

STATE OF ALASKA

Frank H. Murkowski, Governor

Department of Natural Resources

550 WEST 7th AVENUE, SUITE 800
ANCHORAGE, ALASKA 99501

Division of Oil and Gas

November 21, 2006

Phone: 269-8757

Instructions to Bidders

ALASKA PENINSULA AREA WIDE 2007
NORTH SLOPE FOOTHILLS AREA WIDE 2007

PLEASE READ ALL INSTRUCTIONS CAREFULLY. AN ERROR ON YOUR PART COULD RESULT IN YOUR BID BEING REJECTED.

A. Pre-Qualification of Bidders

In order for bids to be accepted, bidders **must** be pre-qualified with the Division of Oil and Gas (DO&G) no later than 4:00 p.m. on February 26, 2007. To pre-qualify the following information and documents **must** be on file with DO&G:

1. Individual

- a. In the case of a person, a signed and dated statement including the bidder's name, current address, telephone number, e-mail address (if used) and a certification that the bidder is of the age of majority and a citizen of the United States or an alien qualified under AS 38.05.190; and
 - 1) In the case of a guardian, trustee, or other legal representative of a person, a certified copy of the court order authorizing the representative to act in that capacity; or
 - 2) In the case of an agent acting on behalf of an individual, an original or certified copy of a notarized power of attorney.

2. Corporation

- a. In the case of a corporation, the corporation's current name, mailing address, phone and fax number, and e-mail addresses; and
 - 1) A list of the individuals authorized to act on its behalf with respect to the bid; and
 - 2) An original or certified copy of a notarized power of attorney authorizing any agent who is not a current officer but who has been authorized by the corporation to act on its behalf with respect to the bid; and
 - 3) A **2007** Certificate of Compliance (Certificate of Good Standing) for a corporation qualified to do business in Alaska or, if qualifying for a lease sale for the first time, either:
 - (a) A Certificate of Authority for a foreign corporation (Certificate of Registration for a foreign LLC) qualified to do business in Alaska (a foreign corporation is a corporation incorporated outside Alaska); or

“Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans.”

- (b) A Certificate of Incorporation for a domestic corporation (Certificate of Organization for a domestic LLC) qualified to do business in Alaska.

The Certificate of Compliance (Certificate of Good Standing) provides written proof that the corporation has paid all taxes/fees, complied with all applicable laws and thus remains qualified to do business in the state. It is the bidder's responsibility to ensure that the required certificate is filed with DO&G.

***NOTE:** The required Alaska certificates must be requested from the Alaska Department of Commerce, Community and Economic Development, (DCC&ED). You may purchase the certificates online at <http://www.dced.state.ak.us/occ/>. For information on obtaining a certificate by mail, write the DCC&ED, Corporations Section; PO Box 110808, Juneau, AK 99811-0808, email: corporations@commerce.state.ak.us or call (907 465-2530). Upon proper application, DCC&ED will issue the requested certificate. If not purchased online, please allow ten days for the processing of the certificate.*

3. Partnership, joint venture, or other unincorporated association

A partnership, joint venture, or other unincorporated association must file a statement describing the business relationship between the members of the association, joint venture or partnership; and the documents required for individuals or corporations for each participant as appropriate.

Materials previously filed with DO&G, if current and accurate, may be used by referring to the filing date of the previously filed material and by providing a statement as to any material changes or amendments. It is the bidder's responsibility to ensure that all pre-qualification requirements are fulfilled. Failure to provide DO&G with any of the above required documents or information may result in disqualification and the rejection of any bids submitted. For additional qualification information, please contact Dawn Greenan at (907) 269-0138 or dawn_greenan@dnr.state.ak.us.

