

**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
COVINGTON COUNTY, ALABAMA**

Notice is hereby given to all interested parties that sealed bids for the purchase of individual oil and gas leases on certain acreage located in Covington County, Alabama, will be received by the Commissioner of Conservation and Natural Resources until November 2, 2010 at 2:30 p.m., at 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 individual tracts offered for lease consist of land located in Covington County, Alabama, and each is further described as follows:

- Tract 1:** The navigable beds and bottoms of Pigeon Creek located in Covington County, Alabama, Township 6 North, Range 14 East, Section 3, containing 12.4 acres, more or less, and shown on Alabama Department of Conservation and Natural Resources Engineering Project Plat No. 23-L-36.
- Tract 2:** The navigable beds and bottoms of Pigeon Creek located in Covington County, Alabama, Township 6 North, Range 14 East, Sections 4 and 9 containing 6.7 acres, more or less, and shown on Alabama Department of Conservation and Natural Resources Engineering Project Plat No. 23-L-36.
- Tract 3:** The navigable beds and bottoms of Pigeon Creek located in Covington County, Alabama, Township 6 North, Range 14 East, Section 10 containing 12.0 acres, more or less, and shown on Alabama Department of Conservation and Natural Resources Engineering Project Plat No. 23-L-36.
- Tract 4:** The navigable beds and bottoms of Pigeon Creek located in Covington County, Alabama, Township 6 North, Range 14 East, Section 16 containing 17.7 acres, more or less, and shown on Alabama Department of Conservation and Natural Resources Engineering Project Plat No. 23-L-36.

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 must be submitted for individual tracts only. Each individual tract bid submitted must be for the entire acreage of that tract. No bids for less than a complete individual tract will be considered. The person having made request for state lands to be advertised for oil and gas purposes, regardless of whether such person is the successful bidder, shall be required to pay the costs of advertising this invitation for bids.

Each bid 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. Unsuccessful bidders' deposits will be returned following the bid opening.

ATTENTION: PLEASE NOTE THAT ALL BIDS MUST BE SUBMITTED SPECIFICALLY TO THE STATE LANDS DIVISION OFFICE AT 64 NORTH UNION STREET, ROOM 464, FOLSOM ADMINISTRATIVE BUILDING, MONTGOMERY ALABAMA 36130 (36104 IF DELIVERED BY

PRIVATE COURIER) IN A SEALED ENVELOPE AND MUST BE CLEARLY MARKED ON THE OUTSIDE OF THE ENVELOPE "SEALED BID FOR AN OIL AND GAS LEASE, COVINGTON COUNTY, TRACT NO. _____ NOT TO BE OPENED UNTIL NOVEMBER 2, 2010 AT 2:30 P.M." ONLY ONE BID PER ENVELOPE.

NO BID SHALL BE RECEIVED FOR ANY REASON ANY TIME AFTER THE ADVERTISED DEADLINE. IT SHALL BE THE SOLE RESPONSIBILITY OF THE BIDDER TO ENSURE ACTUAL RECEIPT OF THE BID BY THE STATE LANDS DIVISION PRIOR TO THE ADVERTISED DEADLINE.

Any lease awarded after this bid opening, 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. A copy of the lease form may be obtained from the State Lands Division office at address above or (334) 242-3484.

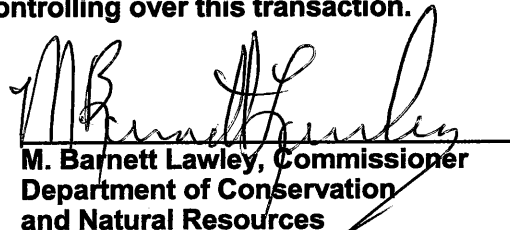
The successful bidder must execute and return the lease to the State Lands Division within fifteen (15) days following the date of receipt; otherwise, the award may be deemed to have been withdrawn, and the bid forfeited.

All laws of the State of Alabama concerning the leasing of state properties for oil and gas purposes shall govern this lease 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 notice prior to issuance of a written acceptance of a bid, or to reject any and all bids for any and all tracts. In any case, no bid for any tract 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 equal or exceed that amount.

The Department of Conservation and Natural Resources does not discriminate on the basis of race, color, religion, age, gender, national origin, or disability in its hiring or employment practices nor in admission to, access to, or operations of its programs, services, or activities.

Unless specifically provided otherwise in subsequent corrective advertisement, the terms and conditions as stated in this notice shall be controlling over this transaction.


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

10/4/10
Date