

STATE OF ALASKA

Department of Natural Resources
Division of Oil and Gas

Tony Knowles, Governor

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

July 25, 2001

Phone: 269-8804

Instructions to Bidders

BEAUFORT SEA AREA WIDE 2001
NORTH SLOPE AREA WIDE 2001

OIL AND GAS LEASE SALES

A. Acceptance and Rejection of Bids

The state hereby expressly reserves the right to reject any bid on any tract. No bid for any tract will be accepted and no lease for any tract will be awarded to any bidder unless the following conditions have been met:

1. The bidder has complied with this notice and applicable state regulations and statutes.
2. The bid is the highest valid cash bonus bid.
3. The amount of the bid has been determined to be adequate by the Commissioner of the Department of Natural Resources.
4. A bid deposit equal to a minimum of 20% of the estimated highest possible total bonus bid for the tract accompanies the bid.

In addition, no bid containing or accompanied by any condition, qualification or material alteration will be considered.

B. Pre-Qualification of Bidders

In order for bids for this sale 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 October 22, 2001. To pre-qualify the following information and documents **must** be on file with DO&G:

1. **Individual**

- a. In the case of a person, an original, 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; or
- b. 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 and to fulfill on behalf of the person all obligations arising under the lease and the representative's certification of the age of the person and the representative; or
- c. In the case of an agent acting on behalf of an individual, an original or certified copy of a notarized power of attorney authorizing the agent to act on behalf of the individual.

2. **Corporation**

- a. The current name, address, phone and fax number of the corporation. Bidders are also asked to provide e-mail addresses;
- b. A list of the individuals authorized to act on its behalf with respect to the bid;
- c. 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;
- d. A **2001** Certificate of Compliance for a corporation qualified to do business in Alaska or, if qualifying to do business in Alaska and qualifying for a lease sale for the first time, either:
 - (1) A Certificate of Authority for a foreign corporation qualified to do business in Alaska (a foreign corporation is a corporation incorporated outside Alaska), or
 - (2) A Certificate of Incorporation for a domestic corporation qualified to do business in Alaska.

The Certificate of Compliance provides written proof that the corporation has paid all taxes, complied with all applicable laws and thus remains qualified to do business in the state. It remains the bidders responsibility to assure that the required certificate is filed with DO&G.

The required Alaska Certificate of Compliance, Certificate of Authority, or Certificate of Incorporation, must be requested from the Alaska Department of Community and

Economic Development, (DC&ED). For information on obtaining a certificate write the DC&ED; Corporation Section; 3601 C Street, Suite 724; Anchorage, Alaska 99503 or call (907) 269-8140. Upon proper application, the DC&ED will issue the requested certificate. Please allow **3 weeks** for the processing of the certificate.

3. Partnership, joint venture, or other unincorporated association

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

To pre-qualify, the appropriate information and documents must be on file at DO&G. If current and accurate, material previously filed with these offices that satisfies all or part of the qualification requirements may be used by reference to the filing date of the previously filed material and by providing a statement as to any material changes or amendments. It remains the bidder's responsibility to assure 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 Judy Stanek of DO&G at (907) 269-8816.

C. Bid Submission

Bids will be received for these sales on October 22, 2001 in DO&G's offices in Suite 806 of the Atwood Building, located at 550 W. 7th Ave., in Anchorage, Alaska. Bids arriving prior to October 22, 2001 will be held by DO&G until 9:00 a.m. October 22, 2001 and will be officially received at that time. Bids that are mailed must be sent to the Director, DO&G, 550 West 7th Ave., Suite 800, Anchorage, Alaska 99501. **Bids that are sent by a delivery service must be sent to 550 West 7th Ave., Suite 800, Atwood Building, in Anchorage.** The division must receive all bids no later than 4:00 p.m. October 22, 2001. **BIDS RECEIVED AFTER 4:00 p.m., OCTOBER 22, 2001 WILL BE REJECTED.** Information regarding the bids will be held confidential until the day of the sale.

NOTE: For Areawide Oil and Gas Lease Sales, successful bidders will be determined based on the HIGHEST BONUS BID PER ACRE for a tract, rather than the total bonus bid per tract.

