

FACT SHEET

CITY OF SHREVEPORT, LOUISIANA

TITLE

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 District F 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

February 6, 2024

ORIGINATING DEPARTMENT

Department of Public Works
Property Management Section

CITY COUNCIL DISTRICT

F

SPONSOR

PURPOSE

To authorize the State Mineral and Energy Board to seek public bids for an oil, gas, and mineral lease for property owned by the City of Shreveport 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 with 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: February 13, 2024

Final Passage: February 27, 2024

ATTACHMENTS

Exhibit “A” – Property Description

Silver Hill Haynesville E&P, LLC Lease Request
Letter

Mineral Ownership Map – 173.934 Acres

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

\$3000.00/acre Minimum bid (\$521,802.00)

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 BY:

Malcolm Stadtlander,
Property Management Administrator

RESOLUTION NO. 29A OF 2024

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 DISTRICT F AND DESCRIBED HEREIN AND TO EXECUTE THE LEASE FOR CERTAIN MINERALS INTERSTS 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 HERETO.

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 (the “Mineral Board”) is available, upon request from 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 authorize pursuant to the 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 Mineral 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 Mineral Board to the agency [Municipality]; and

WHEREAS, the City of Shreveport has received a written request from Jeffrey M. Lierly, Vice President of Land for Silver Hill Haynesville E&P, LLC (“Silver Hill”), requesting that the City seek public bids for an oil gas and mineral lease covering certain mineral rights of the City in the property described on Exhibit “A”; and

WHEREAS, the City, by way of the instant Resolution, does not, by way of instant Resolution, guarantee Jeffrey M. Lierly, on behalf of Silver Hill, the award of successful bid on the described property on Exhibit “A”.

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, Tom Arceneaux, 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 VERTICAL 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 HORIZONTAL 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 the base of the deepest producing formation 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 the base of 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 BONUS provision as follows:** Cash Payment Bonus of not less than three thousand dollars (\$3,000.00) per acre.
9. **Any such lease shall contain a MINIMUM ROYALTY provision as follows:** Royalty of not less than twenty-two and one-half percent (22.5%).
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 of Shreveport

EXHIBIT “A”

CITY OF SHREVEPORT, LOUISIANA NOMINATION:

SECTION 21, TOWNSHIP 17 NORTH – RANGE 14 WEST

TRACT 41800 - Caddo Parish, Louisiana

A certain Tract 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 13, 2024, being more fully described as follows:

The following City owned parcels lying within Section 21, Township 17 North, Range 14 West, Caddo Parish, Louisiana:

The following City owned properties in Section 21, Township 17 North, Range 14 West, Caddo Parish, Louisiana, containing **173.934** acres, more or less.

Geo Number: 171421001021500 - Lot 215, Forest Oak Sub, containing 0.399269 acres.

Geo Number: 171421001021800 - Lot 216, Less Tract Desc. In C.B. 2946-632, Forest Oak Sub, containing 3.059941 acres.

Geo Number: 171421003021700 - Lot 217, Forest Oak Sub, containing 0.783536 acres.

Geo Number: 171421009000500 - Lot 5, G. I. Sub, containing, 0.124923 acres.

Geo Number: 171421009000600 - Lot 6, G I Sub, containing 0.124894 acres.

Geo Number: 171421009001000 - Lot 10, G. I. Sub, containing 0.124922 acres.

Geo Number: 171421009001700 - Lot 17, G. I. Sub, containing 0.125111 acres.

Geo Number: 171421009002100 - Lot 21, G. I. Sub, containing 0.124918 acres.

Geo Number: 171421009006100 - Lot 61 G. I. Sub, containing 0.124501 acres.

Geo Number: 171421009006200 - Lot 62 G. I. Sub, containing 0.124923 acres.

Geo Number: 171421009006300 - Lot 63, G. I. Sub, containing 0.124922 acres.

Geo Number: 171421009006500 - Lot 65, G. I. Sub, containing 0.124894 acres.

Geo Number: 171421009006700 - Lot 67, G. I. Sub, containing 0.124922 acres.

Geo Number: 171421009006800 - Lot 68, G. I. Sub, containing 0.124922 acres.

Geo Number: 171421009007000 - Lot 70, G. I. Sub, containing 0.124894 acres.

Geo Number: 171421009007100 - Lot 71, G. I. Sub, containing 0.124922 acres.

Geo Number: 171421009007900 - Lot 79 & 80, G. I. Sub Imps On Lot 79, containing 0.249809 acres.

Geo Number: 171421009008600 - Lot 86, G. I. Sub, containing 0.12489 acres.

Geo Number: 171421009009700 - N/2 Of Lots 88, 89 & 90, G. I. Sub, containing 0.187328 acres.

Geo Number: 171421009009800 - S/2 Of Lots 88, 89 & 90, G. I. Sub, containing 0.18737 acres.

Geo Number: 171421009009900 - S. 30 Ft Of Lots 73, 74 & 75, G. I. Sub, containing 0.082658 acres.

Geo Number: 171421009010000 - North 46 Ft. Of Lots 73, 74 & 75, G. I. Sub, containing 0.126751 acres.

