

NOTICE OF INVITATION FOR SEALED BIDS

NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Custer County, Oklahoma will, on the 13th day of June, 2016 up until the hour of 9:30 o'clock a.m. on said day, in their office in the Courthouse in Arapaho, Oklahoma, receive sealed bids for the following:

SALE OF OIL & GAS LEASES

Section One (1), Township Fourteen North (14N), Range Fourteen West (14W)
Custer County, Oklahoma

Tract 1: A Strip of land 23 feet wide and .5 mile long situated on the West side of the NE/4 of Section 1-14N-14W, and one strip of land 16.5 feet wide and .5 mile long situated on the South side of Section 1-14N-14W – 2.394 acres

Tract 2: A Strip of land 10 feet wide and .5 mile long situated on the East side of the NW/4 of Section 1-14N-14W – 0.61 acres

Tract 3: One strip of land 16.5 feet wide and .5 mile long situated on the North Side of the SE/4 of Sec 1-14N-14W – 1.00 acres.

Bid Packets and information are on file in the Custer County Clerk's office in Arapaho, Oklahoma and may also be found on Custer County's website, <http://www.custer.okcounties.org>.

All bids must be in a sealed envelope, clearly marked **SEALED BID – OIL AND GAS LEASE BID**, with the **BID OPENING DATE** and **BID OPENING TIME**.

All bids must be mailed or delivered to:

(Mailing)

CUSTER COUNTY CLERK'S OFFICE
P.O. BOX 300
ARAPAHO, OKLAHOMA 73620-0300

(Physical)

CUSTER COUNTY CLERK'S OFFICE
675 WEST "B" STREET
ARAPAHO, OKLAHOMA 73620

Please follow all instructions for submitting bid proposals completely.

/S/KAREN FRY, CUSTER COUNTY CLERK

(SEAL)

INSTRUCTIONS FOR SUBMITTING BID PROPOSALS

1. This entire packet (Notice of Invitation to Bid, Instructions, Minimum Requirements, and Affidavit for Filing with Competitive Bid) shall be known as the "Invitation to Bid" form. Fill out the "Invitation to Bid" form *completely*.

2. Identify the outside of the sealed envelope as follows:

**SEALED BID – OIL AND GAS LEASE
CLOSING (Bid Date)
BID (Opening Time)**

3. Place your company name and return address on the outside of the envelope.

4. File the bid proposal with the Custer County Clerk, either by mail or in person, until **9:30 o'clock a.m. on June 13, 2016**. Bids received after this time will be rejected and unopened. All bids will be opened at **9:30 o'clock a.m., June 13, 2016** during the County Commissioner's meeting held in the Custer County Courthouse, Arapaho, Oklahoma, Room 104, at 675 West "B" Street, Arapaho, Oklahoma.

5. All forms must be filled out completely. Any incomplete forms could result in rejection if the Board of County Commissioners considers such action to be in the best interest of Custer County.

6. The address of the Custer County Clerk is as follows:

(Mailing)

CUSTER COUNTY CLERK'S OFFICE
P.O. BOX 300
ARAPAHO, OKLAHOMA 73620-0300

(Physical)

CUSTER COUNTY CLERK'S OFFICE
675 WEST "B" STREET
ARAPAHO, OKLAHOMA 73620

7. All bid information shall be typewritten, or legibly written in ink. All corrections shall be initialed by the person signing the form(s).

8. If you have any questions regarding the bid information, or the bid deadlines, etc., please contact Karen Fry, Custer County Clerk or Debbie Bright, Purchasing Agent at (580) 323-4420.

NOTE: ALL BID PROPOSALS WHICH DO NOT CONTAIN THE "INVITATION TO BID" AND THE SIGNED/NOTARIZED "AFFIDAVIT FOR FILING WITH COMPETITIVE BID", WILL BE DECLARED INVALID AND REJECTED.