D. Form for Submission of Bids

1. Bids for **Beaufort Sea Areawide 2001** and **North Slope Areawide 2001** must be submitted on a **BID FORM FOR AREAWIDE OIL & GAS LEASE SALE** (Revised 7/2001) or an exact copy of that form.

2. Each bid must be submitted separately in a single envelope. The envelope should be marked, as appropriate:

"State of Alaska, Beaufort Sea Areawide Lease Sale 2001; not to be opened until 8:30 a.m., OCTOBER 24, 2001; Tract #_____."

Or, as Appropriate

"State of Alaska, North Slope Areawide Lease Sale 2001; not to be opened until 8:30 a.m., OCTOBER 24, 2001; Tract #_____."

No other statements, information or identification should appear on the outside of the envelope.

3. A separate bid must be submitted for each tract.
4. The bid form must be completely filled out. The bidder or the authorized representative designated to receive official notices on behalf of all bidders must state his or her name, company (if applicable), address, and e-mail address if used and telephone number on the bid form. Bidders must also designate themselves or another individual to contact regarding the bid. All lease interest percentages must be represented by numbers with the fractional interest carried out to no more than five decimal places. No bids with the lease interest represented by fractions will be accepted unless the fraction can be expressed in decimals of no more than five digits without rounding off. The sum of the lease interest ownerships covered by this bid must be exactly 100.00000 percent.
5. Each bid must include either the total amount of the estimated total cash bonus bid or a bid deposit as required by AS 38.05.860(c). A bid deposit must equal **a minimum of 20.00000%** of the total **estimated total cash bonus** being offered for the tract. All funds must be in U.S. dollars and must be tendered in cash or by bank draft, money order, cashier's check or certified check. All checks, bank drafts or money orders must be made payable to the "Department of Revenue, State of Alaska." Checks may be drawn on any solvent bank in the United States.

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.

6. Due to the large amounts of land involved with areawide oil and gas lease sales, the actual leaseable acreage for each tract will not be determined until after the lease sale. After bids for the individual tracts have been accepted, the department will complete a title review for the individual tract and determine the total leaseable acreage. For the purposes of formulating bids, bidders are required to calculate the **estimated total cash 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. **The bidder submitting a valid bid representing the highest Bid Per Acre will be the apparent high bidder.** The high bidders will then receive a **Notice to High Bidder** informing them of the commissioner's acceptance of the high bid and the bid deposit, the ADL number for the pending lease, and notification of the initiation of the title review.

Sample Bid/Minimum Bid Deposit Calculation:

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

1,920 acres x \$10.27 bid per acre = \$19,718.40 **estimated** total cash bonus bid.

\$19,718.40	estimated total cash 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.

7. 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 which 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. This requirement does not mean that persons or companies which are interested in a bid only as stockholders in a corporation must sign the bid and lease form, and does not mean that the designated information must be furnished as to those entities. Joint bids must state the percentage of interest of each bidder and must designate one person who is authorized to receive notices on behalf of all the bidders.

8. Under 11 AAC 82.445, a bid will not be considered unless supported by the bid deposit and the information required, unless any omission is determined by the commissioner or his designee to be immaterial or due to excusable inadvertence, and the omission is corrected within one week following receipt of a notice of deficiency.

Note: 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.

E. Bid Processing and Reading

Both the Beaufort Sea Areawide Lease Sale 2001 and the North Slope Areawide 2001 will be held on October 24, 2001, in the Wilda Marston Theater, Loussac Public Library, 3600 Denali Street, in Anchorage. Bids will be processed in the following manner:

1. October 24, 2001, 8:30 a.m. - 9:30 a.m., Unadjudicated bids will be opened and read in public in the Wilda Marston Theater, Loussac Public Library, 3600 Denali Street, in Anchorage, Alaska.
2. October 24, 2001, 9:30 a.m. - 4:30 p.m., Bids will be adjudicated in the Division of Oil and Gas offices.
3. Preliminary Sale Results, including a list of the apparent high bidders, will be posted on the division's website once adjudication has been completed (posting may not occur until October 25, 2001).

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.

