

FACT SHEET

CITY OF SHREVEPORT, LOUISIANA

TITLE

A Resolution authorizing a request to be made to the Louisiana Department of Natural Resources, Louisiana State Mineral and Energy Board, to seek public bids for an oil, gas and mineral lease involving the property located in Districts F and G and described herein and to execute the lease for certain mineral interests owned by the City of Shreveport; and to authorize the mayor to execute any and all documents related to the intent of this Resolution; and to otherwise provide with respect thereto.

DATE

January 11, 2022

ORIGINATING DEPARTMENT

Office of Engineering
Property Management Section

CITY COUNCIL DISTRICT

F & G

SPONSOR

PURPOSE

To authorize the State Mineral and Energy Board to seek public bids for an oil, gas and mineral lease for City-owned property and to execute a lease for certain mineral interests owned by the City.

BACKGROUND INFORMATION

The Louisiana State Mineral and Energy Board is available, upon the request of the City, to seek public bids for an oil, gas and mineral lease and to execute the lease of the property described herein for oil, gas and other minerals. All rights and authority in connection to any lease *shall be vested in the City* to the same extent as if the City had itself leased the land.

The property is located and identified in Exhibit “A”.

TIMETABLE

Introduction: January 25, 2022
Final Passage: February 8, 2022

ATTACHMENTS

Exhibit “A” – Property Description
Exhibit “B” – Proposal Letter

SPECIAL PROCEDURAL REQUIREMENTS

The City should not follow La. R.S. [33:4712](#) for the lease of its minerals; instead it should follow [La. R.S. 30:151](#) et. seq. Pursuant to [La. R.S. 30:153\(A\)](#), the City may direct the State Mineral and Energy Board to lease its land by Resolution.

FINANCES

+ > \$1500.00
Projected Bonus and Annual Delay Rentals
[*plus* Lease Royalties after production begins.]

SOURCE OF FUNDS

Successful Bidder

ALTERNATIVES

(1) Adopt the Resolution as submitted, or (2) Amend the Resolution, or (3) Reject the Resolution.

RECOMMENDATION

It is recommended the City Council adopt the Resolution.

FACT SHEET PREPARED

Malcolm Stadtlander,

BY:

Property Management Administrator

RESOLUTION NO. _____ OF 2022

A RESOLUTION AUTHORIZING A REQUEST TO BE MADE TO THE LOUISIANA DEPARTMENT OF NATURAL RESOURCES, LOUISIANA STATE MINERAL AND ENERGY BOARD, TO SEEK PUBLIC BIDS FOR AN OIL, GAS AND MINERAL LEASE INVOLVING THE PROPERTY LOCATED IN DISTRICTS F AND G AND DESCRIBED HEREIN AND TO EXECUTE THE LEASE FOR CERTAIN MINERAL INTERESTS OWNED BY THE CITY OF SHREVEPORT; AND TO AUTHORIZE THE MAYOR TO EXECUTE ANY AND ALL DOCUMENTS RELATED TO THE INTENT OF THIS RESOLUTION; AND TO OTHERWISE PROVIDE WITH RESPECT THERETO.

BY: COUNCILMEMBER

WHEREAS, the City of Shreveport (“City”) may own certain mineral rights underlying the described property in Exhibit “A” (“the property”); and

WHEREAS, every agency [including every municipality] is authorized to lease its land for the development and production of minerals; and

WHEREAS, the City desires to lease its interest in the property for oil, gas and other minerals subject to conditions contained herein; and

WHEREAS, the Louisiana Department of Natural Resources, Louisiana State Mineral and Energy Board, is available upon the request of the City of Shreveport to seek public bids for an oil, gas and mineral lease and to execute the lease of the property described herein in Exhibit “A” for oil, gas and other minerals if requested to do so by the City of Shreveport; and

WHEREAS, this Resolution is authorized pursuant to Louisiana Revised Statutes, Title 30; Subtitle I; Chapter 2; Subpart B. Leases by State Agencies [and Municipalities] ([La. R.S. 30:151 – 30:159](#)); and

