

**City Council  
Agenda Memo**



**City Council  
Meeting Date: 8/14/14**

**TO: Larry D. Gilley, City Manager**

**FROM: Megan R. Santee, Director of Public Works**

**SUBJECT: Request to advertise City owned tract at 6833 East Lake Rd. for an oil/gas lease**

**GENERAL INFORMATION**

A request has been received from Petroleum Exploration Company, Ltd. (PETEX) of Fort Worth, Texas, for the City of Abilene (City) to advertise the approx. 110 acre City owned tract at 6833 East Lake Road for an oil & gas lease. This tract includes a portion of the Abilene Gun Club's leased area, as shown on the attached map. PETEX's title report indicates that the City owns all of the minerals and executive rights in this tract. PETEX would like to lease the entire 110 acre tract, but is agreeable for drilling to be restricted to the southernmost 15 acres (approx.) only (south of the gun club's leased area), unless/until the Abilene Gun Club's lease agreement is not renewed, in which event drilling will be allowed on the entire leased area after the gun club vacates the premises and/or ceases operations on site (assuming that the oil/gas lease is still within the primary term or is held by production at that time). A provision specifying this will be included in the (proposed) oil/gas lease. With these conditions and restrictions, the proposed oil & gas lease on this tract would not affect the Abilene Gun Club's lease agreement, use of, or operations on their leased area. PETEX will be responsible for reimbursing the City for the advertising cost whether they are the successful bidder, there are no bidders, or all bids are rejected by City Council.

**STAFF RECOMMENDATION**

Staff recommends that the City Council authorize the City Manager to direct City staff to advertise the 110 acre City owned tract at 6833 East Lake Road for an oil & gas lease, stipulating the above conditions and restrictions, and subject to City policy.

**BOARD OR COMMISSION RECOMMENDATION**

N/A

**ATTACHMENTS**

Aerial Map  
PETEX Request to Lease City Property

Prepared by:  Name <u>Travis McClure</u>  Title <u>Land Agent</u>	Item No. <u>6.2</u>	Disposition by City Council <input type="checkbox"/> Approved    Ord/Res# _____ <input type="checkbox"/> Denied        _____ <input type="checkbox"/> Other         _____  _____ City Secretary
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ABILENE GUN CLUB LEASED AREA  
(yellow dashed line)

Shooting bays &  
projectile direction

Seminole Rd.

**PETEX Oil & Gas Lease request (green):**  
**City of Abilene owned tract, 110 acres, (6833 E. Lake Rd.)**  
**City owns all minerals and executive rights**

Drilling to be restricted to the southernmost 15 acres  
(green cross hatch) only, unless/until gun club  
lease agreement is not renewed, in which event  
drilling will be allowed on entire leased area

E. Lake Rd.



777 Main Street, Suite 2700  
Ft. Worth, Texas 76102

June 13, 2014

Mr. Travis McClure  
City of Abilene  
P.O. Box 60  
555 Walnut St.  
Abilene, Tx 79604

RE: Request to Lease City Property  
110.821 acres, Survey No. 77,  
Block 14, T&P RR. Co. Survey  
Jones County, Texas

Gentlemen:

Petroleum Exploration Company, Ltd. (PETEX) would like to acquire an Oil and Gas Lease on the following described City of Abilene property.

**Legal Description:**

110.821 acres, more or less, out of Survey No. 77, Block 14, T&P Ry. Co. Land Survey, being more particularly described in that certain Warranty Deed from S.J. Winter and wife, Mrs. S.J. Winter to The City of Abilene, dated October 11, 1929, and recorded in Volume 171 Page 606, Deed Records, Jones County, Texas.

**Plat (See Attached):**

**Advertising:**

Petex will assume the cost of advertising if we are the successful bidder, there are no other bidders, or all bids are rejected

**City's Mineral Interest: (See attached title report)**

**Oil and Gas Lease:**

Lessee will be subject to all conditions and terms of the City's Oil and Gas Lease.

Pursuant to your nomination process, please advertise same for bid.

