

SPECIAL MEETING
REGENTS OF THE UNIVERSITY OF OKLAHOMA
WEDNESDAY, FEBRUARY 17, 1960
10:00 A.M.

A special meeting of the Board of Regents of the University of Oklahoma was held in Room 165 of the Oklahoma Memorial Union Building on the Norman Campus, at 10:00 a.m., for the purpose of receiving and opening sealed bids for oil and gas leases on three tracts of land, University Campus, as advertised in the NORMAN TRANSCRIPT.

The following members were present: Regent Grisso, President, presiding; Regents Savage, Morgan, Rothbaum.

ABSENT: Regents Benedum and Northcutt.

Representatives of various oil companies submitting bids were present. The President of the Regents proceeded to open the bids on various tracts. They were publicly read, and they were as follows:

TRACT "A", Golf Course and Parkview Apartments Area

"PETROLEUM, INC.
Oklahoma City 2, Oklahoma

February 16, 1960

"The Regents of the University of Oklahoma
University of Oklahoma
Norman, Oklahoma

"Re: Bid for Oil and Gas Lease on land
described as 'Tract A' in Notice of
Sale of Oil and Gas Leases first
published January 21, 1960

"Gentlemen:

"The following bids are submitted by Petroleum, Inc. (d/b/a Petroleum, Inc. of Kansas) for an oil and gas lease upon all of the Regents' interest in and to the oil, gas and other minerals lying in and under the tract of land specifically described in the Notice of Sale of Oil and Gas Leases as 'Tract A', said tract consisting of land known as the 'Golf Course' and 'Parkview Apartment' property and containing a total of 73.853 acres, more or less.

"The Regents indicated an interest in different bid combinations on cash bonuses and excess royalties by expressing in the published Notice that they would 'consider as a definite part of each bid, such cash bonuses and any proffered royalties greater than those specified.' Three bids are

February 17, 1960

6495

submitted, each of them containing a different cash bonus and two of them containing royalties on oil greater than those specified in the Notice. The Regents may accept whichever of the following three bids they prefer.

	<u>CASH BONUS</u> <u>PER ACRE</u>	<u>ROYALTY ON OIL</u>	<u>ROYALTY ON GAS &</u> <u>CASINGHEAD GAS</u>
Bid No. 1	\$281	25% or 1/4th	25% or 1/4th
Bid No. 2	\$481	18 3/4% or 3/16ths	25% or 1/4th
Bid No. 3	\$681	12 1/2% or 1/8th	25% or 1/4th

"As an additional consideration for an oil and gas lease covering said 'Tract A', Petroleum, Inc. expressly agrees that it will commence operations on or before March 4, 1960, to drill a test well in the center of the NW/4 NW/4 NE/4 of Section 5-8N-2W, Cleveland County, Oklahoma, and will drill said well to a depth of approximately 8800 feet or to a depth sufficient to test the 'Oil Creek' sand. Said test well will be a direct southeast diagonal offset to the 'Golf Course' property and a direct east offset to the 'Parkview Apartments' property.

"It is respectfully submitted that the Board of Regents should also consider as a part of this bid the fact that Petroleum, Inc. has procured an agreement giving it the right to locate drill sites on the NW/4 NW/4 NE/4 of Sec. 5-8N-2W for the drilling of directional wells. From these locations outside the city limits, wells bottomed under the 'Golf Course' and 'Parkview Apartments' can be drilled. Petroleum, Inc. is in a position now to meet the prescribed condition of the six-month drilling requirement. To our knowledge no other bidder is in this position as we believe none have acquired feasible drill sites or can represent to the Board that there are probable prospects of acquiring them.

"We enclose a check in the amount of \$25,146.95, which is 50% of the total cash bonus payable under Bid No. 3, above, which contains the highest cash bonus offer.

Respectfully submitted,

PETROLEUM, INC. (d/b/a Petroleum
Inc. of Kansas)

By /s/ James M. Carmichael
District Landman"

TRACT "B", North Campus

"To: Regents of the University of Oklahoma

"I hereby bid the sum of \$15,000.00 as bonus on Oil & Gas Lease listed as 'Tract B' in sale of February 17, 1960, more particularly described as follows:

February 17, 1960

6496

"The Southeast Quarter (SE/4) of Section Fourteen (14), Township Nine North (9N), Range Three West (3W), and The Southwest Quarter (SW/4) of Section Thirteen (13), Township Nine North (9N), Range Three West (3W) -- less three acres for Oklahoma Railroad right-of-way, and The Northwest Quarter (NW/4) of Section Twenty-Four (24), Township Nine North (9N), Range Three West (3W), in all containing 480 acres, more or less.

/s/ S. J. Sarkeys
(S. J. Sarkeys)
P.O. Box 184
Norman, Oklahoma"

"THE PURE OIL COMPANY
Tulsa, Oklahoma

February 16, 1960.

