

November 5, 2014

**SALE ANNOUNCEMENT  
AND  
INSTRUCTIONS TO BIDDERS  
CANYON CREEK  
COMPETITIVE COAL LEASE SALE**

The Alaska Department of Natural Resources (DNR), Division of Mining Land and Water (DMLW), announces the Canyon Creek Coal lease sale to be held at 10:00 a.m. on Wednesday, January 14, 2015 Room 1270 of the Atwood Building, 550 West 7<sup>th</sup> Avenue, Anchorage, Alaska. The sale will be by competitive sealed bid auction with cash bonus bidding variable. **Read these instructions carefully. Incomplete or late bids or other documentation will not be accepted.**

**Canyon Creek Coal Lease Sale Location**

The Canyon Creek Coal lease sale area encompasses 13,160 acres and will be offered as a single lease tract. The tract consists of state-owned uplands located in the Susitna Valley. The lease sale area is located along the southeast flank of the Alaska Range, in a north-south belt approximately 10 miles long and 2 miles wide within townships T19-21N, R13 and 14W, Seward Meridian.

**Sale Dates and Deadlines**

- Last day to submit bidder qualification statement and any supporting documentation – Friday, January 2, 2015
- Last day to correct bidder qualification statement and any supporting documentation and qualify to bid – Friday, January 9, 2015
- Bid Submission – Hand carried bids may be submitted Monday, January 12, 2015 from 9:00 a.m. to 4:00 p.m. All bids must be received by DMLW by 4:00 p.m. January 12, 2015 to be considered.
- Last day to retract bid – Tuesday, January 13, 2015 at 12:00 noon
- Bid opening – Wednesday, January 14, 2015 from 10:00 a. m. until all bids are read

## **Sale Documents**

The following documents are on the DMLW website at at <http://dnr.alaska.gov/mlw/hottopics/index.cfm> or <http://dnr.alaska.gov/mlw/mining/index.cfm>.

- Notice of Sale
- Sale Announcement and Instructions to Bidders
- Lease Form
- Statement of Qualifications Form and instructions
- Bid Form for DNR Canyon Creek Coal Lease Sale
- Lease Tract Map

Paper copies of these documents are available. Printed copies of the tract map can be requested. To order any of the sale documents, please contact:

Mineral Property Management, Attn: Bill Cole  
Alaska Department of Natural Resources  
Division of Mining, Land and Water  
550 West 7<sup>th</sup> Avenue, Suite 900B  
Anchorage, AK 99501-3577  
Phone: (907) 269-8648  
Email: [william.cole@alaska.gov](mailto:william.cole@alaska.gov)

Copies of these documents are also available at the following locations: Public libraries in Palmer, and Wasilla; the Matanuska-Susitna Borough Planning Department in Palmer; the Anchorage Municipal Clerk's office; and the Z.J. Loussac Public Library in Anchorage.

## **Sale Terms and Conditions**

The lease will be offered to the bidder submitting the highest bonus bid, after bids and bidders are adjudicated for qualification and supporting documentation and completeness of the bid. The minimum bid, and general terms and conditions are shown in the following table. Bids for less than the minimum per-acre bid will be rejected.

Lease Sale	Bid Variable	Minimum Bid	Royalty Rate	Lease Term	Annual Rental Rate
Canyon Creek Coal Lease	Cash Bonus	\$65,800	5% of adjusted gross value under 11 AAC 85.220	Indeterminate Period upon condition of diligent development and continued operation	\$3.00 per acre

A sample lease form is available on the DMLW website at at <http://dnr.alaska.gov/mlw/hottopics/index.cfm> or <http://dnr.alaska.gov/mlw/mining/index.cfm>.

## **Coal Lease Bond**

Before a lease is issued, a coal lease bond of a minimum of \$65,800 is required under 11 AAC 85.245. Additional bonding may be required under the Alaska Surface Coal Mining Control and Reclamation Act (ASCMCRA, AS 27.21 and 11 AAC 90).

## **Best Interest Finding to Offer Coal Leases in Competitive Sale**

The Canyon Creek Coal lease sale is being held under Alaska Statutes AS 38.05.035(e)(6) and AS 38.05.150.

