

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

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INSTRUCTIONS TO BIDDERS ALASKA PENINSULA AREAWIDE 2011 COOK INLET AREAWIDE 2011 PART A AND PART B COMPETITIVE OIL AND GAS LEASE SALES

PLEASE READ ALL INSTRUCTIONS CAREFULLY. THERE ARE SPECIAL BID INSTRUCTIONS FOR PART B OF THE COOK INLET 2011 LEASE SALE. 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 www.dog.dnr.state.ak.us/oil/programs/leasing/leaseadmin/qual_fags 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, June 17, 2011:

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 available) 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: If an individual has already qualified in a previous lease sale or through an assignment of interest in a lease they need to ensure that all information on file 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

- 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/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 the DO&G.

Note: The required Alaska certificates must be requested from the ADCC&ED. You may purchase the certificates online at www.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 10 days 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: www.commerce.state.ak.us/occ/home_corporations. (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. a) Bids for Alaska Peninsula Areawide 2011 (AP 2011) Competitive Oil and Gas Lease Sale and Part A of the Cook Inlet Areawide 2011 (CI 2011A) Competitive Oil and Gas Lease Sale must be submitted on a Bid Form For Areawide Oil & Gas Lease Sale (Revised 2/09) or an exact copy of that form. Copies of the bid form can be downloaded from the DO&G website at www.dog.dnr.alaska.gov/oil/.
 - b) **Bids for Part B of the CI 2011 lease sale must be submitted on a Bid Form For Areawide Oil & Gas Lease Sale (Revised 2/09) or an exact copy of that form. Bids for Part B must bid on all three tracts as a bundle on a single bid form. Bids for separate tracts will be rejected. Pre-filled forms with tract numbers and acreages can be downloaded from the DO&G website at www.dog.dnr.alaska.gov/oil/.**
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 (AP 2011 lease sale and Part A of CI 2011 lease sale) or tract bundle (Part B of CI 2011 lease sale only). 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. a) For the purposes of formulating bids for the AP 2011 lease sale and Part A of the CI 2011 lease sale, 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 for the AP 2011 lease sale and Part A of the CI 2011 lease sale, 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 AP 2011 Lease Sale and Part A of the CI 2011 Lease Sale:

Tract # 0433: Estimated tract 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 <u>20%</u>	minimum bid deposit required
= \$3,943.68	minimum bid deposit amount
= \$3,944.00	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.

- b) For Part B of the CI 2011 lease sale, bidders must calculate the Total Estimated Bonus Bid based on the total acreage for the entire three-tract bundle. The exact acreage available for each tract has been determined and rounded up to the nearest whole acre. The individual tract acreages and the total acreage for the three tracts combined is listed in Attachment A. Pre-filled forms with tract numbers and acreages can be downloaded from the DO&G website at www.dog.dnr.alaska.gov/oil/.

Sample Total Estimated Bonus Bid/Minimum Bid Deposit Calculation for Part B of the CI 2011 Lease Sale:

<u>Tract No.</u>	<u>Estimated Tract Acres</u>	<u>Total Bid Per Acre</u>	<u>Total Estimated Bonus Bid</u>
784	1,110.00		
786	3,620.00		
804	4,037.00		
Totals:	<u>8,767.00</u>	x \$ <u>80.00</u> /acre =	\$ <u>701,360.00</u>

Estimated bundle tract acreage from Attachment A for Part B

Bid of \$80.00 per acre

8,767.00 acres x \$80.00 bid per acre = \$701,360.00 Total Estimated Bonus Bid

\$701,360.00
x 20%
= \$140,272.00

Total Estimated Bonus Bid for Bundle of Tracts
minimum bid deposit required
minimum bid deposit for bundle of tracts

= **\$140,272.00** bid deposit after **rounding upwards** to the nearest whole dollar

c) Each bid must be submitted separately in a single envelope.

1) For the AP 2011 lease sale and Part A of the CI 2011 lease sale, each envelope should contain only one bid for one tract and be marked, as appropriate:

State of Alaska, Cook Inlet Areawide Lease Sale 2011, Part A
Not to be opened until 9:00 a.m., June 22, 2011; Tract #_____

2) For Part B of the CI 2011 lease sale, each envelope must contain only one bid for the entire tract bundle and be marked as:

State of Alaska, Cook Inlet Areawide Lease Sale 2011, Part B
Not to be opened until 9:00 a.m., June 22, 2011

Note: No other markings should appear on the outside of the bid envelope(s). Personal checks will not be accepted. For the AP 2011 lease sale and Part A of the CI 2011 lease sale, no bid for less than a full tract will be considered. For Part B of the CI 2011 lease sale, bids for individual tracts will not be considered; the three tracts must be bid on as a bundle. 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 these sales on **June 20, 2011** 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 800, Anchorage, Alaska 99501-3560.

