



April 10, 2020

**SALE ANNOUNCEMENT AND INSTRUCTIONS TO BIDDERS
SPRING 2020
COMPETITIVE OIL AND GAS LEASE SALES**

The Alaska Department of Natural Resources (DNR), Division of Oil and Gas (DO&G), is offering the Cook Inlet Areawide and Alaska Peninsula Areawide in the Spring 2020 Competitive Oil and Gas Lease Sales.

Bidding Method

The bid method for this sale will be cash bonus and fixed royalty, with competition by sealed bid. DO&G has contracted with EnergyNet Services, LLC (EnergyNet) to provide an online bidding system for this sale. Bidder registration and bid submission will be on the EnergyNet Government Listings site at <https://www.energynet.com>.

Sale Dates

All times listed are Alaska Daylight Time (UTC-8).

- Last day for acreage to be included in lease sale – Wednesday, April 1, 2020
- Tract map available – On or after Friday, April 17, 2020
- First day to view lease sale on EnergyNet – Friday, April 17, 2020
- First day to submit bids with EnergyNet – Tuesday, May 19, 2020
- Deadline to qualify to bid with DO&G – Thursday, June 4, 2020 at 4:00 p.m.
- Deadline to submit bids with EnergyNet – Thursday, June 11, 2020 at 4:00 p.m.
- Deadline to submit signed bid forms – Tuesday, June 16, 2020 at 2:00 p.m.
- Bidding results available to the public – Wednesday, June 17, 2020 at 9:00 a.m.
- Deadline to settle bid deposit wire transfers – Wednesday, June 17, 2020 at 2:00 p.m.

Sale Documents

The following documents are available at <http://dog.dnr.alaska.gov/Services/BIFAndLeaseSale>.

- Notice of Sale
- Sale Announcement and Instructions to Bidders
- Areawide Sale Information with Attachment A
- Lease Forms
- Mitigation Measures
- Tract Map (Available on or after April 17, 2020)

Please call (907) 269-8800 or email dog.leasing@alaska.gov if you are unable to access sale information. Subscribe to leasing email announcements at <http://list.state.ak.us/mailman/listinfo/DOG.Leaning>.

Best Interest Findings to Offer Areawide Oil and Gas Leasing

Areawide lease sales are authorized under AS 38.05.035(e) and AS 38.05.180. Under these statutes, land that is subject to a best interest finding issued within the previous 10 years may be offered for oil and gas leasing. The finding sets forth the facts, policies, and applicable laws and regulations upon which the Director based their determination that oil and gas lease sales in an Areawide sale will best serve the interests of the State. Every year the Director requests substantial new information that may justify a supplement to the finding and issues a response to information received.

Best interest findings and supplements can be found at <http://dog.dnr.alaska.gov/Services/BIFAndLeaseSale>. If you are unable to access this information, call the Leasing Section at (907)269-8800 or email dog.bif@alaska.gov.

Acreage Offered in Areawide Lease Sales

DO&G offers all unleased, state-owned acreage in an Areawide lease sale. The acreage must be unleased on the close of business on the date specified in the **Sale Dates** section of this document to be available in a sale. Acreage that becomes available for leasing after that date may be offered in a future lease sale.

See the **Lease Adjudication** section of this document for more information on how and when DO&G determines acreage is available for leasing.

DO&G may receipt bids on all lease sale tracts listed in Attachment A of the Areawide Sale Information, except tracts deferred or deleted from sale. An Areawide lease sale tract map displaying the location of all lease sale tracts within the Areawide sale will be released according to the **Sale Dates** section of this document. The lease sale tract map will also show general land ownership and lease status.

Estimated Acreage for each lease sale tract is listed in Attachment A of the Areawide Sale Information and is used to calculate Estimated Bonus Bids and Minimum Bid Deposits. A final determination of acreage available will be made during lease adjudication. The Estimated Acreage may be more than the actual acreage available in a lease sale tract after lease adjudication.