DMLW issued a written finding and decision under AS 38.05.035(e) on July 7, 2013. The decision sets forth the facts, policies, and applicable laws and regulations upon which the Director based his determination that a coal lease sale in the Canyon Creek area will best serve the interests of the State.

The Canyon Creek Coal Lease Sale best interest finding documents are available on the DMLW website at <http://dnr.alaska.gov/mlw/hottopics/index.cfm> or <http://dnr.alaska.gov/mlw/mining/index.cfm>.

## **Qualification of Bidders**

Bidders must be qualified to be issued and hold coal leases in Alaska under 11 AAC 82.200, and must submit a Statement of Qualifications and any other required documentation in accordance with 11 ACC 82.205. Corporations, partnerships, joint ventures, limited liability companies, and other unincorporated associations must also be qualified with the Alaska Department of Commerce, Community and Economic Development (DCC&ED) to do business in Alaska prior to the lease sale. Bidders must submit proof of qualifications as required by 11 AAC 205 (c) or (e). The Statement of Qualifications form can be found at <http://dnr.alaska.gov/mlw/hottopics/index.cfm> or <http://dnr.alaska.gov/mlw/mining/index.cfm>.

For additional information on qualifications please call the Mining Section at (907) 269-8648, or email [william.cole@alaska.gov](mailto:william.cole@alaska.gov).

Information on how to qualify with DCC&ED and obtain copies of certificates of compliance is available on the DCC&ED website at <http://commerce.alaska.gov/dnn/cbpl/Corporations.aspx>. For additional information on qualifying or obtaining certificates, please call the Corporations Section at (907) 465-2530 or email [corporations@alaska.gov](mailto:corporations@alaska.gov).

**Qualification information and supporting documents must be on file with the DMLW no later than specified in the Sale Dates and Deadlines section of this document. It is the bidder's responsibility to ensure that all qualification requirements are met. It is recommended that bidders submit qualification documentation early. If the DMLW finds errors it will attempt to notify the bidder using the contact information provided so that corrections can be made. However, qualifications documents must be complete and correct by the date specified. Failure to provide the DMLW with correct qualification information or documents prior to the deadline will result in rejection of bids.**

Materials previously filed with the DMLW, if current and accurate, may be used to help meet qualification requirements. When submitting qualifying information and documents

reference the filing date of the previously filed material and provide a statement as to any material changes or amendments. (11 AAC 02.205 (f))

**The apparent high bidder must also submit an affidavit of Conformity to Acreage Limitations as required by 11 AAC 85.210. The affidavit should demonstrate that the total acreage of coal prospecting permits, coal leases, and applications for either held by the bidder does not exceed the acreage limitations of AS 38.05.140(a), or should state that an application for additional acreage under AS 38.05.140(a) has been filed. Affidavit of Conformity to Acreage Limitations must be submitted prior to issuance of a lease. If a lease is issued which results in excessive acreage under As 38.05.140 (a), the lease is void.**

### **Preparing Bids for Submission**

Bidders are encouraged to contact the DMLW with questions about submitting bids. Please use the contact information provided under the **Sale Documents** section. Bids accompanied by incomplete bid forms may be rejected. Since bid forms will not be reviewed by DMLW prior to the bid opening on January 14, 2015, it is important that a bidder contact DMLW with any questions prior to submitting a bid.

1. *Bid form.* Bids for this lease sale must be submitted on the form Bid Form for DNR Coal Lease Sale (102-4061, Created July, 2014) or an exact copy of that form. The bid form can be downloaded from the DNR website at <http://dnr.alaska.gov/mlw/hottopics/index.cfm> or <http://dnr.alaska.gov/mlw/mining/index.cfm>.
2. *Sale Information.* Include the Canyon Creek coal lease sale name. **Bids for less than the full tract will be rejected.**
3. *Bidder information.* Complete the bid form, include the name of the bidding individual or bidding entity, if applicable, and sign the bid form. If more than one person or entity is submitting a joint bid, all bidders must be listed and sign the bid form. Under 11 AAC 82.430, joint bids must disclose, and the bid form must be signed by or on behalf of, each person or entity that has any working interest in the bid or who will receive any working interest in any lease issued in this sale by virtue of any agreement or understanding, oral or written.