Geo Number: 171421009010300 - Lot 7 & The W/2 Of Lot 8, G. I. Sub, containing 0.187341 acres.

Geo Number: 171421009010400 - Lot 13 & W. 25 Ft. Of Lot 14, G. I. Sub, containing 0.202999 acres.

Geo Number: 171421009010800 - Lot 9 & E/2 Of Lot 8, G. I. Sub, containing 0.187411 acres.

Geo Number: 171421009010900 - Lot 28 & W. 25 Ft. Of Lot 29, G. I. Sub, containing 0.202946 acres.

Geo Number: 171421009011200 - A Tract Of Land In Lots 26 & 27, G. I. Sub, containing 0.094469 acres.

Geo Number: 171421011013000 - Lot 130, G. I. Sub, containing 0.128563 acres.

Geo Number: 171421011013100 - Lot 131, G. I. Sub, containing 0.128561 acres.

Geo Number: 171421011014200 - Lot 142, G. I. Sub, containing 0.128742 acres.

Geo Number: 171421011014600 - Lot 146, G. I. Sub, containing 0.128566 acres.

Geo Number: 171421011014900 - Lot 149, G. I. Sub, containing 0.128563 acres.

Geo Number: 171421011018400 - Lot 184, G. I. Sub, containing 0.128567 acres.

Geo Number: 171421011021100 - S. 80 Ft Of Lots 133, 134 & 135 G. I. Sub containing 0.219992 acres.

Geo Number: 171421011021200 - N. 60 Ft Of Lots 133, 134 & 135, G. I. Sub, containing 0.165153 acres.

Geo Number: 171421012017500 - Lot 175, G. I. Sub, containing 0.128562 acres.

Geo Number: 171421012018000 - Lot 180, G. I. Sub, containing 0.132585 acres.

Geo Number: 171421012022200 - Lot 222, G. I. Sub, containing 0.128567 acres.

Geo Number: 171421012022500 - Lot 225, G. I. Sub, containing 0.130232 acres.

Geo Number: 171421012024000 - Lot 240, G. I. Sub, containing 0.128334 acres.

Geo Number: 171421012025700 - Lot 174 & E/2 Of Lot 173, G. I. Sub, containing 0.19566 acres.

Geo Number: 171421014043600 - Lot 436, Coleman College Addn, containing 0.128562 acres.

Geo Number: 171421014050700 - Lots 416 & 417, Coleman College Addn, containing 0.257162 acres.

Geo Number: 171421020000100 - Lot 1, Cora Snowden Sub 2 Imps, containing 0.227399 acres.

Geo Number: 171421020000200 - Lot 2, Cora Snowden Sub, containing 0.244064 acres.

Geo Number: 171421020000300 - Lot 3, Cora Snowden Sub, containing 0.326208 acres.

Geo Number: 1714210230000200 - That Part Of Lots 243 & 244 Lying W. Of Airport Ditch, Cora Snowden Sub, containing 0.149784 acres.

Geo Number: 1714210230000500 - W'Ly 30 Ft. Of Lot 254, Cora Snowden Sub, containing 0.093518 acres.

Geo Number: 171421023000800 - West 30 Ft. Of Lot 249, Cora Snowden Sub, containing 0.091113 acres.

Geo Number: 171421023001000 - W. 30 Ft. Of Lot 259, Cora Snowden Sub, containing 0.092874 acres.

Geo Number: 171421023024200 - Lot 242, Cora Snowden Sub, Less R/W, containing 0.143082 acres.

Geo Number: 171421023024500 - Lots 245 & 246 Less R/W For Drain, Cora Snowden Sub, containing 0.182343 acres.

Geo Number: 171421023024700 - Lot 247, Cora Snowden Sub, containing 0.153015 acres.

Geo Number: 171421023024800 - Lot 248, Less R/W For Drain, Cora Snowden Sub, containing 0.092858 acres.

Geo Number: 171421023026100 - West 45 Ft of Lot 227, Cora Snowden Sub, containing 0.092993 acres.

Geo Number: 171421028013800 - Lot 138, Coleman College Sub, containing 0.128566 acres.

Geo Number: 171421028024100 - Lot 241, Coleman College Sub, containing 0.128403 acres.

Geo Number: 171421028024200 - Lot 242, Coleman Collage Sub, containing 0.128751 acres.

Geo Number: 171421030019700 - Lot 197, Coleman College Sub, containing 0.128567 acres.

Geo Number: 171421031035700 - Lot 357, Coleman College Sub, containing 0.127636 acres.

Geo Number: 171421031037100 - South 92 Ft. Of Lots 358, 359 & 360, Coleman College Sub, containing 0.279246 acres.

Geo Number: 171421031037500 - Lot 225 & A Triangular Portion Of Lot 224 Coleman College Sub As Per Assrs City Plat, containing 0.180022 acres.

Geo Number: 171421024005400 – the W/2 of the NW/4, being 34, 35, 36 & 37, J.B. Lewis lands, Less R/W containing 75.81 acres.

Geo Number: 71421-000-0019- the W/2 of SW/4, less the road, totaling 75.09 acres.