A bid on a lease sale tract that DO&G determines has no lands available for leasing or has been deferred or deleted from sale will not have priority over later bids when lands become available for leasing, nor will the bid be valid for future lease sales.

Lease Adjudication

State-owned land available for leasing in a lease sale tract will not be determined unless a bid is received for the tract. Following the sale, DO&G will adjudicate the lease for award. Lease adjudication includes a comprehensive evaluation of land status, ownership and survey information, and a final determination on what lands, if any, are available for oil and gas leasing. Lease adjudication may take several months to complete.

Lands within a tract will not be leased if not State-owned, subject to an existing oil and gas lease, clouded by title claims, within tracts deferred or deleted from sale, subject to pending applications or administrative appeals or litigation or agreement, or otherwise determined by DO&G to be unavailable for leasing. DO&G may determine that no lands within a tract are available for leasing, in which case DO&G will issue a notice of no award.

Bidders are cautioned to verify land status, ownership, and acreage within lease sale tracts prior to bidding.

DNR provides online tools for researching land title, lease status, leasing history, and recorded documents within a lease sale tract (LST) or meridian, township, range, and section (MTRS). The US Department of Interior Bureau of Land Management (BLM) provides tools for researching land title and federal land surveys by MTRS. In addition, publicly available DO&G lease case file documents are available on request. Call (907) 269-8800 or email dog.leasing@alaska.gov for assistance.

Online tools for researching Alaska land records are available at:

- Land Descriptions and Surveys – <http://dnr.alaska.gov/landrecords/docs/landrecords.pdf>
- DNR Land Administration System (LAS) – <http://dnr.alaska.gov/projects/las/>
- DNR Land Records – <http://dnr.alaska.gov/landrecords/>
- DNR Alaska Mapper – <http://dnr.alaska.gov/mapper/controller>
- DNR Recorder’s Office – <http://dnr.alaska.gov/ssd/recoff/>
- BLM Spatial Data Management System (SDMS) – <http://sdms.ak.blm.gov/>

Tracts Deferred or Deleted from Sale

DO&G will not receipt bids on deferred or deleted lease sale tracts. The lease sale tracts may be included in future Areawide sales. DO&G annually reviews available information to determine whether to offer a deferred or deleted tract in future lease sales.

DO&G reserves the right to delete or defer additional acreage or tracts from the sale at any time prior to issuance of the lease in accordance with 11 AAC 82.400.

Deferred lease sale tracts are listed on Attachment A of the Areawide Sale Information and will not be listed with EnergyNet. Check <http://dog.dnr.alaska.gov/Services/BIFAndLeaseSale> for updated Attachment A documents.

Mitigation Measures

AS 38.05.035(e) and the departmental delegation of authority give the Director the authority to impose conditions or limitations in addition to those required by law to ensure the disposal best serves the interests of the State. To meet this requirement, the Director has adopted mitigation measures that will be attached to the lease.

The mitigation measures that apply to leases awarded in this Areawide sale are available at <http://dog.dnr.alaska.gov/Services/BIFAndLeaseSale>.

Bonding

An oil and gas lease bond of a minimum of \$10,000 per operation is required under Alaska Administrative Code (AAC) 11 AAC 83.160 before operations commence on a lease. Alternatively, a statewide oil and gas lease bond of a minimum of \$500,000 for operations conducted on more than one lease may be filed. These bonding provisions do not affect the commissioner's authority to require additional bonds as may be determined to be necessary. Additional bonding may be required under 11 AAC 82.465, 11 AAC 82.600, 11 AAC 82.615, 11 AAC 83.390 and 11 AAC 96.060, lease provisions in Paragraph 21(b), and applications approved under AS 38.05.180(m) and 11 AAC 83.705. In addition, the Alaska Oil and Gas Conservation Commission (AOGCC) requires bonding before drilling operations will be permitted by that entity under 20 AAC 25.025. Information on AOGCC permitting and bonding is available at <https://www.commerce.alaska.gov/web/aogcc>.