WHEREAS, pursuant to [La. R.S. 30:153\(A\)](#), any agency [Municipality] may, by Resolution, direct the State Mineral and Energy Board to lease the City’s interest in the property for such purposes; and

WHEREAS, pursuant to [La. R.S. 30:153\(A\)](#), after the execution of the original lease, all rights and authority in connection therewith shall be vested in the agency [Municipality] to the same extent as if the agency [Municipality] had itself leased the land; and

WHEREAS, pursuant to [La. R.S. 30:153\(A\)](#) the bonus money, if any, received for the lease shall be transmitted by the State Mineral and Energy Board to the agency [Municipality];

WHEREAS, the City of Shreveport has received a written request from Joe K. McGinty, Jr., on behalf of McGinty-Durham, Inc., that the City seek public bids for an oil, gas and mineral lease covering said described property in Exhibit “A”; and

WHEREAS, the City of Shreveport does not, by way of the instant Resolution, guarantee Joe K. McGinty, Jr., on behalf of McGinty-Durham, Inc., or any other bidding entity, the award of successful bid on the described property in Exhibit “A” (“the property”).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Shreveport, Louisiana, in due, legal, and regular session convened, that:

1. The City of Shreveport declares it may own certain mineral rights underlying the following described property, to-wit: *See* Exhibit “A” – Property Description
2. The Louisiana Department of Natural Resources, State Mineral and Energy Board, be and it is hereby requested and authorized to seek public bids for an oil, gas and mineral lease covering the property described herein above.
3. The Louisiana Department of Natural Resources, State Mineral and Energy Board, be and it is hereby requested and authorized to execute a lease covering the property described herein above.
4. The Mayor, Adrian Perkins, and/or his designee, is hereby authorized to execute, for and on behalf of the City of Shreveport, any and all documents related to the execution and intent of this Resolution.
5. **Any such lease shall contain a NO SURFACE OPERATIONS provision to read the same or substantially the same as the following:**

Lessee, its successors or assigns, may produce oil, gas and other minerals from the leased premises by drilling from a surface location on other lands, but notwithstanding any other provision of this lease, Lessee, its successors or assigns, shall not use the surface of the Lessor's property for

drilling or any other operations without prior written permission of Lessor, which permission may be withheld at Lessor's discretion.

6. **Any such lease shall contain a HORIZONTAL PUGH clause to read the same or substantially the same as the following:**

Notwithstanding anything to the contrary herein contained, at the end of the primary term or any extension thereof by operations, if the Commission of Conservation of the State of Louisiana establishes a drilling unit which includes a part of the land herein leased, the production of oil, gas and other minerals from such unit shall maintain this lease in full force and effect only as to such portions of the leased land embraced in said pooled unit; and this lease shall expire as to that part of the land herein leased not included in such unit; and Lessee, its successors and assigns agrees to relinquish by formal instrument any portion of the leased land not included in a unit created by the Commission of Conservation while this lease is in effect.

7. **Any such lease shall contain a VERTICAL PUGH clause to read the same or substantially the same as the following:**

Upon the expiration of the primary term hereof or any extension thereof by operations, this lease shall automatically terminate and be of no further force or effect except as to all that part of the leased premises then included within the geographical boundaries of a producing unit duly established by governmental agency or authority having jurisdiction, from the surface of the earth to a depth of one hundred (100) feet below the deepest depth from which any well commenced during the primary term hereof on the leased premises or on lands pooled therewith is completed and from which there is production in paying quantities, such depth determination to be made on a unit-by-unit basis. In the absence of units so established, this lease shall terminate except as to forty (40) acres around each producing oil well and one hundred sixty (160) acres around each producing or shut-in gas well located on the leased premises, in as near the form of a square as is practicable, from the surface of the earth down to a depth of one hundred (100) feet below the deepest depth from which said well or wells are completed and from which there is production in paying quantities, such depth determination to be made on a well-by-well basis.

8. **Any such lease shall contain a minimum CASH PAYMENT BONUS provision as follows:** Cash Payment Bonus of not less than one thousand five hundred dollars (\$1500.00) per acre.