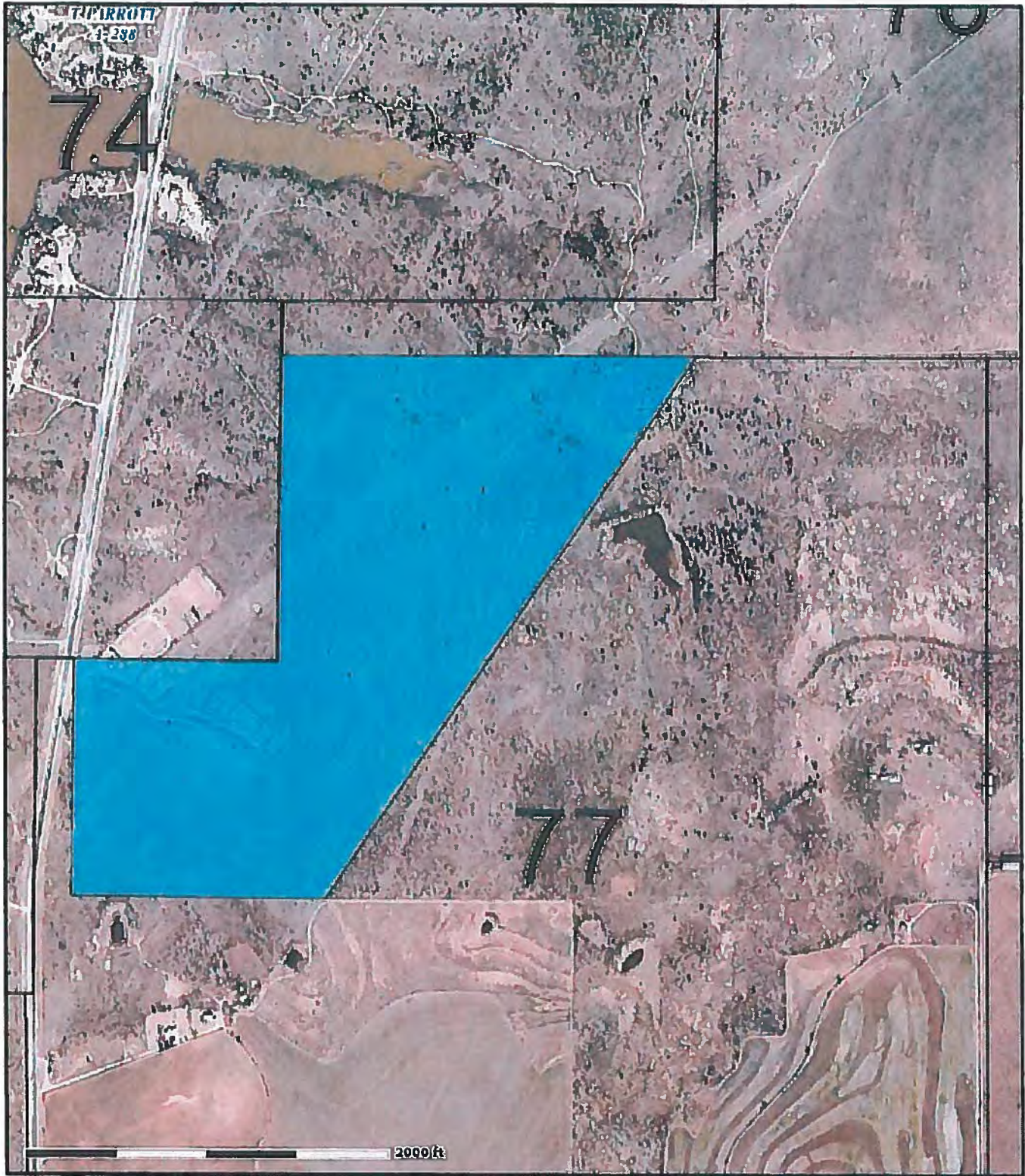


Please advise if you need any other information or action upon our part in this matter necessary to initiate the bid process. Thank you.

Yours truly,

Ben Heinzlmann, RPL  
Landman

Petroleum Exploration Company, Ltd. (PETEX)  
817-484-3958 Direct Line  
817-769-8344 Main Line  
[bheinzlmann@petexltd.com](mailto:bheinzlmann@petexltd.com)



Jones County, Texas

# City of Abilene Lease



Printed: Jun 23, 2014



## MINERAL OWNERSHIP REPORT

**Prospect:** EGE #750  
**County:** Jones  
**State:** Texas

**Description of property**

110.821 acres, more or less, out of Survey No. 77, Block 14, T&P Ry. Co. Land Survey, being more particularly described in that certain Warranty deed from S.J. Winter and wife, Mrs. S.J. Winter to The City of Abilene, Dated October 11, 1929, and recorded in Volume 171 Page 606, Deed Records, Jones County, Texas.

OWNER	TYPE OF INTEREST	FRACTIONAL INTEREST	GROSS ACRES	NET ACRES	LEASEHOLD STATUS
City of Abilene	MI	1	110.821	110.821	Open
Total		1	110.821	110.821	

**Surface Estate:**

OWNER	TYPE OF INTEREST	FRACTIONAL INTEREST	GROSS ACRES	NET ACRES
City of Abilene	Surface	1	110.821	110.821
Total		1	110.821	110.821

**Title examined by:** Ben Heinzelmann  
**Report Prepared by:** Ben Heinzelmann  
**Date:** February 10, 2014

**Notes:**  
 No title irregularities