Qualification of Bidders

Bidders must qualify with DO&G in accordance with 11 AAC 82.200-.205 and Division instructions before the deadline specified in the **Sale Dates** section of this document. Corporations, partnerships, joint ventures, limited liability companies, and other business entities must also be qualified with the Alaska Department of Commerce, Community and Economic Development (DCC&ED) to do business in Alaska prior to the qualification deadline.

Information on qualifying to bid in a lease sale is available at <http://dog.dnr.alaska.gov/Services/Applications>. For additional information on qualifying, please call (907) 269-8800, or email dog.qualifications@alaska.gov.

Information on how to qualify with DCC&ED and obtain copies of certificates is available from DCC&ED at <https://www.commerce.alaska.gov/web/cbpl/Corporations.aspx>. For additional information on these requirements, please call the Corporations Section at (907) 465-2550 or email corporations@alaska.gov.

Qualification information and supporting documents must be on file with DO&G no later than specified in the Sale Dates section of this document. It is the bidder's responsibility to ensure that all qualification requirements are met. Failure to provide DO&G with qualification information or documents may result in rejection of bids.

Online Bidding

Bidder registration and bid submission will be on the EnergyNet Government Listings site at <https://www.energynet.com>. The online bidding system will be available as specified in the Sale Dates section of this document. Bidders with questions about registration and bid submission are encouraged to contact EnergyNet.

You must register with EnergyNet to submit a bid. EnergyNet requires registration for each sale listed and does not use the registration information for future sales.

The DO&G will not receipt paper bids arriving by mail, delivery service, or in person.

Be prepared with the following information when you register.

Acknowledgment. A bid agent must acknowledge they have read and understood this Sale Announcement and Instructions to Bidders.

Lease interest percentages. The lease interest percentage for a sole bidder is 100.00000. This field is required because the DO&G allows more than one bidder, also known as bidder group, to acquire interest on an oil and gas lease in a joint bid. Joint bids with fractional lease interests must include lease interest percentages expressed in decimals of no more than five digits without rounding. The sum of all ownerships for each bid must equal 100.00000 percent. You must use one lease interest percentage split per registration. If you anticipate submitting a bid with multiple lease interest percentages, you must use multiple registrations.

Qualification file number. The qualification file number is the number assigned to a corporation, partnership, or joint venture when initial qualification requirements are met. Individuals are not assigned qualification numbers and may leave this field blank. Qualification file numbers are available on the Business Qualifications report at <http://dog.dnr.alaska.gov/Information/Data>.

Bidder name. Include the name of the individual or entity that will submit a bid.

Agent information. Include the signer's name and title. Individuals may leave the "Agent Name" and "Agent Title" fields blank. A signer acting as an agent for an entity must have an authorization to sign in the DO&G qualification file.

Agent email. An email is required for all bidders. Individuals and agents for a qualified entity must use an email address that is assigned and used by one person. EnergyNet will use the email to collect digital signatures for bids.

Additional bidders with lease interest. Use the "Additional Bidders" button to add fields for other bidders in the group, that is, joint bidders. Under 11 AAC 82.430, joint bids must disclose, and the bid form must be signed by or on behalf of, each person or entity 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. If more than one person or entity is submitting a joint bid, all bidders must be listed and sign the bid form.

Bid agent. Include the agent name, title, telephone, and email for the person designated to act as agent for all bidders regarding the bid group. The bid agent is the EnergyNet registrant for the sale. The bid agent may be an individual submitting a bid.

Notification lessee. A notification lessee is a lessee or agent authorized to receive notices on behalf of all bidders in a group. Any notice or correspondence associated with a bid or lease will be sent to the notification lessee. The notification lessee address will appear on a lease awarded to successful bidders.

Delivery address. Include the bidder name and physical address for the bidder designated to receive private delivery or courier services. The delivery address will be used once, to deliver the lease award notice and lease documents. The physical address must be a location acceptable to a private delivery or courier service, e.g. FedEx. See the **Lease Award** section of this document for more information.

