STATE OF ALABAMA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
STATE LANDS DIVISION
INVITATION FOR BIDS FOR OIL AND GAS LEASE
ON CERTAIN STATE LANDS IN
ESCAMBIA COUNTY, ALABAMA

Notice is hereby given to all interested parties that sealed bids for the purchase of oil and gas lease on certain acreage located in Escambia County, Alabama, will be received by the Commissioner of Conservation and Natural Resources until March 2, 2006 at 3:00 p.m., which time all bids will be publicly opened and read in the Commissioner's conference room, 469 Folsom Administrative Building, Montgomery, Alabama 36130-1901.

The acreage offered for lease consists of submerged land located in Escambia County as shown on Alabama Department of Conservation and Natural Resources Engineering Project No. 30-L-31 and further described as follows:

> Tract #1 - The navigable beds and bottoms of Big Escambia Creek located in T1N, R8E, W2 of S28, and S29 in Escambia County, Alabama; containing ±17acres.

The State does not warrant nor guarantee title to the lands herein advertised and all bidders should satisfy themselves as to the State's title and to the accuracy of the acreage offered.

Bids submitted must be for the entire acreage, no bids for less than a complete tract will be considered. The successful bidder (if any) shall be required to pay the costs of advertising this invitation for bids.

Bids submitted must include bonus offered on oil, gas, other hydrocarbon minerals, and the constituent products. Bids offering a bonus of less than $225.00 per net mineral acre will not be considered. Royalty for this offering is fixed at 25%. Each bid submitted must be accompanied by a certified or cashier's check for the total amount of bonus offered and made payable to the order of the State of Alabama. Bids submitted without such check will not be considered.

All bids must be submitted to the State Lands Division in a sealed envelope and must be clearly marked on the outside of the envelope "SEALED BID FOR AN OIL AND GAS LEASE, TRACT NO._____, ESCAMBIA COUNTY, NOT TO BE OPENED UNTIL MARCH 2, 2006 AT 3:00 P.M."

NO BID SHALL BE RECEIVED FOR ANY REASON ANY TIME AFTER THE ADVERTISED DEADLINE.

Any lease awarded at this sale shall be on the standard Department of Conservation and Natural Resources' oil and gas lease form (February 1981), have a primary term of five (5) years, provide for delay rental of Ten Dollars ($10) per acre per year and shall contain a clause prohibiting drilling on the leased premises except by directional drilling from adjacent lands.

The successful bidder, must execute and return the lease to the State Lands Division within fifteen (15) days following the date of receipt; otherwise, the award may be deemed to have been withdrawn, and the bid forfeited.

All laws of the State of Alabama concerning the leasing of state properties for oil and gas purposes shall govern this sale whether or not included in this notice.

The Commissioner of Conservation and Natural Resources reserves the right to withdraw any and all tracts from this sale prior to issuance of a written acceptance of a bid, or to reject any and all bids for these tracts. In any case, no bid for these tracts will be accepted and no lease will be awarded to any bidder unless: (1) the bidder has complied with all requirements of this notice; and (2) the amount of the bid has been determined to be adequate by the Commissioner. Specification of a minimum bid amount to be considered does not suggest acceptance of any bid which may exceed that amount.

Persons desiring additional information regarding this sale may contact the State Lands Division, Department of Conservation and Natural Resources, 64 North Union Street, Montgomery, Alabama 36130-1901, or by telephone at (334) 242-3484.

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

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Date