STATE OF ALABAMA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
INVITATION FOR BIDS FOR SURFACE COAL MINING LEASE
ON CERTAIN STATE LANDS IN
TUSCALOOSA COUNTY

Notice is hereby given to all interested parties that sealed bids for the purchase of a surface coal mining lease on certain State lands in Tuscaloosa County, Alabama will be received and publicly opened on February 28, 2008 at 2:00 p.m., by the Commissioner of the Alabama Department of Conservation and Natural Resources in Room 469, Folsom Administrative Building, Montgomery, Alabama. The lease being offered will be for the privilege of taking and removing coal by surface mining operations.

The acreage offered for coal mining in Tuscaloosa County, Alabama is more particularly described as follows:

> **Township 20 South, Range 7 West, a portion of the north half and a portion of the southwest of the southeast of Section 6 containing 71 acres, more or less, as reflected on a map available from the State Lands Division.**

The estimated recoverable reserve quantity is 254,341.85 tons of coal. All bidders should satisfy themselves as to the recoverable quantity of coal offered. The Department of Conservation and Natural Resources guarantees no quantity.

The State does not warrant nor guarantee title to the land herein advertised and all bidders should satisfy themselves as to the State's title and to the accuracy of acreage offered. The successful bidder will be allowed a term of five (5) years, to take and remove coal.

Bids submitted for the tract must state the following:

1. **Total AMOUNT OF MINIMUM GUARANTEED ROYALTY to be paid to the State of Alabama over the term of the lease (recoverable from actual production royalties). Bids offering less than $1,017,367.40 will not be considered.**

Each bid must be accompanied by a bank or cashier's check in an amount equal to one fifth (1/5) of the total minimum guaranteed royalty bid, which payment shall constitute the first of five annual advance royalty payments (recoverable from actual production royalties).

All bids submitted should be clearly marked on the outside of the envelope "TUSCALOOSA COUNTY SURFACE COAL MNING BID NOT TO BE OPENED UNTIL FEBRUARY 28, 2008 AT 2:00 P.M."

Any lease awarded at this sale shall be on the standard Department of Conservation and Natural Resources Surface Mining Coal lease form, and shall include the following provisions:

1. **Royalty is fixed at 12% of the pit price for coal, (defined as the delivered sales price less cost of hauling) or four dollars ($4.00) for each ton (2000 pounds) of coal, whichever is greater, for all coal mined and sold.**

2. **Advance royalty payments of one fifth (1/5) the total minimum guaranteed royalty bid are due annually.**

3. **Coal is to be removed by the surface mining method, leaving no high walls.**

4. **Failure of successful bidder(s) to commence mining by the end of the second year on leased acreage shall result in termination of the lease and forfeiture of advance royalty payments.**

5. A proposed mining plan augmented with bi-annual "Mining Progress Maps" is required.

6. The leased tract shall be reclaimed in accordance with the requirements of Alabama Surface Mining Commission regulations and in accordance with the specific requirements of the Department of Conservation and Natural Resources. The primary post reclamation land use shall be timber production with wildlife as a secondary consideration. The contract will include provisions for the establishment of 500 live genetically improved loblolly pines at the end of the second growing season plus the establishment of certain hardwood species beneficial to wildlife. Sufficient soil from the originally in-place upper-most soil horizon shall be spread to a minimum thickness of 6 inches on all stripped lands following post mining slope work. Land corners are to be reset and boundary lines marked with steel posts at 200 foot intervals.

7. A performance bond or satisfactory alternative will be required for this lease in the amount of $813,900.00.

8. Lessee must possess a valid Alabama Coal Mining License.

9. A contract administration fee of $250.00 shall be payable annually to the State Lands Division.

The successful bidder must execute and return the lease to the Department of Conservation and Natural Resources within ten (10) days following the date of receipt; otherwise, the award may be deemed to have been withdrawn and one-tenth of the first annual advance royalty forfeited to the State.

All laws of the State of Alabama concerning the sale of coal from State properties shall govern this sale whether or not included in this notice.

The Commissioner of Conservation and Natural Resources reserves the right to reject any and all bids and to withdraw this offer to lease at any time. Specification of a minimum bid amount to be considered does not suggest acceptance of any bid which may exceed that amount. The successful bidder (if any) shall be required to pay the costs of advertising this invitation for bids.

Persons desiring further information regarding this lease may contact the State Lands Division, Department of Conservation and Natural Resources, 64 North Union Street, Montgomery, Alabama 36130, or by telephone at (334)242-3484.

M. Barnett Lawley, Commissioner
Department of Conservation and
Natural Resources

1/28/08
Date