"The Board of Regents of the University of Oklahoma
Administration Building
University of Oklahoma
Norman, Oklahoma

"Gentlemen:

"The Pure Oil Company respectfully submits a bid for an Oil and Gas Lease covering a full mineral interest in and to the oil, gas and other hydrocarbons lying in and under the following described tract referred to as Tract 'B' in the Regents' Notice of Oil and Gas Leases Sale and more particularly described as follows:

"The Southeast Quarter (SE $\frac{1}{4}$) of Section 14 and the Southwest Quarter (SW $\frac{1}{4}$) of Section 13, excepting therefrom a triangular area of approximately .3 acre in the Northeast Corner of said section, being the right-of-way of the Oklahoma Railroad, and the Northwest Quarter (NW $\frac{1}{4}$) of Section 24, All in 9 North - 3 West, Cleveland County, Oklahoma, and estimated to contain 480 acres, more or less.

"The terms of The Pure Oil Company's bid, hereafter referred to as Pure, are as follows:

- "1. Pure shall pay a bonus consideration of \$92.11 per acre, or a total of \$44,212.80, for the lease. Pure encloses a Cashier's Check in the amount of \$22,106.00 which is 50% of the total bid and shall be considered as earnest money. In the event Pure is not awarded the lease, said earnest money shall be returned to Pure.

February 17, 1960

6497

- "2. Pure shall make a production payment of \$72,000.00 payable out of 1/16 of 7/8 of oil, gas and other hydrocarbons produced and sold from the premises.
- "3. In the event The Board of Regents of the University of Oklahoma own less than a full interest in the above described land, then all of the items hereinabove bid shall be proportionately reduced to the actual interest owned.
- "4. Pure also agrees to incorporate in said lease all those reservations, restrictions, rules and regulations as stated in Notice of Oil and Gas Leases Sale.

Very truly yours,

/s/ John L. Morrissey

Land Department"

TRACT "C", North Campus

"THE PURE OIL COMPANY
Tulsa, Oklahoma

February 16, 1960.

"The Board of Regents of the University of Oklahoma
Administration Building
University of Oklahoma
Norman, Oklahoma

"Gentlemen:

"The Pure Oil Company respectfully submits a bid for an Oil and Gas Lease covering a full interest in and to the oil, gas and other hydrocarbons lying in and under the following described tract referred to as Tract 'C' in the Regents' Notice of Oil and Gas Leases Sale and more particularly described as follows:

"The Northeast Quarter (NE $\frac{1}{4}$) of Section 23 - 9N - 3W, the Southeast Quarter (SE $\frac{1}{4}$) of Section 23 - 9N - 3W, the Southwest Quarter (SW $\frac{1}{4}$) of Section 24 - 9N - 3W except the North 1320 feet thereof, Cleveland County, Oklahoma, and estimated to contain approximately 400 acres, more or less.

"The terms of The Pure Oil Company's bid, hereafter referred to as Pure, are as follows:

- "1. Pure shall pay a bonus consideration of \$211.23 per acre, or a total of \$84,492.00. As part of their bonus consideration, Pure encloses a Cashier's Check for \$42,246.00 which is 50% of the bonus bid offered and shall be considered as earnest money and shall be returned to Pure in the event Pure is not awarded the lease.
- "2. Pure shall pay a 1/4 of 8/8 royalty on gas and casinghead gas in the event of production.
- "3. Pure shall pay a 1/8 of 8/8 royalty on oil in the event of production, and as an added consideration Pure shall pay an additional 1/16 of 8/8 overriding royalty on oil.
- "4. Pure shall make a production payment of \$84,492.00 out of 1/16 of 7/8 on oil, gas and other hydrocarbons produced and sold from the premises.
- "5. Pure shall, within 180 days from effective date of lease, commence operations for the drilling of a test well at a location to be selected by Pure on the leased premises and shall continue the drilling of said well with reasonable diligence to a depth sufficient to adequately test the Oil Creek Sand, or to a depth of 10,500 feet, whichever is the lesser depth, or release all of the lease.
- "6. Pure shall commence operations for a second well within ninety (90) days from official Corporation Commission completion of first well or release all of said lease except the Corporation Commission approved drilling and spacing unit upon which first well is located, which reserved acreage shall be not less than forty (40) acres.
- "7. Pure shall commence operations for each subsequent well within ninety (90) days following the official completion date of the last preceding well drilled until the entire leased premises have been drilled on the basis of one well on each approved drilling and spacing unit, or release the entire lease except as to the drilling and spacing unit on which test wells already have been drilled.
- "8. In the event The Board of Regents of the University of Oklahoma own less than a full interest in the above described land, then all of the items hereinabove bid shall be proportionately reduced to the actual interest owned.
- "9. Pure also agrees to incorporate in said lease all those reservations, restrictions, rules and regulations as stated in Notice of Oil and Gas Leases Sale.

