

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

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INSTRUCTIONS TO BIDDERS

ALASKA PENINSULA AREA WIDE 2005

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 October 24, 2005. 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;

(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 2005 Certificate of Compliance (Certificate of Good Standing) 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

(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 bidder's responsibility to assure that the required certificate is filed with DO&G.

NOTE: The required Alaska Certificate of Compliance, Certificate of Good Standing, 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 Alaska Peninsula Areawide (AP 2005) must be submitted on a BID FORM FOR AREAWIDE OIL & GAS LEASE SALE (Revised 10/03) 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, 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 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 # 0218: 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, Alaska Peninsula Areawide Lease Sale 2005
not to be opened until 8:30 a.m., October 26, 2005; 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 this sale on October 24, 2005 in DO&G's offices in Suite 806 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. October 24, 2005. Bids arriving prior to October 24, 2005 will be held by DO&G until 9:00 a.m. October 24, 2005 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. (ADT), OCTOBER 24, 2005 WILL BE REJECTED

E. Bid Processing and Reading

The AP 2005 lease sale will be held on October 26, 2005, in the Wilda Marston Theater, Loussac Public Library, 3600 Denali Street, in Anchorage. Bids will be processed in the following manner:

- October 26, 2005, 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.
- October 26, 2005, 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 on October 28th, once adjudication has been completed.
- A bidder submitting a bid that is not the apparent high bid may pick up their bid deposit from 9:00 a.m. to 3:00 p.m. on October 28, 2005, in Suite 806, 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., October 28, 2005 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 October 26, 2005, 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.

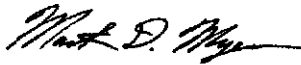
NOTE: For Areawide Oil and Gas Lease Sales, successful bidders will be determined based on the HIGHEST Total Bid Per Acre for each tract, rather than the Total Estimated Bonus Bid per tract.

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 Alaska Peninsula Areawide 2005, please contact Pirtle Bates, DO&G, Anchorage, Alaska (907) 269-8805.



Mark D. Myers,
Director

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

Attachment A

Estimated Acreage for Tracts offered in Alaska Peninsula Areawide Oil and Gas Lease Sale

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tracts 0001 - 0117	5,760
Tract 0118	4,480
Tracts 0119 - 0146	5,760
Tract 0147	2,560
Tracts 0148 - 0166	5,760
Tracts 0167 - 0168	5,120
Tracts 0169 - 0188	5,760
Tract 0189	4,480
Tract 0190	3,840
Tract 0191	5,120
Tract 0192	5,760
Tract 0193	1,280
Tract 0194	5,760
Tract 0195	5,120
Tract 0196	3,840
Tract 0197	3,200
Tracts 0198 - 0213	5,760
Tract 0214	3,200
Tract 0215	1,280
Tracts 0216 - 0217	5,760
Tract 0218	1,920
Tract 0219	3,200
Tracts 0220 - 0234	5,760
Tract 0235	2,560
Tract 0236	1,920
Tract 0237	5,760
Tracts 0238 - 0240	4,480
Tracts 0241 - 0254	5,760
Tract 0255	3,200
Tracts 0256 - 0265	5,760
Tract 0266	5,120
Tracts 0267 - 0285	5,760
Tract 0286	5,120
Tracts 0287 - 0295	5,760
Tract 0296	4,480
Tracts 0297 - 0316	5,760
Tracts 0317 - 0326	3,840
Tracts 0327 - 0336	5,760
Tract 0337	2,560