**THE BOARD OF COUNTY COMMISSIONERS RESERVES THE
RIGHT TO REJECT ANY AND ALL BIDS.**

MINIMUM REQUIREMENTS FOR SALE OF OIL AND GAS LEASE

Said land has a probable value for oil and gas leasing purposes and an offer has been received to lease said premises for oil and gas purposes

It further appears that it would be for the best interest of the Board of County Commissioners of Custer County, Oklahoma, to offer for sale by sealed bid and sell to the highest and best bidder for cash, an oil and gas lease upon the above described real estate for a primary term of three (3) years and a *minimum* of \$300.00 per acre an as long thereafter as oil or gas or either of them is produced, and said lease shall carry the following special provisions:

- (a) The oil and gas lease shall be a paid-up oil and gas lease requiring no payment of delay rentals;
- (b) The oil and gas lease shall provide for a 3/16th royalty;
- (c) The lease shall provide that no well locations or other installations shall be made upon said premises which would in any way interfere with the present use of said property by the Board of County Commissioners of Custer County;
- (d) The lease shall provide that said land may be developed by unitization and consolidation with other acreage, said royalty to be paid on production from any land on which land is or may be unitized or consolidated in the proportion that the area of the land covered by this lease bears to the total area of said consolidated or unitized tract;
- (e) The lease shall provide that production from presently producing wells on land with which this property has been or may hereafter be unitized or consolidated shall be regarded as a well drilled under the terms of this lease;
- (f) Upon the expiration of the primary term, the lease shall automatically terminate and expire as to the leasehold rights one hundred (100) feet below the deepest producing depth. If within the primary term of the lease, lessee shall commence operations to drill operations to drill to rework a well under the terms of the lease, the lessee shall have the right to drill such well to completion and/or complete reworking operations with reasonable diligence and dispatch, and if oil or gas be found in paying quantities, the lease shall terminate only as to horizons 100 feet below the deepest depth producing or to the stratigraphic equivalent thereof.
- (g) It shall be agreed between the lessor and the lessee that, notwithstanding any language to the contrary, all oil, gas and other proceeds accruing to the owner under the lease or by state laws shall be without deduction, directly or indirectly, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and marketing the oil, gas and other products produced thereunder to transform the product into marketable form, however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from owner's share of production so long as they are based on lessee's actual cost of such enhancements. That lessee will not market the oil, gas and products produced thereunder to any legal entity that is affiliated with lessee.
- (h) That the Board of County Commissioners of Custer County, Oklahoma, will not warrant or defend the title to the above tract of land.

The successful bidder shall pay all expenses of the sale, including the cost of publication of the notice thereof.

ALL BIDDERS SHALL PROVIDE A COMPLETETED OIL AND GAS LEASE (PAID UP) FORM WITH THIS BID PACKET TO BE SIGNED BY THE BOARD OF COUNTY COMMISSIONERS IF ACCEPTED.

AFFIDAVIT MUST BE SIGNED AND NOTARIZED

S.A. & I. 425 (2000)

AFFIDAVIT FOR FILING WITH COMPETITIVE BID

STATE OF OKLAHOMA)
) SS
COUNTY OF _____)

_____, of lawful age, being first duly sworn,
on oath says, that (s)he is the agent authorized by the bidder to submit the attached bid. Affiant further states that the bidder has not been a party to any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding; or with any county official or employee as to quantity, quality or price in the prospective contract, or any other terms of said prospective contract; or in any discussions between bidders and any county official concerning exchange of money or other thing of value for special consideration in the letting of a contract.

VENDOR: _____

SIGNATURE: _____

TITLE: _____

ADDRESS: _____

CITY/STATE/ZIP: _____

PHONE: _____

FAX: _____

EMAIL: _____

Subscribed and sworn to before me this _____, 20__.

Notary Public (Clerk or Judge)

My Commission Expires: _____

(SEAL)

Note: Each competitive bid submitted to a county, school district or municipality must be accompanied with the above Affidavit as required by 61 Okla.St. Ann. §138