UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oregon/Washington State Office
P.O. Box 2965 (333 SW First Ave.)
Portland, Oregon 97208
www.blm.gov/or

Notice of Competitive Lease Sale
Oil and Gas

We are pleased to announce that we will offer for competitive sale certain Federal lands in the State of Washington for oil and gas leasing. This notice describes:

- The time and place of the sale;
- How to register for and participate in the bidding process;
- The sale process;
- The conditions of the sale;
- How to file a noncompetitive offer after the sale;
- How to file a presale noncompetitive offer; and
- How to file a protest to our offering the lands in this Notice.

Attached to this notice is a list of the lands we are offering by parcel number and description. We have referenced any special conditions or restrictions that will be made a part of the lease below each parcel.

Information regarding leasing of Federal minerals overlain with private surface referred to as "Split Estate" is available at the following Washington Office website. A Split Estate brochure is available at this site. The brochure outlines the rights, responsibilities, and opportunities of private surface owners and oil and gas operators in the planning, lease sale, permitting/development, and operations/production phases of the oil and gas program: www.blm.gov/bmp/Split_Estate.htm

Plats of the lands listed are available at http://www.blm.gov/or/landrecords/landrecords.php. Maps of the area can be viewed at www.geocommunicator.gov.

When and where will the sale take place?

When: The competitive sale will begin at 9:00 a.m. on Thursday, June 12, 2008. The sale room will open one-half hour earlier so you can register and get your bidding number.

Where: We will hold the sale in the 3rd Floor Conference Room at 333 SW First Ave., Portland, Oregon. There is metered parking on the street and pay-to-park lots in the area. Public transportation is an option. You must have photo identification and register with the guard station to gain access to the building. To expedite this process, please phone Donna Kauffman at (503) 808-6162 or Mike Reed at (503) 808-6282, before June 11, 2008. We can then notify the guards and have a pass waiting for you.

Access: The sale room is accessible to persons with disabilities. If you need an auxiliary aid or service to participate in the sale, such as a sign language interpreter or materials in an alternate format, contact Donna Kauffman at (503) 808-6162, by June 2, 2008.

How will the sale be conducted?

The sale will be conducted by oral auction. You must make your bids verbally. The winning bid is the highest verbal bid equal to or exceeding the national minimum acceptable bid.

How do I participate in the bidding process?

To participate in the bidding process, you must register and get a bidding number. Forms will be available at the registration table. You must display your bidding number to the auctioneer when you submit a bid.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale:

- The auctioneer will offer the parcels in the order they are shown in the attached list;
- All bids are on a per-acre basis for the entire acreage in the parcel;
- The successful bid is the highest oral bid equal to or exceeding the minimum acceptable bid; and
- The decision of the auctioneer is final. However, if you believe the auctioneer has made an error or not acknowledged your bid, you must immediately make your concerns known to the auctioneer. Once the auctioneer has opened the bidding on the next parcel available for an oil and gas lease, the decisions made on the previous parcels offered are final.

The minimum bid BLM can accept is $2 per acre. If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.32 acres requires a minimum bid of $202 ($2 x 101 acres). After we have offered all the parcels, you may ask the auctioneer to re-offer any unsold parcels.

What conditions apply to the lease sale?

- **Parcel withdrawal or sale cancellation:** We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw a parcel, we will post a notice in the Oregon State Office Land Office (Public Room) before the day of the sale. We will announce withdrawn parcels before beginning the sale. If we cancel the sale, we will notify you as soon as possible.

- **Cellular Phone Usage:** You are restricted from using cellular phones in the sale room during the oral auction. You must confine your cellular phone usage to the hallway outside the sale room when the auction is taking place.

- **Fractional interests:** If the United States owns less than 100 percent of the oil and gas interest for the land in a parcel, we will show that information with the parcel. When we issue the lease, it will be for the percentage or fraction of interest the United States owns. However, you must calculate your bonus bid and advance rental payment on the gross acreage in the parcel, not the United States' oil and gas net interest. For example, if a parcel contains 200 acres and the United States own 50 percent of the oil and gas mineral interest, the minimum bonus bid will be $400 ($2 X 200 acres) and the advance annual rental will be $300 ($1.50 X 200 acres) for the first 5 years and $400 ($2 X 200 acres) for the remainder of the

lease term. Conversely, your chargeable acreage and royalty on production will be calculated on the United States' oil and gas net interest.

- **Payment due:** You cannot withdraw a bid. Your bid is a legal binding commitment to sign the bid form, accept the lease, and pay the money due on the day of the sale. You may pay immediately after the sale, or you may pay within one hour after the close of the sale at our Land Office on the 1st floor of the State Office.

