

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

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## Instructions to Bidders

### MOUNT SPURR GEOTHERMAL COMPETITIVE BID LEASE SALE NO. 3

**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) prior to September 10, 2008. DO&G strongly recommends qualification is completed prior to bid submission. To pre-qualify the following information and documents **must** be on file with DO&G:

##### 1. Individual

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

- a. 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
- b. 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

In the case of a corporation, the corporation's current name, mailing address, phone and fax numbers, and e-mail addresses; and

- a. A list of the individuals authorized to act on its behalf with respect to the bid; and
- b. 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
- c. A **2008** 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:
  - 1) 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.”***

- 2) 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@alaska.gov](mailto:corporations@alaska.gov) 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@alaska.gov](mailto:dawn.greenan@alaska.gov).

**B. Preparing Bids for Submission**

1. Bids for Mount Spurr Geothermal Lease Sale No. 3 (MS) must be submitted on a Bid Form for Geothermal Lease Sale 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 acreage). 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 # 0001: Estimated tract acreage from “Attachment A” = 2,560 acres  
Bid of \$10.27 per acre

2,560 acres x \$10.27 bid per acre = \$26,291.20 Total Estimated Bonus Bid

\$26,291.20	<b>Total Estimated Bonus Bid</b>
x 20.00000%	<b>minimum</b> bid deposit required
= \$5,258.24	<b>minimum</b> bid deposit amount
= <b>\$5,259.00</b>	bid deposit after <b>rounding upwards</b> 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, Mount Spurr Geothermal Lease Sale No. 3**  
**Not to be opened until 9:00 a.m., September 10, 2008; 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.

**C. Bid Submission**

Hand-carried bids will be received for these sales on September 8, 2008, in DO&G's offices in Suite 800 of the Atwood Building, located at 550 W. 7<sup>th</sup> Ave., in Anchorage, Alaska from 9:00 a.m. until 4:00 p.m. Mailed bids, and bids sent by delivery service, must be sent to the Director, Division of Oil and Gas, 550 West 7<sup>th</sup> Ave., Suite 800, Anchorage, Alaska 99501-3560. **The division must receive all bids no later than 4:00 p.m. September 8, 2008.** Bids arriving prior to September 8, 2008, will be held by DO&G until 9:00 a.m. September 8, 2008, and will be officially received at that time. Bids will remain sealed and information regarding the bids will be held confidential until the day of the sale.

**CAUTION: BIDS RECEIVED AFTER 4:00 p.m. (ADT), September 8, 2008 WILL BE REJECTED**

**D. Bid Processing and Reading**

The Mt. Spurr geothermal lease sale will be held on September 10, 2008, in the Atwood Building in Suite 240, 550 W. 7<sup>th</sup> Ave., Anchorage. Bids will be processed in the following manner:

- September 10, 2008, 9:00 a.m. - bids will be opened and read in Suite 240. Bid opening may take one hour or longer, depending on the amount of bids received.
- September 10 (upon completion of bid opening) approx. 10:30 a.m. – 4:30 p.m., and September 11, 2008, 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 Friday, September 12, 2008, in Suite 800 of the Atwood Building, located at 550 W. 7<sup>th</sup> Ave., Anchorage, Alaska. Bid deposits that have not been retrieved by 3:00 p.m., September 12, 2008, 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 September 10, 2008, 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 Geothermal 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.

E. **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 for the tract.** Once the commissioner accepts the apparent high bid, the high bidder will then receive an Award Notice along with two copies of the lease.
2. 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 the geothermal sale, please contact Tim Jones, DO&G, Anchorage, Alaska (907) 269-8814, email: [timothy.jones@alaska.gov](mailto:timothy.jones@alaska.gov), or Dianna Lewis (907) 269-8810, email: [dianna.lewis@alaska.gov](mailto:dianna.lewis@alaska.gov).



Kevin R. Banks,  
Acting Director

<http://www.dog.dnr.state.ak.us/oil/>  
Itbid- MSGeothermal.doc

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

Attachment A

**Acreage for Tracts in the Mount Spurr Geothermal sale area**

<b><u>Tract Number</u></b>	<b><u>Acreage</u></b>
Tracts <b>0001</b> and <b>0002</b>	<b>2,560</b> each
Tract <b>0003</b>	<b>2,549</b>
Tracts <b>0004</b> and <b>0005</b>	<b>2,560</b> each
Tract <b>0006</b>	<b>2,539</b>
Tract <b>0007</b>	<b>2,552.57</b>
Tract <b>0008</b>	<b>2,557.08</b>
Tract <b>0009</b>	<b>2,364.74</b>
Tracts <b>0010</b> and <b>0011</b>	<b>2,560</b> each
Tract <b>0012</b>	<b>2,546</b>
Tract <b>0013</b>	<b>433.70</b>
Tract <b>0014</b>	<b><u>2,348.81</u></b>
Tract <b>0015</b>	<b>2,556</b>
Tract <b>0016</b>	<b><u>250.23</u></b>
<b>Total</b>	<b>36,057.13 acres</b>