9. **Any such lease shall contain a minimum ROYALTY provision as follows:** Royalty of not less than twenty percent (20%).
10. **Any such lease shall contain a maximum TERM provision as follows:** Primary term of lease shall not exceed three (3) years.
11. Any such lease shall contain a provision expressly stating that any lease granted by the City of Shreveport and accepted by Lessee shall be **WITHOUT WARRANTY OF TITLE** and **WITHOUT RECOURSE AGAINST THE CITY**, whether expressed or implied, even for the return of any monies paid, and further, that City shall not be required to return any payments received or be otherwise responsible to Lessee therefore.
12. Any error in any legal description contained in this Resolution and/or in Exhibit "A" which may be discovered by the State Mineral and Energy Board, or its staff, during its review of the City's application, which are subsequently corrected by the City of Shreveport, provided such irregularities do not materially change the property being herein authorized for lease, shall not affect any authorization granted or conveyed herein and the State Mineral and Energy Board is hereby authorized to advertise and subsequently lease the said property as correctly described.
13. A certified copy of the executed *Lease Agreement* authorized herein and all Exhibits attached thereto, or an extract thereof, shall be filed and recorded in the conveyance records of Caddo Parish, Louisiana.

BE IT FURTHER RESOLVED that if any provision or item of this Resolution or the application thereof is held invalid, such invalidity shall not affect other, provisions, items or applications of this Resolution which can be given effect without the invalid provisions, items or application, and to this end, the provisions of this Resolution are hereby declared severable.

BE IT FURTHER RESOLVED that all resolutions, ordinances or parts thereof in conflict herewith are hereby repealed.

BE IT FURTHER RESOLVED that this Resolution shall become effective in accordance with the provisions of [Shreveport City Charter Section 4.23](#).

THUS DONE AND RESOLVED by the City Council of the City of Shreveport, Louisiana.

APPROVED AS TO LEGAL FORM:

City Attorney's Office

Exhibit "A"

CITY OF SHREVEPORT, LOUISIANA NOMINATION 1: (All lands in Sections 13 & 24-17N-15W)

Those certain tracts of land, excluding the beds and bottoms of all navigable waters, belonging to and not presently under mineral lease from City of Shreveport on February 12, 2020, being more fully described as follows: 1a) All dedicated highways, roads, streets, alleys, drainage and rights of way located in Sections 13 and 24, Township 17 North, Range 15 West, Caddo Parish, Louisiana, containing **68.591225 acres**, more or less; 1b) That certain tract of land belonging to the City of Shreveport within Section 13, Township 17 North, Range 15 West, Caddo Parish, Louisiana, with GEO Identification Number 017-171513-000-0056-00 containing **34.891 acres**, more or less, acquired by City of Shreveport as recorded in Book 1482, Page 93, Instrument No. 645649; 1c) That certain tract of land belonging to the City of Shreveport within Section 13, Township 17 North, Range 15 West, Caddo Parish, Louisiana, with GEO Identification Number 017-171513-000-0043-00 containing **21.21 acres**, more or less, acquired by City of Shreveport as recorded in Book 1482, Page 89, Instrument No. 645648; 1d) That certain tract of land belonging to the City of Shreveport within Section 13, Township 17 North, Range 15 West, Caddo Parish, Louisiana, with GEO Identification Number 017-171513-018-0017-00 containing **0.920033 acres**, more or less, acquired by City of Shreveport as recorded in Book 1482, Page 89, Instrument No. 645648; 1e) That certain tract of land belonging to the City of Shreveport within Section 13, Township 17 North, Range 15 West, Caddo Parish, Louisiana, with GEO Identification Number 017-171513-018-0019-00 containing **3.628994 acres**, more or less, acquired by City of Shreveport as recorded in Book 1482, Page 89, Instrument No. 645648; 1f) That certain tract of land belonging to the City of Shreveport within Section 13, Township 17 North, Range 15 West, Caddo Parish, Louisiana, with GEO Identification Number 017-171513-018-0020-00 containing **0.072421 acres**, more or less, acquired by City of Shreveport as recorded in Book 1482, Page 89, Instrument No. 645648; 1g) That certain tract of land belonging to the City of Shreveport within Section 13, Township 17 North, Range 15 West, Caddo Parish, Louisiana, with GEO Identification Number 017-171513-012-0030-00 containing **0.091939 acres**, more or less, acquired by City of Shreveport as recorded in Book 2471, Page 736, Instrument No. 1166363; 1h) That certain tract of land belonging to the City of Shreveport within Section 24, Township 17 North, Range 15 West, Caddo Parish, Louisiana, with GEO Identification Number 017-171524-000-0036-00 containing **1.641850 acres**, more or less, acquired by City of Shreveport as recorded in Book 1238, Page 739, Instrument No. 493138 and Book 1314, Page 172, Instrument No. 542878; 1i) All tax adjudicated properties in Sections 13 and 24, Township 17 North, Range 15 West containing **3.99 acres**, more or less; the total acreage for Sections 13 and 24, Township 17 North, Range 15 West containing **135.24 acres**.