  If you are the successful high bidder on a parcel, the money due the day of the sale is the minimum bid of $2 per acre, the first year's rent ($1.50 per acre), and the administrative fee ($140). You may pay the total due the day of the sale, or you may pay the balance of the bonus bid due by the close of business on June 26, 2008, which is the 10th working day following the sale. If you do not pay in full by this date, you lose the right to the lease and all money paid on the day of the sale. If you forfeit a parcel, we may offer it at a later sale.

- **Forms of payment:** You may pay by personal check, certified check, money order, or credit card (VISA, MasterCard, Discover, or American Express). Make checks payable to: **Department of the Interior-BLM.** We cannot accept cash. If a check you have sent to us in the past has been returned for insufficient funds, we may ask that you give us a guaranteed payment, such as a certified check. If you pay by credit card and the transaction is refused, we will try to notify you early enough so that you can make other payment arrangements. However, we cannot grant you any extension of time to pay the money that is due the day of the sale.

  The Bureau of Land Management will not accept credit or debit card payments for an amount equal to or greater than $100,000. We also will not accept aggregated smaller amounts to bypass this requirement. We encourage you to make any payments of $100,000 or more by Automated Clearing House (ACH) or Fed Wire transfer.

- **Bid form:** On the day of the sale, if you are a successful bidder, you must give us a properly completed and signed competitive bid form (Form 3000-2, July 1991, or later edition) with your payment. This form is a legally binding offer by the prospective lessee to accept a lease and all its terms and conditions. Once the form is signed, you cannot change it. We will not accept any bid form that has information crossed out or is otherwise altered.

  We recommend you get a copy of the bid form at www.blm.gov/FormsCentral/show-form.do and complete all but the money part before the sale. You can fill out the money part at the sale. Your completed bid form certifies that:

  (1) You and the prospective lessee are qualified to hold an oil and gas lease under our regulations at 43 CFR 3102.5-2; and

  (2) You have complied with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of, and collusion among bidders.

- **Lease Issuance:** After we receive the bid form and all the money due, and, if appropriate, your unit joinder information, we can issue the lease. Usually, a lease is effective the first day of the month following the month in which we sign it. If you want your lease to be effective the first day of the month in which we sign it, you must ask us in writing to do this. We have to receive your request before we sign the lease.

- **Lease terms:** A lease issued as a result of this sale will have a primary term of 10 years. It will continue beyond its primary term as long as oil or gas in paying quantities is produced on or for the benefit of the lease. Rental at $1.50 per acre for the first 5 years ($2 per acre after that) is due on or before the anniversary date each year until production begins. Once a lease is producing, you must pay a royalty of 12.5 percent on the production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, July 2006 or later edition).

- **Stipulations:** Some parcels have special requirements or restrictions which are called stipulations. These are included with the parcel descriptions. Stipulations are part of the lease and supercede any inconsistent provisions of the lease form.

- **Federal oil and gas lease acreage limitations:** Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase Federal oil and gas leases from this office if such purchase will not result in exceeding the State limit of 246,080 acres of public domain lands and 246,080 acres of acquired lands (30 U.S.C. 184(d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a Federally approved unit or cooperative plan or communitization agreement, or leases for which royalty (including compensatory royalty or royalty-in-kind) was paid in the preceding calendar year, or leases subject to an operating, drilling or development contract approved by the Secretary are excluded from chargeability for acreage limitation purposes.

  The acreage limitations and certification requirements apply for competitive oil and gas lease sales, noncompetitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3101.2-4, additional time to divest excess acreage acquired through merger or acquisition.

How do I file a noncompetitive offer after the sale?

If you want to file a noncompetitive offer on an unsold parcel, you must give us-

- Three copies of Form 3100-11, *Offer to Lease and Lease for Oil and Gas* (July 2006 or later edition) properly completed and signed. (Note: We will accept reproductions of the official form, including computer generated forms, which are legible and have no additions, omissions, other changes, or advertising. If you use an obsolete lease form, we will reject your offer.) Describe the lands in your offer as specified in our regulations at 43 CFR 3110.5, and;

- Your payment for the total of the $360 filing fee and the advanced first year's rental ($1.50 per acre). Remember to round up any fractional acreage when you calculate the amount of rental.

You may submit your offer the day of the sale after the sale is closed. However, we consider all offers filed the day of a sale and the first business day after it, for any of the unsold parcels, filed at the same time. If a parcel receives more than one offer, we will hold a drawing to pick the winner. Thereafter, lands that do not receive a bid are available on a first-come, first-served basis for a two-year period, beginning the second day after the sale. A presale offer has priority over any offer filed after the sale. Presale offers in this notice are noted as "Subject to Presale Offer."

How do I file a noncompetitive presale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive presale offer for lands that-

- Are available, and;
- Have not been under lease during the previous one-year period, or;
- Have not been included in a competitive lease sale within the previous two-year period.