As explained above, a completed bidder qualification is also required, and must be submitted separately and must be submitted prior to January 2, 2015. Qualification and bid forms can be found at <http://dnr.alaska.gov/mlw/hottopics/index.cfm> or <http://dnr.alaska.gov/mlw/mining/index.cfm>.

4. *Lease interest percentages.* Joint bids with fractional lease interests must include lease interest percentages expressed in decimals of no more than five digits without rounding. The sum of all ownerships for each bid must equal 100.00000 percent. The lease interest percentage for a sole bidder is 100.00000.
5. *Bid amount.* Each bid must indicate the Total Bonus Bid. **Bids for less than the minimum bid of \$65,800 or without the required bid deposit will be rejected.**
6. *Bid deposit.* Each bid must include a bid deposit equal to or greater than **20% of the**

**Total Bonus Bid being offered for the tract.** The bid deposit must be money order, cashier's check or certified check in US dollars. Personal checks will not be accepted. Checks must be drawn on any solvent bank in the United States. Make checks and money orders payable to the "Department of Revenue, State of Alaska."

7. *Sample bid deposit calculations.* Bid deposit calculations that result in sums containing fractions of less than one dollar should be rounded up to the nearest whole dollar in order to ensure that a minimum of 20% of the Total Bonus Bid is tendered.

### Sample Minimum Bid Deposit Calculation

Sample Bonus Bid	20%	Minimum Bid Deposit Amount
\$ <u>150,852.75</u>	X 0.20 =	\$ <u>30,170.55</u>

The minimum bid deposit amount after rounding up to the nearest whole dollar is \$30,171.00.

8. *Person responsible for receiving correspondence.* Include the contact information for the person responsible for receiving correspondence regarding the bid.
9. Include instructions for the return of the bid deposit in the event that the bid is unsuccessful. You must designate individuals who have authority to pick up an unsuccessful bid and/or the address to which an unsuccessful bid is to be returned by certified mail on January 16, 2015.
10. *Sealed bids.* Each bid with bid deposit must be submitted in a sealed envelope. Each envelope must contain only one bid for the one lease sale tract. The sealed bid envelope must be marked with sale information and lease sale tract information, as shown below. No other markings should appear on the outside of the bid envelope.

### Bid for State of Alaska, Canyon Creek Coal Lease Sale

**Not to be opened until 10:00 a.m., January 14, 2015**

The sealed bid envelope must be placed in a second delivery envelope as addressed in the **Bid Submission** below.

**Note: Under 11 AAC 82.445, a bid will not be considered unless supported by the bid deposit and the information required in the bid form, unless any omission is determined by the commissioner to be immaterial or due to excusable inadvertence, and the omission is corrected within seven calendar days following receipt of a notice of deficiency.**

### Bid Submission

**Bidders are required to place sealed bid envelopes in a second delivery envelope when mailing bids or delivering bids.**

Hand-carried bids may be delivered between 9:00 a. m. and 4:00 p. m. **January 12, 2015 to** the DMLW Mining Section offices in Suite 900B of the Atwood Building, located at 550 West 7<sup>th</sup> Avenue, Anchorage, Alaska. Mailed bids and bids sent by delivery service must be sent to the

DNR Division of Mining, Land and Water, Attn: Bill Cole, 550 West 7<sup>th</sup> Avenue Suite 900B, Anchorage, Alaska 99501-3577. In order to be considered, DMLW must receive a bid no later than 4:00 p.m. on Monday, January 12, 2015. Bids arriving by mail or delivery service prior to January 12, 2015, will be held by DMLW until 9:00 a.m. January 12, 2015, and will be officially receipted at that time **Bids received after 4:00 p.m. Monday, January 12, 2015 will not be accepted, opened, or read at the sale, and will be returned to the submitter.**

Submitted bids may be withdrawn by the bidder or the bidder's agent prior to 12:00 noon on Tuesday, January 13, 2015 by notifying DMLW in writing at the address above in the section on Sale Documents or by email to [william.cole@alaska.gov](mailto:william.cole@alaska.gov). **A bid deposited by a successful high bidder will be forfeited on any bid withdrawn after that time.** (11 AAC 82.465)

Information pertaining to the total number of bids received may be released on January 13, 2015 after the 12:00 noon bid withdrawal deadline at the discretion of the Commissioner of DNR.