F. **Method of Handling Bid Deposits and Lease Awards**

1. Bid deposits will be safeguarded against theft, misappropriation and loss. Receipt of a bid deposit by the state does not constitute and shall not be construed as acceptance of any bid on behalf of the state.
2. A bidder submitting a bid that is not the apparent high bid may pick up the bid deposit from 9:00 a.m. to 3:00 p.m. on October 25, 2001, in Suite 806, of the Atwood Building, located at 550 W. 7th Ave., in Anchorage, Alaska. Bid deposits, which have not been retrieved by 3:00 p.m., October 25, 2001, will be returned to the bidder by mail according to the instructions for return of bid deposit shown on the bid form.
3. **DO&G and DOR no longer require that bid deposits for an apparent high bid tendered by bank draft, money order, cashier's check or certified check drawn on a non-Alaska bank be wire transferred to a state account.**
4. All bid deposits for an apparent high bid tendered in cash or by bank draft, certified check, cashier's check or money order will be presented on October 24, 2001, for payment in federal funds at the First National Bank of Anchorage.
5. Upon rejection by the State of Alaska of any apparent high bid which is not in default, the bid deposit for that bid will be returned by certified mail to the bidder at the address shown on the bid form.
6. Once the **Notice to High Bidders** have been issued, DO&G will initiate title reviews for all tracts receiving a high bid. Once title has been cleared and the leaseable acreage for the tract has been determined, DO&G will issue **Award Notices** to the successful bidders. The **Award Notices** will be sent by overnight or express mailing service and will include two copies of the lease for signature. 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. The total bonus bid will be determined by

multiplying the total leaseable acreage by the bid per acre submitted by the successful bidders.

7. If the total cash bonus bid exceeds the estimated bid deposit then the successful bidders must submit the balance of the total actual cash bonus bid. Within **30 days** of the date that the successful bidders receive notification of the lease award, the bidders must:
 - a. sign both copies of the lease;
 - b. return both lease documents in their entirety to DO&G for execution;
 - c. pay the balance of the cash bonus and accrued interest (if any); and
 - d. pay the first year's annual rental;

⇒ Interest at the market interest rate for U.S. Treasury Bills maturing in 30 days (averaged for the week preceding the lease award) will be charged on the balance of the cash bonus accruing from the date following the successful bidders' receipt of the **Award Notice** up to and including the date of payment. Interest must be paid on the balance of the cash bonus only and not on the first year's annual rental.

Payment of the balance of the cash bonus, accrued interest and first year's annual rental **must** be accomplished in the following manner:

The successful bidder will wire transfer federal funds in the amount of the balance of the cash bonus, accrued interest and first year's annual rental to:

[REDACTED]

The wire transfer should specify on whose behalf the payment is being made. If possible, bidders should use only one wire transfer. **Interest calculations should be based on a 365-day year times the actual number of days that interest is owed.**

If funds in the amount of the balance of the cash bonus, accrued interest and first year's annual rental are not received by wire transfer at the State Street Bank and Trust Company, or the lease documents are not received by DO&G within 30 days of the date that the bidder receives notification of the lease award, under 11 AAC 82.465 the bid will be in default and the amount deposited with the bid is forfeited to the state.

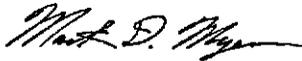
In addition, the successful bidder must, before the wire transfer, deliver to, or facsimile transmit the following information to the Alaska Department of Revenue, Treasury

Division, Attn.: Bronze Ickes, Fax #(907) 465-4019, and the Department of Natural Resources, DO&G, Attn: Judy Stanek, Fax (907) 269-8943.

- a. the Alaska Division of Lands (ADL) number assigned to each tract;
- b. amount of balance of cash bonus bid being paid per tract, interest on that balance and annual rental;
- c. name of the bidder whose funds are being wire transferred;
- d. originating bank of the wire transfer; and
- e. total amount of wire transfer.

8. If the bid deposit submitted for a tract exceeds the actual total cash bonus for the tract, a refund of the excess bid deposit will be initiated at the time the Award Notice is issued. No interest will be paid by DNR on excess bid deposit funds.

For further information regarding wire transfers and computation of interest, please contact Bronze Ickes, Accountant III, Treasury Division, Juneau, Alaska (907) 465-2360. For further information regarding either Beaufort Sea Areawide 2001 or North Slope Areawide 2001, please contact James Hansen, DO&G, Anchorage, Alaska (907) 269-8804.