McGINTY-DURHAM, INC.

Energy Land Services
(318) 445-0054 FAX (318) 445-0804

Exhibit "B"

Post Office Box 7979
Alexandria, Louisiana 71306-0979

1326 Jackson Street
Alexandria, Louisiana 71301

December 17, 2021

The Honorable Adrian Perkins, Mayor
CITY OF SHREVEPORT, LOUISIANA
505 Travis Street, Suite 200
Shreveport, LA 71101

Re: Nomination of City of Shreveport Acreage
For Oil, Gas & Mineral Lease
Sections 13 & 24, Township 17 North, Range 15 West
Caddo Parish, Louisiana

Dear Mayor Perkins:

McGinty-Durham, Inc. desires to obtain Oil, Gas and Mineral Lease coverage as to approximately **135.24 acres** located in Sections 13 & 24 of Township 17 North, Range 15 West, Caddo Parish, Louisiana. In order to obtain said lease coverage, the City of Shreveport needs to enact a Resolution authorizing the State Mineral Board of the State of Louisiana to advertise and receive sealed bids in a future State Lease Sale. Please note that this is the identical acreage that was previously approved by the City Council and nominated for the June 9, 2021 State Lease Sale; however, no bids for this acreage were submitted at that time. We are now hopeful that a successful bidder will appear to lease this acreage.

