

**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 December 11, 2008 at 3:30, 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 acreage offered for lease consists of fifteen tracts of land located in Escambia County, Alabama, which are further described as follows:

- Tract #1:** A tract of land located in Township 2 North, Range 6 East, the NW/4, the N/2 of the NE/4, and the SW/4 of the NE/4 of Section 2; and, the NE/4 of Section 3 in Escambia County, Alabama, containing 440 acres, more or less.
- Tract #2:** A tract of land located in Township 2 North, Range 6 East, the SW/4 of Section 3; the SE/4 of Section 4; the NE/4 of Section 9; and, the NW/4 of Section 10 in Escambia County, Alabama, containing 640 acres, more or less.
- Tract #3:** A tract of land located in Township 2 North, Range 6 East, the NW/4 of Section 9 in Escambia County, Alabama, containing 160 acres, more or less.
- Tract #4:** A tract of land located in Township 2 North, Range 6 East, the NE/4 of Section 10 in Escambia County, Alabama, containing 160 acres, more or less.
- Tract #5:** A tract of land located in Township 2 North, Range 6 East, all of that portion of the SW/4 that lies East of the centerline of Wet Weather Creek and the SE/4 of Section 8 in Escambia County, Alabama, containing 180 acres, more or less.
- Tract #6:** A tract of land located in Township 2 North, Range 6 East, the NW/4 of Section 3; and, the NE/4 of Section 4 in Escambia County, Alabama, containing 320 acres, more or less.
- Tract#7:** A tract of land located in Township 2 North, Range 6 East, the SE/4 of Section 10 in Escambia County, Alabama, containing 160 acres, more or less.
- Tract#8:** A tract of land located in Township 2 North, Range 6 East, the SE/4 of Section 9; the SW/4 of Section 10; and, the NE/4 of Section 16 in Escambia County, Alabama, containing 480 acres, more or less.

**Tract #9:** A tract of land located in Township 2 North, Range 6 East, the SW/4 of Section 9; and, the NW/4 of Section 16 in Escambia County, Alabama, containing 320 acres, more or less.

**Tract #10:** A tract of land located in Township 2 North, Range 6 East, the SE/4 of Section 16; the NE/4 of Section 21; and, the NW/4 of Section 22 in Escambia County, Alabama, containing 480 acres, more or less.

**Tract #11:** A tract of land located in Township 2 North, Range 6 East, the SW/4 of Section 16 in Escambia County, Alabama, containing 160 acres, more or less.

**Tract #12:** A tract of land located in Township 2 North, Range 6 East, the NE/4 of Section 22 in Escambia County, Alabama, containing 160 acres, more or less.

**Tract #13:** A tract of land located in Township 2 North, Range 6 East, the SW/4 of Section 11; and, all of Section 14 in Escambia County, Alabama, containing 800 acres, more or less.

**Tract #14:** A tract of land located in Township 2 North, Range 6 East, the SW/4 and the NW/4 of Section 4 in Escambia County, Alabama, containing 320 acres, more or less.

**Tract #15:** A tract of land located in Township 2 North, Range 6 East, the S/2 of Section 2; and, the SE/4 of Section 3 in Escambia County, Alabama, containing 480 acres, more or less.

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 for each 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.

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, ESCAMBIA COUNTY, TRACT NO(S). \_\_\_\_\_, NOT TO BE OPENED UNTIL DECEMBER 11, 2008 AT 3:30 P.M."

NO BID SHALL BE RECEIVED FOR ANY REASON ANY TIME AFTER 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 no closer than 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 reimbursing surface lessees for any surface damages or property made unuseable as a result of oil and gas surface location of facilities.

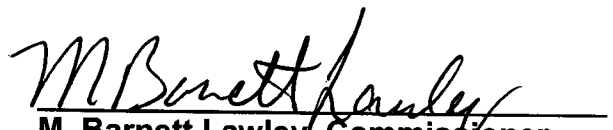

The successful bidder must execute and return the lease to the State Lands Division within fifteen (15) days following the date of receipt; otherwise, the award may be deemed to have been withdrawn, and the bid forfeited.

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 tracts from this lease 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.

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.

Persons desiring additional information regarding this lease 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 

11/10/08  
Date