

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

In the Matter of Leasing County-Owned)
Oil and Gas Rights for Underground Gas)
Storage in the Mist Gas Field)
)
[March 2009 Auction Date])
_____)

ORDER NO. 15 - 2009
(Setting Auction Date)

WHEREAS, the Board would like to set an auction date in order to lease a portion of its oil and gas rights for the underground storage of gas; 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 a portion of Columbia County's oil and gas rights for underground gas storage on Thursday, March 26, 2006, at 10:30 a.m.
- 2) 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 4th day of March, 2009.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: *John M. Bernard*
Chair

By: _____
Commissioner

By: *Erin Stetson*
Commissioner

Approved as to form:

By: *John M. Bernard*
Office of County Counsel

S:\COUNSEL\GAS\STORAGE\AUCTION\2009\ORD SET DATE.wpd

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 10:30 a.m. on Thursday, March 26, 2009, pursuant to the leasing rules adopted by the Board. The auction will be for the parcels described below, which shall be offered as one group. The Board of Commissioners reserves the right to withdraw the group 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 Forty Dollars US (\$40.00) per acre. The primary lease term is forty (40) years from the Effective Date of the Lease for the Adams Storage Area. The royalty on economically recoverable native oil and gas, whether or not produced, is 20 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 Forty Dollars (\$40.00) 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 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, March 30, 2009, 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.

Adams Storage Area:

The Property consists of the following lands located in Columbia County, Oregon:

Township 7 North, Range 5 West of the Willamette Meridian

- Section 27: S $\frac{1}{2}$ SW $\frac{1}{4}$
- Section 33: N $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$
- Section 34: N $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$
- Section 35: S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$

from 100 feet above the top to 100 feet below the base of the Clark and Wilson Sands or the stratigraphic equivalent of those sands as measured to a depth of 1330 to 2011 feet in Columbia County well 23-22. For purposes of calculating payments, the Adams Storage Area consists of 960 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 by contacting Cynthia Zemaitis, Natural Resources Administrator, Columbia County Courthouse, 230 Strand, Room 318, St. Helens, Oregon, 97051; 503.397.3839; cynthia.zemaitis@co.columbia.or.us.

Dated this ____ day of March, 2009.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____
Rita Bernhard, Chair

The Chronicle: please publish in your March 11 and March 18, editions

The Oregonian: please publish in your March 12 and March 20, 2009, editions