Payment policy. A bid agent must agree to submitting a bid deposit equal to or greater than the minimum bid deposit, 20% of the estimated bonus bid, by the deadline specified in the **Sale Dates** section of this document. Include instructions for the bid deposit in the event the bid is unsuccessful, that is, not an apparent high bid. The Bid Agent will be contacted by DO&G staff for more information. See the **Bid Deposits** section of this document for more information.

Be prepared with the following information when you bid.

Lease Sale Tract (LST). Specify the Lease Sale Tract you are bidding on as listed on Attachment A. There should be only one lease sale tract per bid form. Bids for less than a full tract will be rejected.

Bid Per Acre. Enter your bid per acre. Bids for less than the minimum per-acre bid specified in the sale notice will be rejected.

Bid Deposit and Signatures

A deposit of at least 20% of the estimated bonus bid for the tract sold must be submitted for the bid to be valid. EnergyNet will email an invoice approximately 30 to 60 minutes after the deadline to submit sealed bids. You will receive one invoice for each bid showing the minimum bid deposit amount. The invoice will include instructions to submit bid deposit payments to DNR using the Fedwire Funds Service (wire transfer). You may use one wire transfer for all bid deposit invoices in this lease sale. If you do not receive the emails within one hour, please call EnergyNet at (866)364-4688.

EnergyNet will initiate electronic signatures on the bid forms using DocuSign after bidding closes.

The deadlines for paying bid deposits and electronically signing bid forms are in the **Sale Dates** section of this document.

Bid Opening and Processing

Information pertaining to the total number of bids received, total number of tracts receiving bids, and total acreage receiving bids may be released after the bid submission deadline specified in the **Sale Dates** section of this document at the discretion of the Commissioner of DNR.

The DO&G will not receive reports on bids received with bidder and bid per acre information until the public opening at the time specified in the **Sale Dates** section of this document. DO&G will post bid results online at <http://dog.dnr.alaska.gov/Services/BIFAndLeaseSale>. EnergyNet will post bid results online at https://www.energynet.com/govt_listing.pl. No bids will be officially validated or rejected at this time.

Preliminary sale results, including summary information for all bids received and a list of the apparent high bidders, will be posted online at <http://dog.dnr.alaska.gov/Services/BIFAndLeaseSale> once bid adjudication is complete.

Bid Adjudication

Successful bids will not be determined until all bids are adjudicated. **A bidder submitting a valid bid presenting the highest Bid Per Acre will be the apparent high bidder.** A bidder submitting an invalid or low bid is an unsuccessful bidder. Unsuccessful bidders will receive a **Notice to Bidder** with bid deposit refund information. Once the director accepts the bids and bid deposits, successful bidders will receive a **Notice to High Bidder.**

Lease Award

After lease adjudication, DO&G will issue **Award Notices** to apparent high bidders. The **Award Notices** will include copies of unsigned lease forms. The notice will inform the high bidders of the actual amount of leasable acreage within the tracts, the actual bonus bid amounts for the tracts, the balance of the bonus bids due, interest rate and interest on the bonus bid amount, and the first year's rental, all of which must be paid before a lease will be issued. **Award Notices** will be sent no earlier than 60 days after bid opening.

If DO&G determines there is no leasable acreage in a tract, DO&G will issue a **Notice of No Award** to the apparent high bidders.

Acreage Limitations

DO&G will not award leases that cause a bidder to exceed acreage limitations prescribed in Alaska Statute (AS) 38.05.140(c).

Americans with Disabilities Act Compliance

The State of Alaska, Department of Natural Resources, Division of Oil & Gas complies with Title II of the Americans with Disabilities Act of 1990. This publication will be made available in alternative communication format upon request. Please call (907) 269-8800 or email dog.leasing@alaska.gov to make any necessary arrangements.

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Director
Division of Oil and Gas