Tracts 0338 – 0347	5,760
Tract 0348	1,920
Tracts 0349 – 0358	5,760
Tract 0359	2,560
Tracts 0360 – 0369	5,760
Tract 0370	3,200
Tracts 0371 – 0380	5,760
Tract 0381	3,840
Tracts 0382 – 0389	5,760
Tract 0390	3,200
Tract 0391	4,480
Tract 0392	5,120
Tracts 0393 – 0410	5,760
Tract 0411	3,200
Tracts 0412 – 0421	5,760
Tract 0422	3,840
Tracts 0423 – 0432	5,760
Tract 0433	4,480
Tracts 0434 – 0443	5,760
Tract 0444	5,120
Tracts 0445 – 0455	5,760
Tract 0456	3,200
Tracts 0457 – 0466	5,760
Tracts 0467 – 0468	3,840
Tracts 0469 – 0476	5,760
Tract 0477	3,840
Tracts 0478 – 0485	5,760
Tract 0486	3,840
Tract 0487	3,200
Tracts 0488 – 0496	5,760
Tract 0497	5,120
Tract 0498	2,560
Tracts 0499 – 0508	5,760
Tract 0509	4,480
Tracts 0510 – 0518	5,760
Tract 0519	5,120
Tracts 0520 - 0529	5,760
Tract 0530	3,840
Tracts 0531 – 0544	5,760
Tract 0545	3,840
Tract 0546	5,120
Tracts 0547 – 0561	5,760
Tract 0562	4,480
Tracts 0563 – 0572	5,760
Tract 0573	5,120

Tracts 0574 – 0583	5,760
Tract 0584	4,480
Tracts 0585 – 0590	5,760
Tract 0591	3,840
Tracts 0592 – 0598	5,760
Tract 0599	3,840
Tracts 0600 – 0605	5,760
Tract 0606	3,840
Tract 0607	3,200
Tracts 0608 – 0615	5,760
Tract 0616	1,920
Tracts 0617 - 0623	5,760
Tract 0624	3,840
Tracts 0625 – 0632	5,760
Tract 0633	4,480
Tract 0634	3,200
Tracts 0635 – 0644	5,760
Tract 0645	3,840
Tract 0646	2,560
Tracts 0647 – 0658	5,760
Tract 0659	2,560
Tracts 0660 – 0665	5,760
Tract 0666	3,840
Tract 0667	3,200
Tracts 0668 – 0675	5,760
Tract 0676	3,840
Tract 0677	3,200
Tracts 0678 – 0687	5,760
Tract 0688	4,480
Tracts 0689 – 0698	5,760
Tract 0699	3,840
Tract 0700	2,560
Tracts 0701 – 0708	5,760
Tract 0709	3,200
Tracts 0710 – 0719	5,760
Tract 0720	2,560
Tracts 0721 – 0730	5,760
Tract 0731	3,840
Tract 0732	2,560
Tracts 0733 – 0743	5,760
Tract 0744	5,120
Tract 0745	1,280
Tracts 0746 – 0755	5,760
Tract 0756	5,120
Tracts 0757 – 0783	5,760

Tract 0784	3,840
Tract 0785	4,480
Tracts 0786 - 0792	5,760
Tract 0793	3,840
Tracts 0794 - 0801	5,760
Tract 0802	1,280
Tracts 0803 - 0804	4,480
Tract 0805	1,920
Tracts 0806 - 0811	5,760
Tracts 0812 - 0813	5,120
Tracts 0814 - 0819	5,760
Tracts 0820 - 0821	3,840
Tracts 0822 - 0837	5,760
Tract 0838	4,480
Tract 0839	3,840
Tract 0840	3,200
Tract 0841	3,840
Tracts 0842 - 0862	5,760
Tracts 0863 - 0864	5,120
Tracts 0865 - 0888	5,760
Tract 0889	4,480
Tracts 0890 - 0912	5,760
Tract 0913	3,200
Tracts 0914 - 0937	5,760
Tracts 0938 - 0939	4,480
Tracts 0940 - 0965	5,760
Tract 0966	3,200
Tracts 0967 - 0993	5,760
Tract 0994	5,120
Tract 0995	1,280
Tracts 0996 - 1009	5,760
Tract 1010	5,120
Tracts 1011 - 1024	5,760
Tract 1025	3,840
Tract 1026	4,480
Tracts 1027 - 1029	5,760
Tract 1030	4,480
Tracts 1031 - 1034	5,760
Tract 1035	2,560
Tracts 1036 - 1039	5,760
Tract 1040	3,840
Tract 1041	3,200
Tracts 1042 - 1047	5,760

Total

5,795,840 est. acres