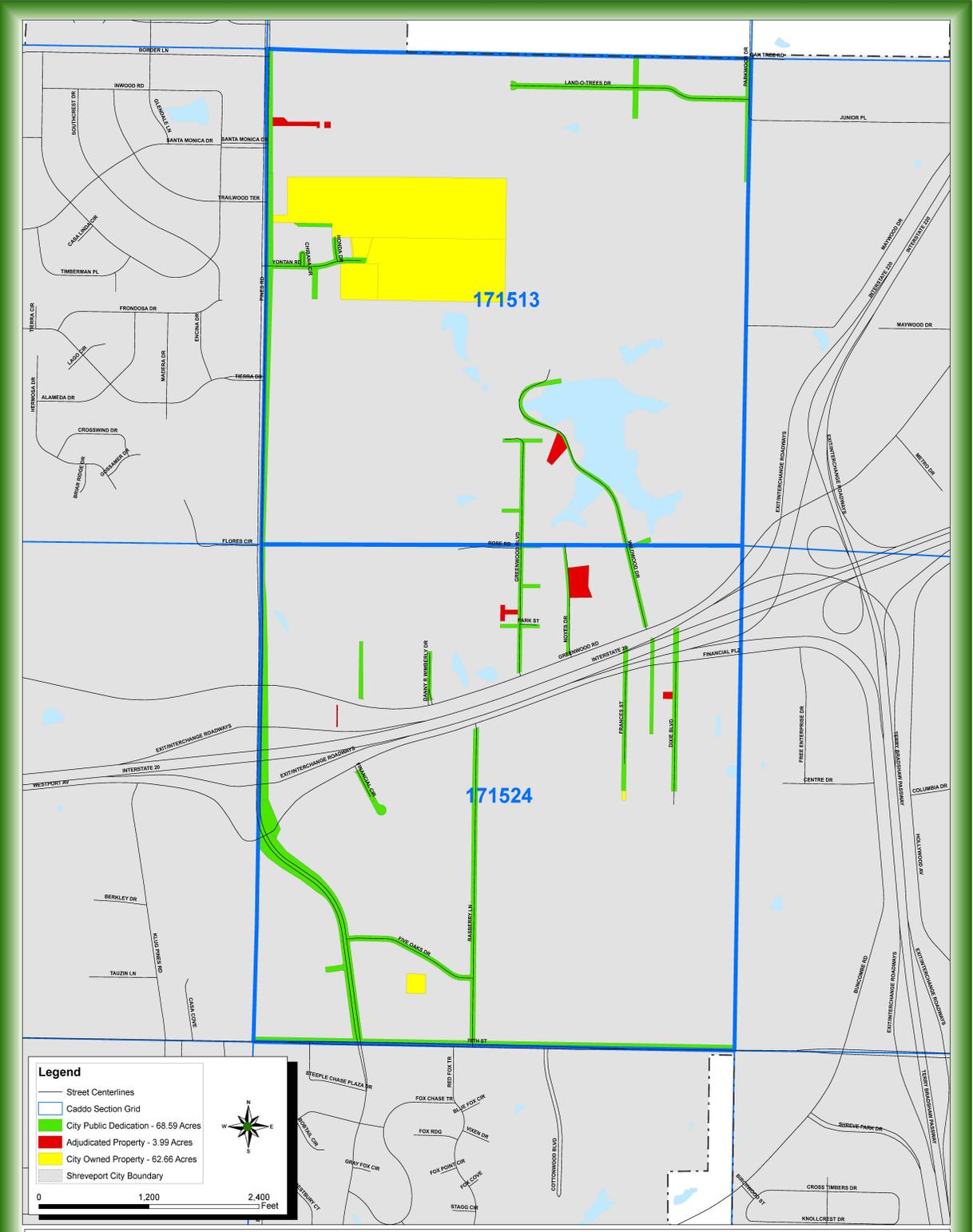
The schedule of upcoming State Lease Sales indicates that the appropriate resolution should be received by the State Mineral Board prior to a **January 24, 2022 deadline** in order to make the April 13, 2022 State Lease Sale; therefore, we respectfully request that this issue be included on the agenda for the next regular meeting of the Board to be held on **December 28, 2021** or as soon thereafter as possible. The resolution should authorize the State Mineral Board to act on behalf of the City of Shreveport and should be delivered to the Office of Mineral Resources; Petroleum Lands Division; P.O. Box 2827, Baton Rouge, LA 70821-2827. Since additional plats, descriptions and checks must accompany the Resolution, we would suggest that we pick up said Resolution once it has been prepared, provide the checks and additional information requested, then complete the process. Please note that these identical tracts were previously approved for nomination by the City Council on prior occasions in November, 2019, August, 2020, and March, 2021.

According to the rules promulgated by the State Mineral Board, this acreage within two (2) sections has been compiled into a single nomination. Included herewith is a map of the proposed nomination and the descriptions of the City-owned acreage within the nomination. This nomination includes both fee lands owned by the City along with roadbed minerals acquired by the City through various statutory dedications and tax adjudicated lands.

Should you have any questions or comments whatsoever, please do not hesitate to contact me at the above address/telephone number. We thank you very much for your cooperation and assistance in this matter.

Very truly yours,
Joe K. McGinty, Jr.
Joe K. McGinty, Jr.

Encl:



Legend

- Street Centerlines
- Caddo Section Grid
- City Public Dedication - 68.59 Acres
- Adjudicated Property - 3.99 Acres
- City Owned Property - 62.66 Acres
- Shreveport City Boundary

0 1,200 2,400 Feet

City of Shreveport

Oil & Gas Nomination - 135.24 Total Acres