Mark D. Myers,
Director

Attachment A

Estimated Acreage for Tract offered in Beaufort Sea Areawide Oil and Gas Lease Sales

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 001	2,560
Tract 002	3,840
Tracts 003 through 006	5,120 each
Tract 007	3,840
Tract 008	3,200
Tract 009	4,480
Tract 010	2,560
Tracts 011 and 012	5,120 each
Tract 013	4,480
Tract 014	3,200
Tracts 015 and 016	5,120 each
Tracts 017 and 018	5,760 each
Tract 0019	4,480
Tract 020	2,560
Tract 021	4,480
Tract 022	2,560
Tracts 023 and 024	5,120 each
Tracts 025 and 026	4,480 each
Tracts 027 and 028	5,760 each
Tract 029	4,480
Tract 030	3,840
Tracts 031 and 032	4,480 each
Tracts 033 through 039	5,760 each
Tracts 040 through 044	5,120 each
Tract 045	5,760
Tract 046	3,840
Tract 047	5,760
Tract 048	3,840

Tract Number	Estimated Acreage
Tract 049	3,200
Tracts 050 and 051	3,840 each
Tract 052	5,760
Tracts 053 and 054	3,840 each
Tracts 055 and 056	5,760 each
Tract 057	5,120
Tract 058	3,840
Tract 059	5,120
Tract 060	3,200
Tract 061	4,480
Tract 062	2,560
Tracts 063 through 066	3,840 each
Tract 067	5,760
Tracts 068 and 069	5,120 each
Tracts 070 and 071	4,480 each
Tract 072	5,120
Tracts 073 and 074	3,200 each
Tract 075	4,480
Tract 076	2,560
Tracts 077 and 078	5,760 each
Tracts 079 through 114	2,560 each
Tract 115	3,200
Tracts 116 through 126	2,560 each
Tract 127	3,200
Tracts 128 through 152	2,560 each
Tracts 153 through 155	1,920 each
Tracts 156 through 173	2,560 each
Tract 174	1,920
Tract 175	3,200
Tract 176	1,920
Tracts 177 through 191	2,560 each
Tract 192	1,920
Tract 193	1,280
Tract 194	2,560
Tract 195	3,200
Tracts 196 through 203	2,560 each
Tract 204	1,920
Tract 205	2,560
Tract 206	1,920
Tracts 207 through 221	2,560 each

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 222	3,200
Tract 223	1,920
Tract 224	2,560
Tract 225	3,200
Tract 226	2,560
Tract 227	1,920
Tracts 228 through 234	2,560 each
Tract 235	640
Tracts 236 and 237	2,560 each
Tract 238	3,200
Tracts 239 through 249	2,560 each
Tract 250	1,920
Tracts 251 and 252	2,560 each
Tract 253	1,920
Tracts 254 through 276	2,560 each
Tracts 277 and 278	1,920 each
Tracts 279 through 288	2,560 each
Tract 289	1,280
Tract 290	2,560
Tract 291	1,280
Tract 292	1,920
Tracts 293 through 295	2,560 each
Tract 296	1,920
Tracts 297 through 302	2,560 each
Tract 303	1,280
Tracts 304 through 321	2,560 each
Tract 322	3,200
Tract 323	1,920
Tracts 324 through 332	2,560 each
Tract 333	1,280
Tract 334	3,200
Tracts 335 through 352	2,560 each
Tract 353	3,840
Tracts 354 through 368	2,560 each
Tracts 369 and 370	1,920 each
Tract 371	1,280
Tracts 372 through 384	2,560 each
Tract 385	3,200
Tracts 386 through 402	2,560 each
Tract 403	3,200