Your noncompetitive presale offer to lease must be filed prior to the official posting of this sale Notice. If your presale offer was timely filed, was complete, and we do not receive a bid for the parcel that contains the lands in your offer, it has priority over any other noncompetitive offer for that parcel filed after the sale. Your presale offer is your consent to the terms and conditions of the lease, including any additional stipulations. If you want to file a presale offer, follow the directions listed for filing a noncompetitive offer after the sale and the regulations at 43 CFR 3110.1(a).

How can I find out the results of this sale?

We will post the sale results in the Oregon State Office Land Office (Public Room), and on our website at www.blm.gov/or/landsrealty/oilandgas.php. Or, you can buy ($5) a printed copy of the results list from the Land Office.

May I protest BLM's decision to offer the lands in this Notice for lease?

Yes, under regulation 43 CFR 3120.1-3, you may protest the inclusion of a parcel listed in this sale notice. All protests must meet the following requirements:

- We must receive a protest no later than close of business on the 15th calendar day prior to the date of the sale. If our office is not open on the 15th day prior to the date of the sale, a protest received on the next day our office is open to the public will be considered timely filed. The protest must also include any statement of reasons to support the protest. We will dismiss a late-filed protest or a protest filed without a statement of reasons.
- A protest must state the interest of the protesting party in the matter.
- You may file a protest either by mail in hardcopy form or by telefax. You may not file a protest by electronic mail. A protest filed by fax must be sent to 503-808-6422. A protest sent to a fax number other than the fax number identified or a protest filed by electronic mail will be dismissed.
- If the party signing the protest is doing so on behalf of an association, partnership or corporation, the signing party must reveal the relationship between them. For example, unless an environmental group authorizes an individual member of its group to act for it, the individual cannot make a protest in the group's name.

If BLM receives a timely protest of a parcel advertised on this Sale Notice, how does it affect bidding on the parcel?

We will announce receipt of any protests at the beginning of the sale. We will also announce a decision to either withdraw the parcel or proceed with offering it at the sale.

If I am the high bidder at the sale for a protested parcel, when will BLM issue my lease?

We will make every effort to decide the protest within 60 days after the sale. We will issue no lease for a protested parcel until the State Director makes a decision on the protest. If the State Director denies the protest, we will issue your lease concurrently with that decision.

If I am the successful bidder of a protested parcel, may I withdraw my bid and receive a refund of my first year's rental and bonus bid?

No. In accordance with BLM regulations (43 CFR 3120.5-3) you may not withdraw your bid.

If BLM upholds the protest, how does that affect my competitive bid?

If we uphold a protest and withdraw the parcel from leasing, we will refund your first year's rental, bonus bid and administrative fee. If the decision upholding the protest results in additional stipulations, we will offer you an opportunity to accept or reject the lease with the additional stipulations prior to lease issuance. If you do not accept the additional stipulations, we will reject your bid and we will refund your first year's rental, bonus bid and administrative fee.

If BLM's decision to uphold the protest results in additional stipulations, may I appeal that decision?

Yes, you may. Note, an appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I appeal BLM's decision to deny my protest?

Yes, you may. Note, an appeal from the State Director's decision must meet the requirements of Title 43 CFR §4.411 and Part 1840.

May I withdraw my bid if the protestor files an appeal?

No. If the protestor appeals our decision to deny the protest, you may not withdraw your bid. We will issue your lease concurrently with the decision to deny the protest. If resolution of the appeal results in lease cancellation, we will authorize refund of the bonus bid, rentals and administrative fee if—

- There is no evidence that the lessee(s) derived any benefit from possession of the lease during the time they held it, and;
- There is no indication of bad faith or other reasons not to refund the rental, bonus bid and administrative fee.

Who should I contact if I have a question?

For more information, please contact Donna Kauffman at (503) 808-6162.

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Christopher B. DeWitt
Chief, Minerals Section

PUBLIC DOMAIN LANDS
WILLAMETTE MERIDIAN, WASHINGTON

PARCEL NUMBER 06-12-08-1 (WAOR-64510)
MINIMUM ACCEPTABLE BID $2,774.00

T. 9 N., R. 26 E.,
Sec. 10, Lot 5;
Sec. 14, SW;
Sec. 22, N2, N2SW, SWSW, NESE;
Sec. 24, NW, W2SW, SESW, SWSE;
Sec. 25, Tract No. 39 containing 386.53 acres.

