W.I.M., and containing 148.54 acres, more or less; and

 A parcel of land lying in the Northeast Quarter of Section 7, Township 12 North, Range 16 W.I.M., more particularly described and bounded as follows: Beginning at a point on the South line of the Northeast Quarter of said Section 1,840 feet West of the Southeast corner of said Northeast Quarter of Section 7 (which point is also 1,779.7 feet West of the West right of way line of the CRI&P Railway Company), thence North parallel to the East line of said quarter section for a distance of 1,600 feet, thence South 89 degrees 47 seconds East for a distance of 740 feet, thence North parallel with the East line of said Quarter Section a distance of 1,040 feet to the North line of said Northeast Quarter of Section 7, thence West along the North line of said Quarter section to the Northwest corner thereof, thence South along the quarter section line to the Southwest corner of said Northeast Quarter of Section 7, thence East along the South line of said quarter section to the point of beginning, containing 66.67 acres, more or less.

We offer a total cash bonus of \$_____ per acre if awarded a lease on the above described tract, and agree to execute and comply with all rules and regulations made and provided for in the regular lease form adopted by the City of Clinton acting in its capacity as Clinton Airport Authority.

Our remittance in the amount of \$_____ (10% of the bonus bid) is attached to cover bid submitted by the undersigned, on this date.

If awarded this lease, we request the lessee be designated as follows, to-wit:

Lessee: _____

Address: _____

Broker: _____

Address: _____

Dated this _____, day of _____, 2011.