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 404	1,920
Tracts 405 through 406	2,560 each
Tract 407	1,920
Tracts 408 through 414	2,560 each
Tracts 415 through 417	3,840 each
Tracts 418 through 425	2,560 each
Tracts 426 and 427	3,200 each
Tracts 428 through 430	2,560 each
Tract 431	3,840
Tracts 432 and 433	1,920 each
Tract 434	3,200
Tracts 435 through 440	2,560 each
Tract 441	3,200
Tracts 442 through 453	2,560 each
Tract 454	3,840
Tracts 455	2,560
Tract 456	3,200
Tracts 457 through 459	2,560 each
Tracts 460 through 463	5,760 each
Tract 464	3,840
Tract 465	5,760
Tract 466	3,840
Tract 467	5,760
Tracts 468 and 469	5,120 each
Tract 470	3,840
Tracts 471	2,560
Tract 472	3,200
Tract 473	1,920
Tracts 474 through 482	5,760 each
Tract 483	4,480
Tract 484	2,560
Tract 485	5,760
Tract 486	4,480
Tract 487	5,760
Tract 488	1,920
Tracts 489 through 493	5,760 each
Tract 494	5,120
Tract 495	3,200
Tract 496	5,760
Tract 497	4,480

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 498	5,120
Tract 499	3,200
Tracts 500 through 509	5,760 each
Tract 510	5,120
Tracts 511 through 512	5,760 each
Tract 513	5,120
Tracts 514 and 515	4,480 each
Tracts 516 and 517	5,120 each
Tracts 518 and 519	4,480 each
Tracts 520 through 522	3,840 each
Tract 523	2,560
Tracts 524 and 525	5,120 each
Tract 526	3,840
Tracts 527 through 529	5,760 each
Tract 530	3,840
Tracts 524 and 525	5,120 each
Tract 539	2,560
Tract 540	1,920
Tract 541	5,760
Tract 542	4,480
Tracts 543 and 544	5,120 each
Tracts 545 and 546	5,760 each
Tract 547	2,560
Tract 548	4,480
Tract 549	5,760
Tract 550	3,840
Tract 551	4,480
Tract 552	5,120
Tract 553	3,840
Tract 554	5,120
Tract 555	5,760
Tract 556	5,120
Tract 557	2,560
Tracts 558 and 559	5,120 each
Tract 560	5,760
Tracts 561 through 563	5,120 each
Tract 564	4,480
Tract 565	2,560
Tract 566	3,200
Tract 567	5,120

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tracts 568 through 571	5,120 each
Tract 572	3,200
Tract 573	5,120

Attachment A

Estimated Acreage for Tract offered in North Slope Areawide Oil and Gas Lease Sales

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 0001	5,120
Tract 0002	3,840
Tracts 0003 through 0088,	5,760 each
Tract 0089	5,120
Tract 0090	5,760
Tract 0091	3,840
Tracts 0092 through 0175,	5,760 each
Tracts 0176 through 0177	3,840 each
Tract 0178	5,760
Tract 0179	4,480
Tracts 0180 through 0261	5,760 each
Tract 0262	3,840
Tract 0263	3,200
Tract 0264	5,760
Tracts 0265 through 0266	5,120 each
Tract 0267	5,760
Tract 0268	3,840
Tracts 0269 through 0350	5,760 each
Tract 0351	3,840
Tract 0352	1,920
Tracts 0353 through 0432	5,760 each
Tract 0433	4,480
Tracts 0434 through 0437	3,840 each
Tracts 0438 through 0518	5,760 each
Tract 0519	3,840
Tracts 0520 through 0601	5,760 each
Tract 0602	5,120
Tract 0603	5,760

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 0604	3,840
Tract 0605	3,200
Tracts 0606 through 0607	4,480 each
Tract 0608	3,840
Tract 0609	5,120
Tracts 0610 through 0611	3,840
Tract 0612	5,120
Tract 0613	5,120
Tract 0614	3,840
Tracts 0615 through 0652	5,760 each
Tracts 0653 through 0744	2,560 each
Tract 0745	3,200
Tract 0746	1,920
Tracts 0747 through 0751	2,560 each
Tract 0752	1,920
Tracts 0753 through 0913	2,560 each
Tract 0914	1,920
Tract 0915	2,560
Tract 0916	3,200
Tract 0917	1,920
Tract 0918	640
Tracts 0919 through 0923	2,560 each
Tract 0924	1,920
Tracts 0925 through 0926	2,560 each
Tract 0927	1,280
Tracts 0928 through 1031	2,560 each
Tract 1032	1,280
Tract 1033	2,560
Tract 1034	1,920
Tract 1035	2,560
Tract 1036	640
Tracts 1037 through 1133	2,560 each
Tract 1134	1,280
Tracts 1135 through 1225	2,560 each