Very truly yours,

/s/ John L. Morrissey

Land Department"

February 17, 1960

6499

"FAIN-PORTER DRILLING CORPORATION
Oklahoma City, Oklahoma

February 16, 1960

"Administration Building
University of Oklahoma
Norman, Oklahoma

"Attention: The Regents of the University of Oklahoma

"Gentlemen:

"Re: Oil and Gas Lease Sale
Regents of the University
of Okla.
Bid on Tract 'C'

"In accordance with NOTICE OF SALE OF OIL AND GAS LEASES issued by the Regents of the University of Oklahoma, Fain-Porter Drilling Corporation hereby tenders a bid on Tract 'C' of the Notice, more particularly described as follows:

"That tract of land known as a part of the North Campus of the University of Oklahoma in Cleveland County, Oklahoma comprised of the East Half of Section Twenty-three (23) and a part of the Southwest Quarter (SW/4) of Section Twenty-Four (24) all being a part of Township Nine (9) North Range Three (3) West of the Indian Meridian hereinafter referred to as Tract 'C' and more particularly described as follows:

"The Northeast Quarter (NE/4) of Section Twenty-three (23) Township Nine (9) North, Range Three (3) West of the Indian Meridian, situate in Cleveland County, Oklahoma. The Southeast Quarter (SE/4) of Section Twenty-three (23) Township Nine (9) North, Range Three (3) West of the Indian Meridian, situate in Cleveland County, Oklahoma. The Southwest Quarter (SW/4) of Section Twenty-four (24), Township Nine (9) North, Range Three (3) West of the Indian Meridian, except the North 1320 feet thereof, situate in Cleveland County, Oklahoma.

"End of Description Considered as 'Tract C'.

"The Fain-Porter Drilling Corporation bid is on the following terms:

"1. A total cash consideration of \$45,000.00. A cashiers check of the Liberty National Bank and Trust Company, their Number 719384 in the amount of \$22,500.00 is hereby tendered as 50% of the cash bonus offered in accordance with the requirement made in the Notice of Sale.

February 17, 1960

6500

"2. The Oil and Gas Lease shall contain a provision whereby the Lessor shall retain in addition to the usual 1/8th royalty an overriding royalty interest of 1/16th of 7/8ths of all production on oil.

"3. The Oil and Gas Lease shall contain a provision whereby the Lessor will retain 1/4th of all of the gas and casinghead gas produced from any production unit and attributable to the leased lands or any part thereof, and in the event of discovery of natural gas such gas shall be furnished free of charge to any institution located or hereafter located upon the lands covered by this Lease.

"4. Fain-Porter Drilling Corporation will agree to commence operations for the drilling of a test well to be located on the subject tract within six months from the date of the issuance of the Lease and continue drilling of said well with due diligence to a depth sufficient to test the Bromide sands or such Lease shall be null and void with Fain-Porter to forfeit all further rights and benefits under the Lease.

"5. Fain-Porter Drilling Corporation further agrees to accept and conform with all of the restrictions and regulations more specifically set out in the NOTICE OF SALE OF OIL AND GAS LEASES.

Respectfully submitted,

ATTEST:

FAIN-PORTER DRILLING CORPORATION

By Rex H. Anspaugh /s/
Secretary

By /s/ W. E. Howell
W. E. Howell, President"

"ANDERSON-PRICHARD OIL CORPORATION
Oklahoma City 2, Oklahoma

February 16, 1960

"The Regents of the University of Oklahoma
Norman, Oklahoma

"Attention: Mr. E. R. Kraettli, Secretary

"In re: Oil and Gas Lease on Tract No. 'C'
February 17, 1960, Oil and Gas
Lease Sale at 10:00 A.M. Adminis-
tration Building, University of
Oklahoma, Norman, Oklahoma

"Gentlemen:

"Pursuant to the Notice of Sale of Oil and Gas Lease, published by The Regents of the University of Oklahoma in the Norman Transcript on

February 17, 1960

6501

January 21st and 28th, and on February 4th and 11th, 1960, Anderson-Prichard Oil Corporation hereby submits the following bid for Oil and Gas Lease relating to Tract 'C', as referred to in the above caption:

- "(a) A lease bonus of \$50,162.64.
- "(b) The reservation by the lessor, in addition to the standard one-eighth (1/8th) royalty on oil produced from lands covered by said tract, of an overriding royalty interest of one-sixteenth (1/16th) of eight-eighths (8/8ths) of the oil produced under the terms of the lease covering said lands.
- "(c) An agreement that lessee will, within sixty (60) days after the execution date of said lease, commence operations for the drilling of a test well at a location to be selected by the lessee on the leased premises and thereafter continue the drilling of the well with due diligence to a depth sufficient to adequately test the Oil Creek Sand Formation or to a depth of 10,300 feet, whichever is the lesser depth.
- "(d) An agreement that the lessee will drill such additional wells as may be required in order to comply with the implied covenants to reasonably develop the lease and to protect the lease against offset damage.
- "(e) In further agreement the lessee will comply with and abide by those reservations and conditions set forth in the Notice of Sale issued by The Regents of the University of Oklahoma.

"In compliance with the notice, Anderson-Prichard Oil Corporation tenders a Cashier's Check in the amount of \$25,081.32 being fifty per cent (50%) of the lease bonus as earnest money.

Yours very truly,

ANDERSON-PRICHARD OIL CORPORATION

By: /s/ R. W. Brauchli
R. W. Brauchli, Vice President
In Charge of Exploration"

Following the reading of all bids, a tabulation having been made, Regent Savage moved, and having been duly seconded it was unanimously voted to accept the bid of Pure Oil Company on Tract "C".

Eric R. Kraethl
Secretary