Benton County 1,386.13 acres
Subject to Stipulations 1, 2, 3, and Standard Lease Stipulations/Notices

PARCEL NUMBER 06-12-08-2 (WAOR-64511)
MINIMUM ACCEPTABLE BID $1,920.00

T. 8 N., R. 27 E.,
Sec. 12, N2NE, SENE, NW.
T. 9 N., R. 27 E.,
Sec. 22, SW;
Sec. 34, E2, E2W2, SWNW.

Benton County 960.00 acres
Subject to Stipulations 2, 3, and Standard Lease Stipulations/Notices

PARCEL NUMBER 06-12-08-3 (WAOR-64512)
MINIMUM ACCEPTABLE BID $3,876.00

T. 9 N., R. 27 E.,
Sec 28, N2;
Sec. 29, Portion South of The Kid Canal;
Sec. 30, Lots 1-4, E2, E2W2 (All);
Sec. 32, E2, NW;
Sec. 33, SENW, W2NW, SW.

Benton County 1,937.04 acres
Subject to Stipulations 2, 3, and Standard Lease Stipulations/Notices

Total parcels:	3
Total acres:	4,283.17
Total number of parcels with presale offers:	0
Total acres with presale offers:	0

STIPULATION NO. 1 – NO SURFACE OCCUPANCY (NSO)

No surface occupancy or use is allowed on the lands below: (description)

For the purpose of: (purpose)

PARCEL	DESCRIPTION	PURPOSE
6-12-08-1	Sec. 22, N2, N2SW, SWSW, NESE; Sec. 24, NW, W2SW, SESW, SWSE; Sec. 25, Tract No. 39.	Protect Special Status Plant Species

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (Proposed Spokane Resource Management Plan Amendment Final Environmental Impact Statement, pages 89-92)

Waivers, Exceptions, and Modifications may be allowed by BLM. See pages 90-91 of the BLM Spokane Resource Management Plan (RMP) Final Environmental Impact Statement (FEIS) (December 17, 1992).

STIPULATION NO. 2 – TIMING LIMITATION

Raptor Nests (hawks, falcons, eagles)
Seasonal prohibition on oil and gas operations from January 1 to August 15, within 800 meters of raptor nests to protect raptor species of concern during nesting. Includes Burrowing Owls.

PARCEL NO.	DESCRIPTION	PURPOSE
6-12-08-1	Sec. 22, N2, N2SW, SWSW, NESE; Sec. 24, NW, W2SW, SESW, SWSE; Sec. 25, Tract No. 39	Raptor Nest
6-12-08-2	T. 8 N., R. 27 E., WM Sec. 12, SENE, N2NE, NW. T. 9 N. R. 27 E. Sec. 34, E2, E2W2, SWNW.	Raptor Nest
6-12-08-3	Entire lease	Raptor Nest

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (Proposed Spokane Resource Management Plan Amendment Final Environmental Impact Statement, pages 89-92)

STIPULATION NO. 3 – CONTROLLED SURFACE USE

Botanical

All surface disturbing activities are limited to existing roads, until a botanical field inventory of the proposed area of disturbance has been completed. This field survey must be completed during the appropriate season (April 15 through May 31) for the identification of special status plants. If special status species or plant community values are found, the Authorized Officer may determine not to allow activities if they adversely affect the botanical resources.

Visual Resource

Surface occupancy or use is subject to the following special operating constraints: All operations and surface disturbance must conform to Visual Resource Management guidelines: Badger Slope (Class 2).

Parcel No	Description	Purpose
6-12-08-1	Sec. 14, SW.	Visual Resource
	Sec. 14, SW; Sec. 22, N2, N2SW, SWSW, NESE; Sec. 24, NW, W2SW, SESW, SWSE; Sec. 25, Tract No. 39.	Botanical
6-12-08-2	T. 8 N., R. 27 E., WM Sec. 12, SENE, N2NE, NW. T. 9 N., R 27 E., Sec. 34, E2, E2W2, SWNW.	Botanical
6-12-08-3	Sec. 28, N2; Sec. 29, Portion South of KID Canal; Sec. 30, Lots 1-4, E2, E2W2 (All); Sec. 32, E2; Sec. 33, SENW, W2NW, SW.	Visual Resource
	Sec. 29, Portion South of KID Canal; Sec. 30, Lots 1-4, E2, E2W2 (All); Sec. 32, E2, NW; Sec. 33, SENW, W2NW, SW.	Botanical

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (Proposed Spokane Resource Management Plan Amendment Final Environmental Impact Statement, pages 89-92).

STANDARD LEASE NOTICES/STIPULATIONS:

Cultural Resource

This lease may be found to contain historic properties and/or resources protected under the National Historic Preservation Act (NHPA), American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, E.O. 13007, or other statutes and executive orders. The BLM will not approve any ground disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require modification to exploration or development proposal to protect such properties, or disapprove any activity that is likely to result in adverse effects that cannot be successfully avoided, minimized or mitigated.

APPLIES TO ALL PARCELS

Endangered Species Act Section 7 Consultation Stipulation

The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modification of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act as amended, 16 U.S.C. §1531 et seq., including completion of any required procedure for conference or consultation.

APPLIES TO ALL PARCELS