The division must receive all bids no later than 4:00 p.m. June 20, 2011. Bids arriving prior to June 20, 2011, will be held by the DO&G until 9:00 a.m. June 22, 2011, 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., June 20, 2011 will be rejected.**

Submitted bids may be withdrawn prior to 9:00 a.m. June 22, 2011 without forfeiting the bid deposit. A bid deposit will be forfeited on any bid withdrawn after bid opening and prior to issuance of Award Notices.

Bid Processing and Reading

The AP 2011 lease sale and Parts A and B of the CI 2011 lease sale will be held on **June 22, 2011, at the Dena'ina Civic and Convention Center, 600 W. 7th Avenue, Anchorage, Alaska.** Bids will be processed in the following manner:

1. June 22, 2011, 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. June 22 (upon return from sale) approx. 10:30 a.m. – 4:30 p.m., and June 23, 2011, 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 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 June 24, 2011, in Suite 800 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., June 24, 2011, 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 June 23, 2011, 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 the AP 2011 lease sale and Part A of the CI 2011 lease sale, 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. For Part B of the CI 2011 lease sale, successful bidders will be determined based on the highest total bid per acre for the entire tract bundle.

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 in the AP 2011 lease sale and Part A of the CI 2011 lease sale 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 in the AP 2011 lease sale and Part A of the CI 2011 lease sale 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.
3. For Part B of the CI 2011 lease sale, title review and determination of leaseable acreage has already been completed. The DO&G will issue **Award Notices** to the successful bidders soon after bid adjudication.

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 for the AP 2011 lease sale and Part A of the CI 2011 lease sale may take several months for completion.

For further information regarding these areawide sales, please contact Holly Poydack at holly.poydack@alaska.gov or (907) 269-8757.



Kevin R. Banks
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 2011
Competitive Oil and Gas Lease Sale**

<u>Tract Number</u>	<u>Estimated Acres</u>	<u>Tract Number</u>	<u>Estimated Acres</u>
1 -117	5,760 each	348	1,920
118	4,480	349 – 358.....	5,760 each
119 –146	5,760 each	359	2,560
147	2,560	360 – 369.....	5,760 each
148 – 166	5,760 each	370	3,200
167 – 168	5,120 each	371 – 380.....	5,760 each
169 – 188	5,760 each	381	3,840
189	4,480	382 – 389.....	5,760 each
190	3,840	390	3,200
191	5,120	391	4,480
192	5,760	392	5,120
193	1,280	393 – 410.....	5,760 each
194	5,760	411	3,200
195	5,120	412 – 421.....	5,760 each
196	3,840	422	3,840
197	3,200	423 – 432.....	5,760 each
198 – 213	5,760 each	433	4,480
214	3,200	434 – 443.....	5,760 each
215	1,280	444	5,120
216 – 217	5,760 each	445 – 455.....	5,760 each
218	1,920	456	3,200
219	3,200	457 – 466.....	5,760 each
220 – 234	5,760 each	467 – 468.....	3,840 each
235	2,560	469 – 476.....	5,760 each
236	1,920	477	3,840
237	5,760	478 – 485.....	5,760 each
238 – 240	4,480 each	486	3,840
241 – 254	5,760 each	487	3,200
255	3,200	488 – 496.....	5,760 each
256 – 265	5,760 each	497	5,120
266	5,120	498	2,560
267 – 285	5,760 each	499 – 508.....	5,760 each
286	5,120	509	4,480
287 – 295	5,760 each	510 – 518.....	5,760 each
296	4,480	519	5,120
297 – 316	5,760 each	520 – 529.....	5,760 each
317 – 326	3,840 each	530	3,840
327 – 336	5,760 each	531 – 544.....	5,760 each
337	2,560	545	3,840
338 – 347	5,760 each	546	5,120

<u>Tract Number</u>	<u>Estimated Acres</u>
547 – 561	5,760 each
562	4,480
563 – 572	5,760 each
573	5,120
574 – 583	5,760 each
584	4,480
585 – 590	5,760 each
591	3,840
592 – 598	5,760 each
599	3,840
600 – 605	5,760 each
606	3,840
607	3,200
608 – 615	5,760 each
616	1,920
617 – 623	5,760 each
624	3,840
625 – 632	5,760 each
633	4,480
634	3,200
635 – 644	5,760 each
645	3,840
646	2,560
647 – 658	5,760 each
659	2,560
660 – 665	5,760 each
666	3,840
667	3,200
668 – 675	5,760 each
676	3,840
677	3,200
678 – 687	5,760 each
688	4,480
689 – 698	5,760 each
699	3,840
700	2,560
701 – 708	5,760 each
709	3,200
710 – 719	5,760 each
720	2,560
721 – 730	5,760 each
731	3,840
732	2,560
733 – 743	5,760 each
744	5,120
745	1,280
746 – 755	5,760 each

