

STATE OF ALASKA

Frank H. Murkowski, Governor

Department of Natural Resources

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

Division of Oil and Gas

February 18, 2004

Phone: 269-8804

Instructions to Bidders

COOK INLET AREAWIDE 2004 NORTH SLOPE FOOTHILLS AREAWIDE 2004

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 May 17, 2004. 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 **2004** 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:

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

- (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 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 Cook Inlet Areawide (CIA) 2004 and North Slope Foothills Areawide (NSFH) 2004 must be submitted on a BID FORM FOR AREAWIDE OIL & GAS LEASE SALE (Revised 10/02) 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 bank draft, 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, 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 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.

4. 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, Cook Inlet Areawide Lease Sale 2004
not to be opened until 8:30 a.m., MAY 19, 2004; Tract # _____.

or

State of Alaska, North Slope Foothills Areawide Lease Sale 2004
not to be opened until 8:30 a.m., MAY 19, 2004; 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 May 17, 2004 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. May 17, 2004. Bids arriving prior to May 17, 2004, will be held by DO&G until 9:00 a.m. May 19, 2004, 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), MAY 17, 2004 WILL BE REJECTED

E. Bid Processing and Reading

Both the CIA 2004 and the NSFH 2004 lease sales will be held on May 19, 2004, in the Wilda Marston Theater, Loussac Public Library, 3600 Denali Street, in Anchorage. Bids will be processed in the following manner:

1. May 19, 2004, 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.
2. May 19, 2004, 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 the day following the sale, once adjudication has been completed.
4. 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 May 20, 2004, 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., May 20, 2004, 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 bank draft, certified check, cashier's check or money order will be presented on May 19, 2004, 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.

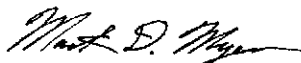
NOTE: For Areawide Oil and Gas Lease Sales, successful bidders will be determined based on the HIGHEST Total Bid Per Acre for each tract, rather than the Total Estimated Bonus Bid per tract.

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 Cook Inlet Areawide 2004 or North Slope Foothills Areawide 2004, please contact James Hansen, DO&G, Anchorage, Alaska (907) 269-8804.



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 in the Cook Inlet Areawide sale area

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tracts 0001 and 0002	3,840 each
Tracts 0003 through 0015	5,760 each
Tract 0016	4,480
Tracts 0017 and 0018	5,760 each
Tract 0019	3,840
Tracts 0020 and 0021	5,760 each
Tract 0022	3,200
Tracts 0023 through 0047	5,760 each
Tract 0048	4,480
Tracts 0049 and 0050	5,120 each
Tract 0051	2,560
Tract 0052	3,840
Tract 0053	2,560
Tract 0054	3,840
Tracts 0055 through 0079	5,760 each
Tract 0080	4,480
Tract 0081	2,560
Tracts 0082 through 0154	5,760 each
Tract 0155	1,920
Tracts 0156 through 0187	5,760 each
Tract 0188	1,920
Tracts 0189 through 0192	5,760 each
Tracts 0193 through 0210	2,560 each
Tracts 0211 through 0224	5,760 each
Tract 0225	3,840
Tract 0226	5,760
Tract 0227	1,920
Tracts 0228 through 0235	5,760 each
Tracts 0236 through 0253	2,560 each
Tracts 0254 through 0270	5,760 each
Tract 0271	640
Tract 0272	5,120
Tract 0273	5,760
Tract 0274	5,120
Tracts 0275 through 0282	5,760 each
Tracts 0283 through 0309	2,560 each

Tract Number Estimated Acreage

Tracts 0310 through 0319	5,760 each
Tract 0320	5,120
Tract 0321	4,480
Tracts 0322 through 0331	3,840 each
Tract 0332	2,560
Tract 0333	3,840
Tract 0334	1,920
Tracts 0335 through 0344	5,760 each
Tracts 0345 through 0380	2,560 each
Tracts 0381 through 0398	5,760 each
Tracts 0399 through 0407	3,840 each
Tract 0408	4,480
Tract 0409	3,840
Tracts 0410 through 0421	5,760 each
Tracts 0422 through 0430	2,560 each
Tract 0431	3,200
Tract 0432	1,920
Tract 0433	1,280
Tracts 0434 through 0443	2,560 each
Tracts 0444 through 0483	5,760 each
Tracts 0484 through 0501	2,560 each
Tracts 0502 and 0503	5,760 each
Tract 0504	3,840
Tract 0505	4,480
Tracts 0506 and 0507	5,760 each
Tract 0508	3,840
Tract 0509	5,120
Tracts 0510 through 0543	5,760 each
Tracts 0544 through 0561	2,560 each
Tracts 0562 through 0598	5,760 each
Tracts 0599 through 0607	2,560 each
Tracts 0608 through 0643	5,760 each
Tracts 0644 through 0652	2,560 each
Tracts 0653 through 0718	5,760 each
Tract 0719	3,840
Tracts 0720 and 0721	5,760 each
Tract 0722	3,840
Tracts 0723 through 0734	5,760 each
Tract 0735	3,840
Tract 0736	2,560
Tracts 0737 and 0738	5,760 each
Tract 0739	3,840
Tract 0740	5,760
Tract 0741	3,840