### **Bid Reading and Processing**

The Canyon Creek coal lease sale will be held at 10:00 a. m. on **January 14, 2015, in Room 1270 of the Atwood Building, 550 West 7<sup>th</sup> Avenue, Anchorage, Alaska.** Bids will be processed in the following manner:

1. *Bid opening and reading.* Bids will be opened and read in public at the above address. Bid opening will start at 10:00 a.m. and will continue as long as necessary to open and read all bids.

**The opening and reading of bids is for the sole purpose of publicly announcing the bids received. No bids will be officially validated or rejected at this time.**

2. *Bid adjudication.* Bids will be adjudicated (validated or rejected) in the DMLW offices following bid opening and reading.
3. *Results.* Preliminary sale results, including name of the apparent high bidder, will be posted on the DMLW websites at <http://dnr.alaska.gov/mlw/hottopics/index.cfm> or <http://dnr.alaska.gov/mlw/mining/index.cfm> once bid adjudication is complete.
4. *Return of bid deposit.* Unsuccessful bidders may pick up their bid deposits between 9:00 a. m. and 3:00 p. m. on Friday, January 16, 2015 in Suite 900B of the Atwood Building, located at 550 West 7<sup>th</sup> Avenue, Anchorage, Alaska. Bid deposits that have not been returned by 3:00 p.m., January 16, 2015, will be returned to the bidder by mail according to the instructions for return of bid deposit on the bid form by January 19, 2015. (11 AAC 82.475)
5. *Presentation of bid deposits for payment.* The bid deposit for the apparent high bid tendered by certified check, cashier's check or money order will be presented (dependent upon bid adjudication) on January 23, 2015, for payment in federal funds at the First National Bank of Anchorage.

## **Adjudication of Bids Following Bid Opening**

**The bidder submitting a valid bid with the highest Total Bonus Bid will be the apparent high bidder.** Once the DMLW has verified the apparent high bidder's eligibility, the high bidder will receive an Award Notice informing them of the commissioner's acceptance of their high bid and bid deposit. Please note that this may take several weeks.

The **Award Notice** will inform the high bidder of the interest rate and interest on the balance of the bonus bid amount, and the first year's rental, all of which must be paid and lease bond posted before a lease will be issued. Upon receiving a Bid Award Notice, an apparent high bidder must notify DMLW within 10 days if they wish to relinquish their bid and a right to obtain a lease. If the successful bidder does not relinquish then they will then have 15 days from receipt of notice to wire transfer federal funds (Instructions for transfer will be included in the award notice.) in the amount of the balance of cash bonus, accrued interest, and annual rental; submit the lease bond; and submit two fully executed copies of the lease form as required by 11 AAC 82.465. **If the successful bidder fails to comply fully with the provisions of 11 AAC 82.465, the amount deposited with their bid is forfeited to the State.**

If the high bidder relinquishes their bid and right to lease, fails to wire transfer the balance of the bid deposit by the specified deadline or is disqualified, then the second highest qualified bidder who has submitted the required qualification documentation will be successively provided the opportunity to restore their bid and deposit within 10 days after receipt of notice of award. If the second highest bidder relinquishes their bid and right to lease, fails to wire transfer the balance of the bid deposit by the specified deadline or is disqualified, then the third highest qualified bidder who has submitted the required qualification documentation will be provided the opportunity to restore their bid and deposit within 10 days after receipt of notice of award. (11 AAC 82.475) Each of these bidders will, in turn, be given the opportunity to complete the lease for the tract. No other bids will be considered for this sale.

**Tie Bids.** In the event that two bids are equal in amount and are the highest received the bidders will be invited to submit new bids, not lower than the original bids, within 30 days after notice. If the new bids fail to break the tie, new invitations will be issued until the tie is broken, or a drawing will be held. (11 AAC 82.455)

Americans with Disabilities Act Compliance - The State of Alaska, Department of Natural Resources, Division of Mining, Land and Water complies with Title II of the Americans with Disabilities Act of 1990. This publication will be made available in alternative communication format upon request. Please call the Mining Section of the DMLW at (907) 269-8648 or email [william.cole@alaska.gov](mailto:william.cole@alaska.gov) to make any necessary arrangements.