B. Preparing Bids for Submission

1. Bids for Alaska Peninsula Areawide (AP) 2007 and North Slope Foothills Areawide (FH) 2007 must be submitted on a Bid Form For Areawide Oil & Gas Lease Sale (Revised 10/03) or an exact copy of that form.
2. The bid form must be completely filled out. The section identifying the bidder or bidder's agent must indicate the bidder or agent's name (and company if applicable), both physical and mailing addresses, telephone number and e-mail address. Under 11 AAC 82.430, joint bids must disclose, and the bid form must be signed by or on behalf of, each person or company that has any working interest in the bid or who will receive any working interest in any lease issued in this sale by virtue of any agreement or understanding, oral or written. All lease interest percentages must be represented by a number with no more than five decimal places (with no rounding). Bids with fractional lease interests must be expressed in decimals of no more than five digits without rounding. The sum of all ownerships for each bid must be exactly 100.00000 percent.
3. Each bid must include the Total Bid Per Acre, Total Estimated Bonus Bid, and a deposit in cash, by money order, cashier's check or certified check in U.S dollars that must equal **a minimum of 20.00000% of the Total Estimated Bonus Bid** being offered for the tract. Checks must be drawn on any solvent bank in the United States. Make checks and money orders payable to the "Department of Natural Resources, State of Alaska."
4. For the purposes of formulating bids, bidders are required to calculate the Total Estimated Bonus Bid based on an estimated acreage figure (See Attachment A for the appropriate sale). In most cases these estimated tract acreages will be more than the actual available leaseable acreage for each tract.

Sample Total Estimated Bonus Bid/Minimum Bid Deposit Calculation:

Tract # 0433: Estimated tract acreage from "Attachment A" = 1,920 acres
Bid of \$10.27 per acre

1,920 acres x \$10.27 bid per acre = \$19,718.40 Total Estimated Bonus Bid

\$19,718.40	Total Estimated Bonus Bid
x 20.00000%	minimum bid deposit required
= \$3,943.68	minimum bid deposit amount
= \$3,944.00	bid deposit after rounding upwards to nearest whole dollar.

CAUTION: All bid deposit calculations that result in sums containing fractions of less than one dollar should be rounded upwards to the nearest whole dollar in order to ensure that a minimum of 20.00000% of the total estimated bid is being tendered.

- Each bid must be submitted separately in a single envelope. Each envelope should contain only one bid for one tract and be marked, as appropriate:

State of Alaska, Alaska Peninsula Areawide Lease Sale 2007
Not to be opened until 8:30 a.m., February 28, 2007; Tract #_____.

or

State of Alaska, North Slope Foothills Areawide Lease Sale 2007
Not to be opened until 8:30 a.m., February 28, 2007; Tract #_____.

NOTE: No other markings should appear on the outside of the bid envelope(s). Personal checks will not be accepted. No bid for less than a full tract will be considered. Bids with deposits of less than 20.00000% of the estimated total cash bonus bid for the tract will not be accepted. Bids for less than the minimum bid specified in the Sale Announcement will be rejected.

D. **Bid Submission**

Hand-carried bids will be received for these sales on February 26, 2007 in DO&G's offices in Suite 800 of the Atwood Building, located at 550 W. 7th Ave., in Anchorage, Alaska. Mailed bids, and bids sent by delivery service, must be sent to the Director, DO&G, 550 West 7th Ave., Suite 800, Anchorage, Alaska 99501-3560. **The division must receive all bids no later than 4:00 p.m. February 26, 2007.** Bids arriving prior to February 26, 2007, will be held by DO&G until 9:00 a.m. February 26, 2007, and will be officially received at that time. Information regarding the bids will be held confidential until the day of the sale.

CAUTION: BIDS RECEIVED AFTER 4:00 p.m. (ADT), February 26, 2007 WILL BE REJECTED

E. **Bid Processing and Reading**

Both the AP 2007 and the FH 2007 lease sales will be held on February 28, 2007, in the Wilda Marston Theater, Loussac Public Library, 3600 Denali Street, in Anchorage. Bids will be processed in the following manner:

- February 28, 2007, 8:30 a.m. - bids will be opened and read in public in Anchorage at the Wilda Marston Theater, Loussac Public Library, 3600 Denali Street. Bid opening may take one hour or longer, depending on the amount of bids received.
- February 28 (upon return from sale) approx. 9:30 a.m. – 4:30 p.m., and March 1, 2007, 8:00 a.m. until completed - bids will be adjudicated in the Division of Oil and Gas offices.
- Preliminary Sale Results, including a list of the apparent high bidders, will be posted on the division's website at <http://www.dog.dnr.state.ak.us/oil/> once bid adjudication has been completed.