Tract Number Estimated Acreage

Tracts 0742 and 0743	5,760 each
Tract 0744	3,840
Tracts 0745 through 0756	5,760 each
Tract 0757	3,840
Tract 0758	5,760
Tract 0759	3,840
Tract 0760	4,480
Tract 0761	5,760
Tract 0762	2,560
Tracts 0763 and 0764	3,840 each
Tracts 0765 and 0766	5,760 each
Tract 0767	5,120
Tracts 0768 through 0782	5,760 each
Tract 0783	3,840
Tract 0784	3,200
Tract 0785	3,840
Tracts 0786 through 0806	5,760 each
Tract 0807	1,920
Tract 0808	3,840
Tracts 0809 through 0814	5,760 each
Tract 0815	<u>3,840</u>
Total	4,046,080 est. acres

Attachment A

Estimated Acreage for Tracts in the North Slope Foothills Areawide sale area

Tract Number Estimated Acreage

Tracts 0001 through 0094	5,760 each
Tract 0095	3,200
Tract 0096 and 0097	5,760 each
Tract 0098	3,200
Tracts 0099 through 0314	5,760 each
Tracts 0315 and 0316	3,840 each
Tracts 0317 through 0552	5,760 each
Tract 0553	1,920
Tract 0554	5,760
Tract 0555	1,920
Tracts 0556 through 0711	5,760 each
Tract 0712	2,560

<u>Tract Number</u>	<u>Estimated Acreage</u>
Tract 0713	5,120
Tract 0714	3,200
Tracts 0715 through 0746	5,760 each
Tract 0755	5,760
Tract 0756	5,120
Tract 0757	3,840
Tracts 0758 through 0762	5,760 each
Tract 0763	5,120
Tract 0764	3,840
Tract 0765	5,760
Tracts 0766 through 0767	3,840 each
Tract 0768	2,560
Tracts 0769 through 0780	5,760 each
Tract 0781	4,480
Tracts 0782 through 0797	5,760 each
Tracts 0798 and 0799	5,120 each
Tract 0800	5,760
Tracts 0801 and 0802	3,840 each
Tracts 0803 through 0823	5,760 each
Tract 0824	5,120
Tracts 0825 and 0826	5,760 each
Tract 0827	5,120
Tracts 0828 through 0831	5,760 each
Tract 0832	3,200
Tract 0833	5,760
Tract 0834 through 0836	5,120 each
Tract 0837	3,200
Tract 0838	3,840
Tracts 0839 through 0871	5,760 each
Tract 0872	2,560
Tracts 0873	5,760
Tract 0874	3,840
Tracts 0875 through 0895	5,760 each
Tracts 0896 and 0897	4,480 each
Tracts 0898 through 0964	5,760 each
Tracts 0965 and 0966	3,840 each
Tracts 0967 through 1032	5,760 each
Tracts 1033 and 1034	3,840 each
Tracts 1035 through 1100	5,760 each
Tracts 1101 and 1102	3,840 each
Tracts 1103 through 1167	5,760 each
Tracts 1166X and 1167X	1,280 each
Tracts 1168 through 1226	5,760 each
Tracts 1225X and 1226X	1,280 each

Tract Number	Estimated Acreage
Tracts 1227 through 1237	5,760 each
Tract 1238	3,840
Tracts 1239 through 1286	5,760 each
Tracts 1285X and 1286X	1,280 each
Tracts 1287 through 1296	5,760 each
Tract 1297	5,120
Tracts 1298 and 1299	5,760 each
Tract 1300	3,840
Tracts 1301 and 1302	5,760 each
Tracts 1303 and 1304	1,920 each
Tracts 1305 and 1306	5,760 each
Tracts 1307 and 1308	1,920 each
Tracts 1309 and 1310	5,760 each
Tracts 1311 and 1312	1,920 each
Tracts 1313 and 1314	5,760 each
Tracts 1315 and 1316	3,840 each
Tracts 1317 and 1318	5,760 each
Tract 1319	3,840
Tract 1320	2,560
Tracts 1321 and 1322	5,760 each
Tracts 1323 and 1324	3,840 each
Tracts 1325 and 1326	5,760 each
Tracts 1327 and 1328	3,840 each
Tracts 1329 and 1330	5,760 each
Tracts 1331 and 1332	3,840 each
Tracts 1333 and 1334	5,760 each
Tracts 1335 and 1336	3,840 each
Tracts 1337 and 1338	5,760 each
Tract 1338X	1,280
Tract 1339	5,760
Tract 1340	3,840
Tracts 1348 through 1355	<u>3,840 each</u>
Total	7,587,200 est. acres