



August 17, 2012

Phone: (907) 375-8259

**INSTRUCTIONS TO BIDDERS
NORTH SLOPE FOOTHILLS AREAWIDE 2012
COMPETITIVE OIL AND GAS LEASE SALE**

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

Pre-Qualification of Bidders

Bidders must be pre-qualified with the Division of Oil and Gas (DO&G). Corporations, including Limited Liability Companies, must also be qualified with the Alaska Department of Commerce, Community and Economic Development (ADCC&ED) to do business in Alaska. Please see <http://dog.dnr.alaska.gov/Leasing/LeaseFAQs.htm> for frequently asked questions on how to qualify. In order for bids to be accepted, the following information and documents must be on file with the DO&G no later than 4:00 p.m., Friday, November 2, 2012:

Individual

In the case of a person, a signed and dated statement including the bidder's name, current address, telephone number, e-mail address (optional) 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.

Note: Once an individual is qualified, he or she is qualified to perpetuity. However, it is the responsibility of the qualified person, in order to maintain compliance, to ensure all information with the DO&G is current.

Corporation

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

***"To responsibly develop Alaska's resources by making them available for
Maximum use and benefit consistent with the public interest"***

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

Thereafter, a Certificate of Good Standing (Certificate of Compliance) is required each calendar year in order to do business with the state. It is the responsibility of the qualified entity to ensure the required certificate is filed with the DO&G and all corporate information is current.

Note: The required Alaska certificates are available only through the ADCC&ED. You may purchase the certificates online at <http://commerce.state.ak.us/occ/>. For information on obtaining a certificate by mail, write the ADCC&ED, Corporations Section; PO Box 110808, Juneau, AK 99811-0808, email corporations@alaska.gov or call (907) 465-2530. Upon proper application, the ADCC&ED will issue the requested certificate. If not purchased online, please allow two to three weeks for the processing of the certificate.

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. Limited Partnerships: Before transacting business in this state, a foreign limited partnership shall register through the ADCC&ED at their web site: http://commerce.state.ak.us/occ/home_corporations.html. (AS 32.11.420)

Materials previously filed with the 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 the 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@alaska.gov.

Preparing Bids for Submission

1. Bids for North Slope Foothills Areawide 2012 (FH 2012) Competitive Oil and Gas Lease Sale must be submitted on a Bid Form For Areawide Oil & Gas Lease Sale (Revised 9/2011) or an exact copy of that form. Copies of the bid form can be downloaded from the DO&G website at <http://dog.dnr.alaska.gov/Leasing/LeaseSales.htm>.
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 should equal 100.00000 percent.
3. Each bid must include the Total Bid Per Acre, Total Estimated Bonus Bid, and a deposit by cash, money order, cashier's check or certified check in U.S dollars that must equal **a minimum of 20%**

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."

- 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 FH 2012 sale). In most cases, these estimated tract acreages will be more than the actual available leasable acreage for each tract.

Sample Total Estimated Bonus Bid/Minimum Bid Deposit Calculation for the FH 2012 Lease Sale:

Tract # 0801: Estimated tract acreage from "Attachment A" = 3,840 acres
 Bid of \$10.63 per acre

3,840 acres x \$1.63 bid per acre = \$40,819.20 Total Estimated Bonus Bid

\$40,819.20	Total Estimated Bonus Bid
x 20%	minimum bid deposit required
= \$8,163.84	minimum bid deposit amount
= \$8,164.00	bid deposit after rounding upwards to nearest whole dollar.

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% 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 parcel) and be marked, as appropriate:

State of Alaska, North Slope Foothills Areawide Lease Sale 2012
Not to be opened until 9:00 a.m., November 7, 2012; 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% 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.

Bidders are encouraged to contact the DO&G with questions about submitting bids. Contact information is provided at the end of this document.

Bid Submission

Hand-carried bids will be received for this sale on **November 5, 2012 from 9:00 a.m. until 4:00 p.m.** in the DO&G's offices in Suite 800 of the Atwood Building, located at 550 W. 7th Ave., Anchorage, Alaska. Mailed bids and bids sent by delivery service must be sent to the Director, Attn: Lease Sales, DO&G, 550 West 7th Ave., Suite 1100, Anchorage, Alaska 99501-3560.

