

**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 an oil and gas lease on certain acreage located in Escambia County, Alabama, will be received by the Commissioner of Conservation and Natural Resources until June 29, 2010 at 3:30 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.

The acreage for each tract being offered for lease consists of land located in Escambia County, Alabama, and is further described as follows:

Tract #1: A tract of land located in Township 2 North, Range 6 East, the NW/4 of Section 3 in Escambia County, Alabama, containing 163 acres, more or less as shown on Alabama Department of Conservation and Natural Resources Engineering Project Plat No. 30-L-39; and

Tract #2: A tract of land located in Township 2 North, Range 6 East, the SE/4 of Section 3 in Escambia County, Alabama, containing 163 acres, more or less as shown on Alabama Department of Conservation and Natural Resources Engineering Project Plat No. 30-L-39; and

Tract #3: A tract of land located in Township 2 North, Range 6 East, the S/2 of Section 10 in Escambia County, Alabama, containing 322 acres, more or less as shown on Alabama Department of Conservation and Natural Resources Engineering Project Plat No. 30-L-39; and

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 for a tract must be for the entire acreage of that tract, 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. Unsuccessful bidders' deposits will be returned promptly 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, ESCAMBIA COUNTY, TRACT NO. _____, NOT TO BE OPENED UNTIL JUNE 29, 2010 AT 3:30 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.

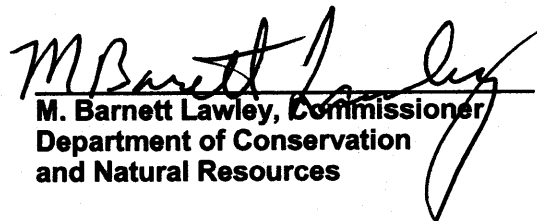
Any lease awarded shall be on the standard Department of Conservation and Natural Resources' oil and gas lease form, have a primary term of five (5) years, provide for delay rental of Ten Dollars (\$10) per acre per year and shall contain a clause prohibiting drilling within 300 feet from any prison's security fence. There will be concurrent ground agricultural lease activities on the above listed tracts and the successful bidder will be responsible for indemnifying surface lessees for any surface damages or property made un-useable as a result of oil and gas surface location of facilities.

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 acreage from this lease prior to issuance of a written acceptance of a bid, or to reject any and all bids for this acreage. In any case, no bid for this acreage 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 lease bid opening 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 #15

6/2/2010
Date