

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

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February 21, 2007

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Instructions to Bidders

COOK INLET AREAWIDE 2007

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

A. Pre-Qualification of Bidders

Every individual, association or partnership, corporation, or person authorized to act on behalf of another party must qualify with the Division of Oil and Gas (DO&G) prior to bidding for lease tracts.

In order for bids to be accepted, bidders **must** be pre-qualified with the DO&G no later than 4:00 p.m. on May 21, 2007. To pre-qualify the following information and documents **must** be on file with DO&G:

1. Individual

- a. In the case of an individual, 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 and to fulfill on behalf of the person all obligations arising under the lease, and the representative's certification of the age of the person and the representative; 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 authorizing the agent to act on behalf of the individual.

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 **2007** 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:

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

- (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.

The certificate of compliance (Certificate of Good Standing) 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 is the bidder's responsibility to ensure that the required certificate is filed with DO&G.

The required Alaska Certificate of Good Standing, Certificate of Authority, or Certificate of Incorporation must be requested from the Alaska Department of Commerce, Community and Economic Development (DCC&ED). You may purchase the certificate online at 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@commerce.state.ak.us or call (907) 465-2530. Upon proper application, the DCC&ED will issue the requested certificate. 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 email dawn_greenan@dnr.state.ak.us.

B. Preparing Bids for Submission

1. Bids 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. 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 for the tract (See Attachment A). In most cases the estimated tract acreage will be more than the actual available leaseable acreage for the tract.

Sample Total Estimated Bonus Bid/Minimum Bid Deposit Calculation:

Tract # 0433: Estimated acreage from Attachment "A" = 1,920 acres
 \$10.27 Total Bid Per Acre

1,920 acres X \$10.27 Total 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 2007
Not to be opened until 9:00 a.m., May 23, 2007; Tract #_____.

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 total estimated 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 between **9:00 a.m. and 4:00 p.m. on May 21, 2007** in 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, DO&G, 550 West 7th Ave., Suite 800, Anchorage, Alaska 99501-3560. The division must receive all bids no later than 4:00 p.m. May 21, 2007. Bids arriving prior to May 21, 2007 will be held by DO&G until 9:00 a.m. May 21, 2007, and will be officially received at that time. Information regarding the bids will be held confidential until the day of the sale. **Bids received after 4:00 p.m. (ADT), May 21, 2007 will be rejected.**

E. Bid Processing and Reading

The CI 2007 lease sale will be held on May 23, 2007 at the Wilda Marston Theater in the Loussac Public Library, 3600 Denali Street, Anchorage. Bids will be processed in the following manner:

1. 9:00 a.m. - 10:00 a.m. (approx.): Bids will be opened and read in public. Bids have not been adjudicated prior to bid opening.
2. 10:30 a.m. – 4:30 p.m. (approx.): 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 at www.dog.dnr.state.ak.us/ the day following the sale or when adjudication has been completed.

4. 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 May 24, 2007 in Suite 800 of the Atwood Building, located at 550 W. 7th Ave., Anchorage. Bid deposits that have not been retrieved by 3:00 p.m., May 25, 2007 will be returned within five working days of the sale to the bidder by mail in accordance with the instructions for return of the bid deposit 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 24, 2007 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, the apparent high bidder will be determined based on the highest Total Bid Per Acre for each tract, not the highest Total Estimated Bonus Bid.

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

1. **The qualified bidder submitting a valid bid representing the highest Total Bid Per Acre will be the apparent high bidder for the tract.** The high bidder will receive a **Notice to High Bidder** following the commissioner's acceptance of their apparent high bid and bid deposit.
2. Once the commissioner has accepted the apparent high bid, DO&G will initiate a title review for the tracts receiving a high bid. Once title has been cleared and the actual leaseable acreage for the tract has been determined, DO&G will issue an **Award Notice** to the successful bidder. The Award Notice will inform the successful bidder of the actual leaseable acreage within the tract and the actual total amount of the bonus bid for the tract. It will also include instructions for wire transfer of the remaining balance (if any) of the bonus bid, accrued interest and annual rental, along with instructions for signature and return of the leases.

Note: Failure to comply with the Award Notice will result in forfeiture of the right to lease the sale tract and forfeiture of the bid deposit.

For further information, please contact Kathy Means, DO&G, Anchorage, Alaska (907) 269-8757, email: kathy_means@dnr.state.ak.us, or Dianna Lewis, (907) 269-8510, email: dianna_lewis@dnr.state.ak.us.



Kevin R. Banks,
Acting Director

<http://www.dog.dnr.state.ak.us/oil/>
Itbid- CI2007.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

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