

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

In the Matter of Leasing Underground
Gas Storage Rights)
_____)

ORDER NO. 87 - 2006
(Setting Auction Date)

WHEREAS, the Board would like to set an auction date in order to lease some of its underground gas storage rights; and

WHEREAS, Order No. 226-93 requires auction dates to be set by an appropriate order of the Board pursuant to ORS 275.294;

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

- 1) An auction will be held in order to lease some of Columbia County's underground gas storage rights.
- 2) The auction will be held on Thursday, November 30, 2006, at 10:00 a.m.
- 3) The auction will be held at the Columbia County Courthouse, Room 308, 230 Strand, St. Helens, Oregon.
- 4) The auction will be conducted pursuant to the procedures set forth in Order No. 226-93.
- 5) The attached Notice of Public Auction is hereby approved.

DATED this 8TH day of November, 2006.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____
Chair

By: _____
Commissioner

By: _____
Commissioner

Approved as to form:

By: _____
Office of County Counsel

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

In the Matter of Leasing Certain)
Underground Gas Storage Rights) NOTICE OF PUBLIC AUCTION

)

NOTICE IS HEREBY GIVEN that the Board of County Commissioners for Columbia County, Oregon will hold a public auction for the leasing of certain underground gas storage rights situated in Columbia County, Oregon.

Competitive oral bidding will be held at the Columbia County Courthouse, Room 308, 230 Strand, St. Helens, Oregon, beginning at 10:00 a.m. on Thursday, November 30, 2006, pursuant to the leasing rules adopted by the Board. The auction will proceed separately for each parcel or group of parcels until all parcels or groups of parcels have been auctioned or withdrawn by the Auctioneer. The Board of Commissioners reserves the right to withdraw any parcel or group of parcels from bidding and to reject any or all bids upon a finding that it is in the public interest to do so.

The minimum acceptable bonus bid is Thirty-five Dollars US (\$35.00) per acre. The primary lease term is forty (40) years from the Effective Date of the Lease for the Bruer/Flora area and forty (40) years from October 6, 1993, for the Calvin Creek area. The royalty on economically recoverable native oil and gas, whether or not produced, is 18.75 percent of actual proceeds received from the sale of such oil or gas, calculated at the well less certain costs described in the lease document. In addition, a bonus of 10 percent shall be added to the amount of royalty to compensate for the potential future use of any Native Oil or Gas in the same Pool which is not Economically Recoverable. The annual rental is Thirty-five Dollars (\$35.00) per acre per year adjusted on an annual basis according to a formula described in the lease document.

Immediately following the auction, the highest bidder for each parcel shall pay bid security in the amount of the sum of ten percent (10%) of the bonus bid per acre plus ten percent (10%) of the first year's rental per acre times the total number of acres in the parcel, plus recording and handling fees of \$45.00, and sign such forms as may be required by the Board. No later than Monday, December 4, 2006, at 5:00 p.m. (PDT), the highest bidder for each parcel or group of parcels shall pay the balance of the bonus bid plus the first year's rental for the parcel. Upon compliance, the highest bidder for each parcel or group of parcels shall be awarded a lease.

Calvin Creek Buffer Area:

The Property consists of the following lands in Township 6 North, Range 5 West of the Willamette Meridian in Columbia County, Oregon:

- Section 26 SW/4 NE/4, S/2 NW/4
- Section 27 N/2 SE/4 NE/4

containing 140 acres, more or less, all from the surface to 100 feet below the base of the Clark and Wilson Sands or the stratigraphic equivalent of those sands. The Base of the Clark and Wilson Sands was identified in the Columbia County 23-22 well on the Property at a measured depth of 2011 feet. For the purpose of computing rental under Section 6 of the Storage Lease, the parties stipulate that the Property contains 140 acres.

Bruer/Flora Buffer Areas:

The Property consists of the following lands in Township 6 North, Range 5 West of the Willamette Meridian in Columbia County, Oregon:

Section 2	SW/4 SW/4 SW/4 [10 acres]
Section 3	W/2 SE/4 NE/4, W/2 NE/4, NW/4 [260 acres]
Section 4	E/2 NE/4 NE/4, SE/4 NE/4, NE/4 SE/4, E/2 SE/4 SE/4 [110 acres]
Section 9	SE/4 NE/4 [40 acres]
Section 10	W/2 W/2 NW/4 [40 acres]
Section 11	NW/4 NW/4, E/2 SW/4 NE/4, E/2 NW/4 SE/4 [80 acres]

containing 550 acres, more or less, from the surface of the earth to the base of the Clark and Wilson Sands and the stratigraphic equivalent thereof, which in the case of the Bruer Pool was identified at a measured depth of 3,095 feet in the REC CC#1 RD-1 Well and in the case of the Flora Pool was identified at measured depth of 2,760 feet in the RE CC#33-3 Well. For the purpose of computing rental under Section 6 of the Storage Lease, the parties stipulate that the Property contains 550 acres.

Copies of the leasing rules, form of lease and memorandum of lease which will be used are available upon request or may be examined in the Office of County Counsel, Columbia County Courthouse, 230 Strand, Room 318, St. Helens, Oregon, 97051; 503.397.3839.

Dated this ____ day of November, 2006.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____
Joe Corsiglia, Chair

The Chronicle: please publish in your November 15 and 22, 2006, editions
The Oregonian: please publish in your November 15 and 22, 2006, editions