

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

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January 17, 2006

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Instructions to Bidders

BEAUFORT SEA AREA WIDE (BSA) 2006
NORTH SLOPE AREA WIDE (NSA) 2006

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 27, 2006. 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 **2006** 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:
 - (a) A Certificate of Authority for a foreign corporation 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 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.

NOTE: 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; 550 w. 7th Ave., Suite 1940; Anchorage, Alaska 99501 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 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, 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 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 Dianna Lewis at (907) 269-8810 or dll@dnr.state.ak.us

B. Preparing Bids for Submission

1. Bids for NSA 2006 and BSA 2006 must be submitted on a BID FORM FOR AREAWIDE OIL & GAS LEASE SALE (Revised 10/2003) 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 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. All lease interest percentages must be represented by a number with no more than five decimal places (with no rounding). No bids with fractional lease interests will be accepted unless the fraction can 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 or 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. 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. All cashier's or certified checks and money orders must be made payable to the "Department of Revenue, State of Alaska." Checks may be drawn on any solvent bank in the U. S.

Sample Total Estimated Bonus Bid/Minimum Bid Deposit Calculation:

Tract # 0433: Estimated 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	20.0000%	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, Beaufort Sea Areawide Lease Sale 2006
not to be opened until 8:30 a.m., MARCH 1, 2006; Tract #_____.

or

State of Alaska, North Slope Areawide Lease Sale 2006
not to be opened until 8:30 a.m., MARCH 1, 2006; 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 27, 2006 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. The division must receive all bids no later than 4:00 p.m. February 27, 2006. Bids arriving prior to February 27, 2006 will be held by DO&G until 9:00 a.m. February 27, 2006, 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., FEBRUARY 27, 2006 WILL BE REJECTED

E. Bid Processing and Reading

Both the BSA 2006 and the NSA 2006 lease sales will be held on March 1, 2006, in the Wilda Marston Theater, Loussac Public Library, 3600 Denali Street, in Anchorage. Bids will be processed in the following manner:

- March 1, 2006, 8:30 a.m. - 9:30 a.m., Unadjudicated bids will be opened and read in public in Anchorage at the Wilda Marston Theater, Loussac Public Library, 3600 Denali Street.
- March 1, 2006, 9:30 a.m. – 4:30 p.m., 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 the day following the sale, once adjudication has been completed.
- 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 March 2, 2006, in Suite 800, 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., March 2, 2006, will be returned to the bidder by mail 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 on March 1, 2006, 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 Total Estimated Bonus Bid per tract.

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

1. **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 their apparent high bid and bid deposit.
2. Once the **Notice to High Bidders** has been issued, DO&G will initiate a title review for each tract 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 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.

For further information regarding either Beaufort Sea Areawide 2006 or North Slope Areawide 2006, please contact Terry Peterson, DO&G, Anchorage, Alaska (907) 269-8816.

Signed by:

William Van Dyke
Director

Attachment A

Estimated Tract Acreage for Beaufort Sea Areawide

Tract Number	Estimated Acreage
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 019	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 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

Estimated Tract Acreage for Beaufort Sea Areawide

<u>Tract Number</u>	<u>Estimated Acreage</u>
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
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

Estimated Tract Acreage for Beaufort Sea Areawide

<u>Tract Number</u>	<u>Estimated Acreage</u>
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
Tract 404	1,920
Tracts 405 and 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

Estimated Tract Acreage for Beaufort Sea Areawide

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
Tract 498	5,120
Tract 499	3,200
Tracts 500 through 509	5,760 each
Tract 510	5,120
Tracts 511 and 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 531 through 538	5,760 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
Tracts 567 through 571	5,120 each
Tract 572	3,200
Tract 573	5,120

Estimated Tract Acreage for North Slope Areawide

<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 and 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 and 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
Tract 0604	3,840
Tract 0605	3,200
Tracts 0606 and 0607	4,480 each
Tract 0608	3,840
Tract 0609	5,120
Tracts 0610 and 0611	3,840 each
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

Estimated Tract Acreage for North Slope Areawide

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 and 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