4. A bidder submitting a bid that is not the apparent high bid may pick up their bid deposit between 9:00 a.m. and 3:00 p.m. on March 2, 2007, in Suite 800, of the Atwood Building, located at 550 W. 7th Ave., in Anchorage, Alaska. Bid deposits that have not been retrieved by 3:00 p.m., March 2, 2007, will be returned to the bidder according to the instructions for return of bid deposit shown on the bid form.
5. All bid deposits for an apparent high bid tendered in cash or by certified check, cashier's check or money order will be presented (dependent upon final adjudication) on February 28, 2007, for payment in federal funds at the First National Bank of Anchorage.

The opening and reading of bids is for the sole purpose of publicly announcing bids received. No bids will be officially accepted or rejected at this time.

NOTE: For Areawide Oil and Gas Lease Sales, successful bidders will be determined based on the HIGHEST Total Bid Per Acre for each tract, rather than the highest Total Estimated Bonus Bid for the tract.

F. **Method of Handling Bids Following the Sale**

1. **The bidder submitting a valid bid representing the highest Total Bid Per Acre will be the apparent high bidder.** Once the commissioner accepts the apparent high bids and bid deposits, the high bidders will then receive a **Notice to High Bidder** informing them of the commissioner's acceptance of their apparent high bid and bid deposit. Please note that this may take several weeks.
2. Once the **Notice to High Bidders** has been issued, DO&G will initiate a title and survey review for each tract receiving a high bid. Once the title review has been completed and the Cadastral Survey Section has determined leaseable acreage for the tract, DO&G will issue **Award Notices** to the successful bidders. The **Award Notices** will inform the successful bidders of the total actual amount of leaseable acreage within the tracts and the actual total bonus bid for the tracts.

Note: Failure to comply with the Award Notice may place your bid in default. If you default on a bid, you will forfeit your bid deposit.

Note: The title and survey review may take several months for completion.

For further information regarding either areawide sale, please contact Kathy Means, DO&G, Anchorage, Alaska (907) 269-8757, email: kathy_means@dnr.state.ak.us, or Terry Peterson (907) 269-8816, email: terry_peterson@dnr.state.ak.us.



William Van Dyke
Acting Director

All bidders should be aware that there is an acreage limitation for oil and gas leases.
See AS 38.05.140(c).

Attachment A

Estimated Acreage for Tracts offered in Alaska Peninsular Areawide Oil and Gas Lease Sales

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tracts 0001 - 0117	5,760
Tract 0118	4,480
Tracts 0119 – 0146	5,760
Tract 0147	2,560
Tracts 0148 – 0166	5,760
Tracts 0167 – 0168	5,120
Tracts 0169 – 0188	5,760
Tract 0189	4,480
Tract 0190	3,840
Tract 0191	5,120
Tract 0192	5,760
Tract 0193	1,280
Tract 0194	5,760
Tract 0195	5,120
Tract 0196	3,840
Tract 0197	3,200
Tracts 0198 – 0213	5,760
Tract 0214	3,200
Tract 0215	1,280
Tracts 0216 – 0217	5,760
Tract 0218	1,920
Tract 0219	3,200
Tracts 0220 – 0234	5,760
Tract 0235	2,560
Tract 0236	1,920
Tract 0237	5,760
Tracts 0238 – 0240	4,480
Tracts 0241 – 0254	5,760
Tract 0255	3,200
Tracts 0256 – 0265	5,760
Tract 0266	5,120
Tracts 0267 – 0285	5,760
Tract 0286	5,120
Tracts 0287 – 0295	5,760
Tract 0296	4,480
Tracts 0297 – 0316	5,760
Tracts 0317 – 0326	3,840
Tracts 0327 – 0336	5,760
Tract 0337	2,560
Tracts 0338 – 0347	5,760