The division must receive all bids no later than 4:00 p.m. November 5, 2012. Bids arriving prior to November 5, 2012, will be held by the DO&G until 9:00 a.m. November 5, 2012, and will be officially received at that time. Other information regarding the bids will be held confidential until the day of the sale. **Bids received after 4:00 p.m., November 5, 2012 will be rejected.**

Submitted bids may be withdrawn prior to 12:00 p.m. on Tuesday, November 6, 2012 without forfeiting the bid deposit. A bid deposit will be forfeited on any bid withdrawn after that time. At the discretion of the Commissioner of DNR, information pertaining to the total number of bids received, total number of tracts

bid on, and total acreage bid on may be released on Tuesday, November 6, 2012 after the bid withdrawal deadline of 12:00 p.m.

Bid Processing and Reading

The FH 2012 lease sale will be held on **November 7, 2012, at the Dena'ina Civic and Convention Center, 600 W. 7th Avenue, Anchorage, Alaska**. Bids will be processed in the following manner:

1. November 7, 2012, 9:00 a.m. - bids will be opened and read in public at the Dena'ina Civic and Convention Center, located at 600 W. 7th Avenue in Anchorage. Bid opening may take one hour or longer, depending on the amount of bids received.
2. November 7, 2012 (upon return from sale) approx. 10:30 a.m. – 4:30 p.m., and November 8, 2012, 8:00 a.m. until completed - bids will be adjudicated in the DO&G offices.
3. Preliminary sale results, including a list of the apparent high bidders, will be posted on the DO&G's website at <http://dog.dnr.alaska.gov/index.htm> 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 November 9, 2012, in Suite 1100 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., November 9, 2012, 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 (dependent upon final adjudication) on November 9, 2012, 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.

For Areawide Oil and Gas Lease Sales, successful bidders will be determined based on the HIGHEST Total Bid Per Acre for each tract, not the highest Total Estimated Bonus Bid for the tract.

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, the 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, the DO&G will issue **Award Notices** to the successful bidders. The **Award Notices** will inform the successful bidders of the actual total amount of leaseable acreage within the tracts and the actual total bonus bid amounts 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 these areawide sales, please contact Allen R. Eddy Jr. at allen.eddy@alaska.gov or (907) 375-8259.

A handwritten signature in black ink, appearing to read 'W.C. Barron', with a stylized flourish at the end.