<u>Tract Number</u>	<u>Estimated Acre</u>
756	5,120
757 – 783.....	5,760 each
784	3,840
785	4,480
786 – 792.....	5,760 each
793	3,840
794 – 801.....	5,760 each
802	1,280
803 – 804.....	4,480 each
805	1,920
806 – 811.....	5,760 each
812 – 813.....	5,120 each
814 – 819.....	5,760 each
820 – 821	3,840 each
822 – 837.....	5,760 each
838	4,480
839	3,840
840	3,200
841	3,840
842 – 862.....	5,760 each
863 – 864.....	5,120 each
865 – 888.....	5,760 each
889	4,480
890 – 912.....	5,760 each
913	3,200
914 – 937.....	5,760 each
938 – 939.....	4,480 each
940 – 965.....	5,760 each
966	3,200
967 – 993.....	5,760 each
994	5,120
995	1,280
996 – 1009.....	5,760 each
1010	5,120
1011 – 1024.....	5,760 each
1025	3,840
1026	4,480
1027 – 1029.....	5,760 each
1030	4,480
1031 – 1034.....	5,760 each
1035	2,560
1036 – 1039.....	5,760 each
1040	3,840
1041	3,200
1042 – 1047.....	5,760 each

Total est. acres 5,795,840

Attachment A

**Estimated acreage for tracts offered in Part A of the
Cook Inlet Areawide 2011 Competitive Oil and Gas Lease Sale**

<u>Tract Number</u>	<u>Estimated Acres</u>	<u>Tract Number</u>	<u>Estimated Acres</u>
1 – 2	3,840 each	310 – 319.....	5,760 each
3 – 15	5,760 each	320	5,120
16	4,480	321	4,480
17 – 18	5,760 each	322 – 331.....	3,840 each
19	3,840	332	2,560
20 – 21	5,760 each	333	3,840
22	3,200	334	1,920
23 – 47	5,760 each	335 – 344.....	5,760 each
48	4,480	345 – 380.....	2,560 each
49 – 50	5,120 each	381 – 398.....	5,760 each
51	2,560	399 – 407.....	3,840 each
52	3,840	408	4,480
53	2,560	409	3,840
54	3,840	410 – 421.....	5,760 each
55 – 79	5,760 each	422 – 430.....	2,560 each
80	4,480	431	3,200
81	2,560	432	1,920
82 – 107	5,760 each	433	1,280
108	5,646	434 – 443.....	2,560 each
109 – 154	5,760 each	444 – 446.....	5,760 each
155	1,920	447	5,460.68
156 – 187	5,760 each	448 – 483.....	5,760 each
188	1,920	484 – 501.....	2,560 each
189 – 192	5,760 each	502 – 503.....	5,760 each
193 – 210	2,560 each	504	3,840
211 – 224	5,760 each	505	4,480
225	2,720	506 – 507.....	5,760 each
226	5,760	508	3,840
227	1,920	509	5,120
228 – 233	5,760 each	510 – 543.....	5,760 each
234	5,586	544 – 554.....	2,560 each
235	5,760	555	106.80
236 – 253	2,560 each	556 – 557.....	2,560 each
254 – 270	5,760 each	558	35
271	640	559 – 561.....	2,560 each
272	5,120	562 – 564.....	5,760 each
273	5,760	565	1,770.43
274	5,120	566 – 588.....	5,760 each
275 – 279	5,760 each	589	5,721
280	5,660	590 – 598.....	5,76 each
281	5,682	599 – 603.....	2,560 each
282	5,760	604	2,528
283 – 309	2,560 each	605 – 607.....	2,560 each

<u>Tract Number</u>	<u>Estimated Acres</u>
608 – 643	5,760 each
644 – 652	2,560 each
653 – 718	5,760 each
719	3,840
720 – 721	5,760 each
722	3,840
723 – 734	5,760 each
735	3,840
736	2,560
737 – 738	5,760 each
739	3,840
740	5,760
741	3,840
742 – 743	5,760 each
744	3,840
745 – 756	5,760 each
757	3,840
758	5,760
759	3,840
760	4,480
761	5,760
762	2,560

<u>Tract Number</u>	<u>Estimated Acres</u>
763 – 764.....	3,840 each
765 – 766.....	5,760 each
767	5,120
768 – 782.....	5,760 each
783	3,840
784	deferred
785	3,840
786	deferred
787 – 789.....	5,760 each
790	5,647.60
791 – 803.....	5,760 each
804	deferred
805 – 806.....	5,760 each
807	1,920
808	3,840
809 – 812.....	5,760 each
813	4,780.41
814	5,760
815	3,840
Total est. acres	3,976,463.92

Attachment A

**Estimated acreage for tracts offered in Part B of the
Cook Inlet Areawide 2011 Competitive Oil and Gas Lease Sale**

<u>Tract Number</u>	<u>Estimated Acres</u>
784	1,110
786	3,620
804	4,037
Total est. acres	8,767