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 0348	1,920
Tracts 0349 – 0358	5,760
Tract 0359	2,560
Tracts 0360 – 0369	5,760
Tract 0370	3,200
Tracts 0371 – 0380	5,760
Tract 0381	3,840
Tracts 0382 – 0389	5,760
Tract 0390	3,200
Tract 0391	4,480
Tract 0392	5,120
Tracts 0393 – 0410	5,760
Tract 0411	3,200
Tracts 0412 – 0421	5,760
Tract 0422	3,840
Tracts 0423 – 0432	5,760
Tract 0433	4,480
Tracts 0434 – 0443	5,760
Tract 0444	5,120
Tracts 0445 – 0455	5,760
Tract 0456	3,200
Tracts 0457 – 0466	5,760
Tracts 0467 – 0468	3,840
Tracts 0469 – 0476	5,760
Tract 0477	3,840
Tracts 0478 – 0485	5,760
Tract 0486	3,840
Tract 0487	3,200
Tracts 0488 – 0496	5,760
Tract 0497	5,120
Tract 0498	2,560
Tracts 0499 – 0508	5,760
Tract 0509	4,480
Tracts 0510 – 0518	5,760
Tract 0519	5,120
Tracts 0520 - 0529	5,760
Tract 0530	3,840
Tracts 0531 – 0544	5,760
Tract 0545	3,840
Tract 0546	5,120
Tracts 0547 – 0561	5,760
Tract 0562	4,480
Tracts 0563 – 0572	5,760
Tract 0573	5,120
Tracts 0574 – 0583	5,760
Tract 0584	4,480
Tracts 0585 – 0590	5,760
Tract 0591	3,840

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tracts 0592 – 0598	5,760
Tract 0599	3,840
Tracts 0600 – 0605	5,760
Tract 0606	3,840
Tract 0607	3,200
Tracts 0608 – 0615	5,760
Tract 0616	1,920
Tracts 0617 - 0623	5,760
Tract 0624	3,840
Tracts 0625 – 0632	5,760
Tract 0633	4,480
Tract 0634	3,200
Tracts 0635 – 0644	5,760
Tract 0645	3,840
Tract 0646	2,560
Tracts 0647 – 0658	5,760
Tract 0659	2,560
Tracts 0660 – 0665	5,760
Tract 0666	3,840
Tract 0667	3,200
Tracts 0668 – 0675	5,760
Tract 0676	3,840
Tract 0677	3,200
Tracts 0678 – 0687	5,760
Tract 0688	4,480
Tracts 0689 – 0698	5,760
Tract 0699	3,840
Tract 0700	2,560
Tracts 0701 – 0708	5,760
Tract 0709	3,200
Tracts 0710 – 0719	5,760
Tract 0720	2,560
Tracts 0721 – 0730	5,760
Tract 0731	3,840
Tract 0732	2,560
Tracts 0733 – 0743	5,760
Tract 0744	5,120
Tract 0745	1,280
Tracts 0746 – 0755	5,760
Tract 0756	5,120
Tracts 0757 – 0783	5,760
Tract 0784	3,840
Tract 0785	4,480
Tracts 0786 – 0792	5,760
Tract 0793	3,840
Tracts 0794 – 0801	5,760
Tract 0802	1,280
Tracts 0803 - 0804	4,480