W.C. Barron
Director

North Slope Foothills Areawide 2012
Attachment A

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

Tract	Estimated Acreage	Cash Bonus	Minimum Bid \$/Acre	Royalty Rate	Primary Term
1-94	5,760	Cash Bonus	\$10.00	12.50%	10 Years
95	3,200	Cash Bonus	\$10.00	12.50%	10 Years
96-97	5,760	Cash Bonus	\$10.00	12.50%	10 Years
98	3,200	Cash Bonus	\$10.00	12.50%	10 Years
99-314	5,760	Cash Bonus	\$10.00	12.50%	10 Years
315-316	3,840	Cash Bonus	\$10.00	12.50%	10 Years
317-552	5,760	Cash Bonus	\$10.00	12.50%	10 Years
553	1,920	Cash Bonus	\$10.00	12.50%	10 Years
554	5,760	Cash Bonus	\$10.00	12.50%	10 Years
555	1,920	Cash Bonus	\$10.00	12.50%	10 Years
556-711	5,760	Cash Bonus	\$10.00	12.50%	10 Years
712	2,560	Cash Bonus	\$10.00	12.50%	10 Years
713	5,120	Cash Bonus	\$10.00	12.50%	10 Years
714	3,200	Cash Bonus	\$10.00	12.50%	10 Years
715-746	5,760	Cash Bonus	\$10.00	12.50%	10 Years
747-754	--	Deleted	From	Sale	Area
755	5,760	Cash Bonus	\$10.00	12.50%	10 Years
756	5,120	Cash Bonus	\$10.00	12.50%	10 Years
757	3,840	Cash Bonus	\$10.00	12.50%	10 Years
758-762	5,760	Cash Bonus	\$10.00	12.50%	10 Years
763	5,120	Cash Bonus	\$10.00	12.50%	10 Years
764	3,840	Cash Bonus	\$10.00	12.50%	10 Years
765	5,760	Cash Bonus	\$10.00	12.50%	10 Years
766-767	3,840	Cash Bonus	\$10.00	12.50%	10 Years
768	2,560	Cash Bonus	\$10.00	12.50%	10 Years
769-780	5,760	Cash Bonus	\$10.00	12.50%	10 Years
781	4,480	Cash Bonus	\$10.00	12.50%	10 Years
782-797	5,760	Cash Bonus	\$10.00	12.50%	10 Years
798-799	5,120	Cash Bonus	\$10.00	12.50%	10 Years
800	5,760	Cash Bonus	\$10.00	12.50%	10 Years
801-802	3,840	Cash Bonus	\$10.00	12.50%	10 Years
803	5,760	Cash Bonus	\$10.00	12.50%	10 Years
804-823	5,760	Cash Bonus	\$10.00	12.50%	10 Years
824	5,120	Cash Bonus	\$10.00	12.50%	10 Years
825-826	5,760	Cash Bonus	\$10.00	12.50%	10 Years
827	5,120	Cash Bonus	\$10.00	12.50%	10 Years
828-829	5,760	Cash Bonus	\$10.00	12.50%	10 Years
830	5,120	Cash Bonus	\$10.00	12.50%	10 Years
831	5,760	Cash Bonus	\$10.00	12.50%	10 Years
832	3,200	Cash Bonus	\$10.00	12.50%	10 Years
833	5,760	Cash Bonus	\$10.00	12.50%	10 Years

North Slope Foothills Areawide 2012

Attachment A

834-836	5,102	Cash Bonus	\$10.00	12.50%	10 Years
837	3,200	Cash Bonus	\$10.00	12.50%	10 Years
838	3,840	Cash Bonus	\$10.00	12.50%	10 Years
839-871	5,760	Cash Bonus	\$10.00	12.50%	10 Years
872	2,560	Cash Bonus	\$10.00	12.50%	10 Years
873	5,760	Cash Bonus	\$10.00	12.50%	10 Years
874	3,840	Cash Bonus	\$10.00	12.50%	10 Years
875-895	5,760	Cash Bonus	\$10.00	12.50%	10 Years
896-897	4,480	Cash Bonus	\$10.00	12.50%	10 Years
898-964	5,760	Cash Bonus	\$10.00	12.50%	10 Years
965-966	3,840	Cash Bonus	\$10.00	12.50%	10 Years
967-1032	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1033	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1034	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1035-1100	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1101-1102	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1103-1237	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1238	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1239-1296	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1297	5,120	Cash Bonus	\$10.00	12.50%	10 Years
1298-1299	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1300	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1301-1302	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1303-1304	1,920	Cash Bonus	\$10.00	12.50%	10 Years
1305-1306	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1307-1308	1,920	Cash Bonus	\$10.00	12.50%	10 Years
1309-1310	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1311-1312	1,920	Cash Bonus	\$10.00	12.50%	10 Years
1313-1314	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1315-1316	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1317-1318	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1319	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1320	2,560	Cash Bonus	\$10.00	12.50%	10 Years
1321-1322	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1323-1324	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1325-1326	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1327-1328	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1329-1330	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1331-1332	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1333-1334	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1335-1336	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1337-1339	5,760	Cash Bonus	\$10.00	12.50%	10 Years
1340	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1341-1347	--	Deleted	From	Sale	Area
1348-1355	3,840	Cash Bonus	\$10.00	12.50%	10 Years
1356-1382	--	Deleted	From	Sale	Area
1383-1389	1,280	Cash Bonus	\$10.00	12.50%	10 Years