

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

In the Matter of Leasing County-Owned Oil and Gas Rights for Exploration and Production)
)
)
[August 5, 2010 Auction Date])
_____)

ORDER NO. 40 - 2010
(Setting Auction Date)

WHEREAS, the Board of County Commissioners for Columbia County would like to schedule an auction in order to lease some of its oil and gas rights for exploration and production in the Mist Gas Field; and

WHEREAS, Order No. 138-97 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 oil and gas rights for the exploration and production of natural gas.
2. The auction will be held on Thursday, August 5, 2010, beginning at 9:00 a.m. and shall continue until all parcels have been leased or withdrawn from the auction.
3. The auction will be held by sealed written bids for individual parcels. To be eligible for consideration, the written bids must be received at the Board of County Commissioners' Office, Columbia County Courthouse, Room 331, St. Helens, Oregon 97051, no later than 12:00 noon of the working day preceding the date of the auction.
4. The auction will be conducted pursuant to the procedures adopted in Order No. 138-97.
5. The attached Notice of Public Auction is approved and shall be published as required by Order No. 138-97.

DATED this 14th day of July, 2010.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____
Chair

By: _____
Commissioner

By: _____
Commissioner

Approved as to form:

By: Suzanne Lawson
Office of County Counsel

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BEFORE THE BOARD OF COUNTY COMMISSIONERS

FOR COLUMBIA COUNTY, OREGON

In the Matter of Leasing County-Owned Oil and Gas)
Rights for the Exploration and Production of Natural Gas)
[August 5, 2010 Lease Sale])
_____)

NOTICE OF PUBLIC AUCTION

NOTICE IS HEREBY GIVEN that the Board of County Commissioners for Columbia County, Oregon, will hold a public auction for certain lands and/or mineral rights in the Mist Gas Field situated in Columbia County, Oregon.

The auction is scheduled for Thursday, August 5, 2010, at 9:00 a.m. The auction will be conducted through sealed written bids for individual parcels. To be eligible for consideration, the written bids must be received at the Board of County Commissioners' Office, Columbia County Courthouse, Room 331, St. Helens, Oregon 97051, no later than 12:00 noon of the working day preceding the date of the auction. Each bid submitted shall be on the form provided by the County, for a single parcel, and enclosed in a separate sealed envelope which identifies the parcel to which it applies. On the bid form, there will be a statement which must be signed by the bidder or by an authorized agent of the bidder agreeing to the forfeiture of the amount of the bid security if full payment is not made and if the lease is not completed, signed and returned by the bidder in a timely fashion. Bid security, along with the recording and handling fees, shall also be enclosed in the envelope. If opened, considered and deemed to be in compliance with these terms, conditions and regulations, such written bid shall be read first and otherwise treated like an oral bid. If two written bids for the same parcel are tied and there are no other bids, the winner may be determined by a coin flip.

Bid security in the amount 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 \$51.00 and a properly-executed bid form must accompany each written bid. No later than Friday, August 6, 2010, at 5:00 p.m. (PDT), the highest bidder for each parcel shall pay to Columbia County, in care of Cynthia Zemaitis, Natural Resources Administrator, the balance of the first year's rental for the parcel. Upon compliance, the highest bidder for each parcel shall be awarded a lease. Nothing in this paragraph precludes the payment of the entire bonus bid and first year's rental with submission of a written bid.

The minimum acceptable bonus bid is Two Dollars and Fifty Cents U.S. (\$2.50) per acre. Higher bids will be considered in increments of \$0.25. However, the Board of Commissioners reserves the right to set a higher minimum acceptable bonus bid for certain parcels. The primary lease term is ten (10) years. The royalty on oil and gas is three-sixteenths (3/16) [18.75 percent] of gross production. The annual rental is Five Dollars U.S. (\$5.00) per acre per year. If operations are not commenced within five (5) years, an additional annual delay drilling penalty of Fifteen Dollars U.S. (\$15.00) per acre per year is required.

Copies of the list of parcels available for auction, the leasing rules, bidder's forms, the form of lease and the memorandum of lease which will be used may be examined by contacting Cynthia Zemaitis, Natural Resources Administrator, Columbia County Courthouse, 231 Strand, Room 318, St. Helens, Oregon 97051, or are available upon request. Hard copies are available for a fee of \$5.00; digital copies will be sent free of charge. Contact Cynthia Zemaitis, Natural Resources Administrator, at 503.397.3839 or cynthia.zemaitis@co.columbia.or.us.

Dated this ____ day of July, 2010.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____
Anthony Hyde, Chair