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 0805	1,920
Tracts 0806 – 0811	5,760
Tracts 0812 – 0813	5,120
Tracts 0814 – 0819	5,760
Tracts 0820 – 0821	3,840
Tracts 0822 – 0837	5,760
Tract 0838	4,480
Tract 0839	3,840
Tract 0840	3,200
Tract 0841	3,840
Tracts 0842 – 0862	5,760
Tracts 0863 – 0864	5,120
Tracts 0865 – 0888	5,760
Tract 0889	4,480
Tracts 0890 – 0912	5,760
Tract 0913	3,200
Tracts 0914 – 0937	5,760
Tracts 0938 – 0939	4,480
Tracts 0940 – 0965	5,760
Tract 0966	3,200
Tracts 0967 – 0993	5,760
Tract 0994	5,120
Tract 0995	1,280
Tracts 0996 – 1009	5,760
Tract 1010	5,120
Tracts 1011 – 1024	5,760
Tract 1025	3,840
Tract 1026	4,480
Tracts 1027 – 1029	5,760
Tract 1030	4,480
Tracts 1031 – 1034	5,760
Tract 1035	2,560
Tracts 1036 – 1039	5,760
Tract 1040	3,840
Tract 1041	3,200
Tracts 1042 – 1047	5,760

Estimated Acreage for Tracts offered in North Slope Foothills Oil and Gas Lease Sales

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tracts 0001 through 0094	5,760
Tract 0095	3,200
Tract 0096 and 0097	5,760
Tract 0098	3,200
Tracts 0099 through 0314	5,760
Tracts 0315 and 0316	3,840
Tracts 0317 through 0552	5,760
Tract 0553	1,920
Tract 0554	5,760
Tract 0555	1,920
Tracts 0556 through 0711	5,760
Tract 0712	2,560
Tract 0713	5,120
Tract 0714	3,200
Tracts 0715 through 0746	5,760
Tract 0755	5,760
Tract 0756	5,120
Tract 0757	3,840
Tracts 0758 through 0762	5,760
Tract 0763	5,120
Tract 0764	3,840
Tract 0765	5,760
Tracts 0766 through 0767	3,840
Tract 0768	2,560
Tracts 0769 through 0780	5,760
Tract 0781	4,480
Tracts 0782 through 0797	5,760
Tracts 0798 and 0799	5,120
Tract 0800	5,760
Tracts 0801 and 0802	3,840
Tracts 0803 through 0823	5,760
Tract 0824	5,120
Tracts 0825 and 0826	5,760
Tract 0827	5,120
Tracts 0828 through 0831	5,760
Tract 0832	3,200
Tract 0833	5,760
Tract 0834 through 0836	5,120
Tract 0837	3,200
Tract 0838	3,840
Tracts 0839 through 0871	5,760
Tract 0872	2,560
Tracts 0873	5,760
Tract 0874	3,840

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tracts 0875 through 0895	5,760
Tracts 0896 and 0897	4,480
Tracts 0898 through 0964	5,760
Tracts 0965 and 0966	3,840
Tracts 0967 through 1032	5,760
Tracts 1033 and 1034	3,840
Tracts 1035 through 1100	5,760
Tracts 1101 and 1102	3,840
Tracts 1103 through 1167	5,760
Tracts 1168 through 1226	5,760
Tracts 1227 through 1237	5,760
Tract 1238	3,840
Tracts 1239 through 1286	5,760
Tracts 1287 through 1296	5,760
Tract 1297	5,120
Tracts 1298 and 1299	5,760
Tract 1300	3,840
Tracts 1301 and 1302	5,760
Tracts 1303 and 1304	1,920
Tracts 1305 and 1306	5,760
Tracts 1307 and 1308	1,920
Tracts 1309 and 1310	5,760
Tracts 1311 and 1312	1,920
Tracts 1313 and 1314	5,760
Tracts 1315 and 1316	3,840
Tracts 1317 and 1318	5,760
Tract 1319	3,840
Tract 1320	2,560
Tracts 1321 and 1322	5,760
Tracts 1323 and 1324	3,840
Tracts 1325 and 1326	5,760
Tracts 1327 and 1328	3,840
Tracts 1329 and 1330	5,760
Tracts 1331 and 1332	3,840
Tracts 1333 and 1334	5,760
Tracts 1335 and 1336	3,840
Tracts 1337 and 1338	5,760
Tract 1339	5,760
Tract 1340	3,840
Tracts 1348 through 1355	3,840
Tracts 1383 and 1384	1,280
Tracts 1385 and 1386	1,280
Tracts 1387 and 1388	1,280
Tract 1389	1,280