

STATE BOARD OF LAND COMMISSIONERS
OF THE
STATE OF COLORADO

Oil and Gas Lease Auction

Thursday, May 19, 2011
10:00 am
Suite 200
1127 Sherman Street
Denver, CO 80203
Phone: (303) 866-3454

NOTICE IS HEREBY GIVEN, That the State Board of Land Commissioners, by means of its regular leasing procedure (oral bidding), intends to grant oil and gas leases on the tracts listed. Leases will be on Colorado Oil & Gas Lease Form 193-6 (Rev. 8/89), as amended. The Board reserves the right to reject any and all bids, and to withdraw any tract at any time.

PAYMENT IN FULL FOR ANY AND ALL TRACTS IS DUE AND PAYABLE AT THE CONCLUSION OF THE SALE. A SUCCESSFUL BID CONSTITUTES THE CREATION OF A DEBT TO THE STATE OF COLORADO

Tract	Acreage	Note #	Subdivision	Twp	Rng	Sec	Survey	County	Patent
1	640.00	2	ALL	3S	60W	36	6th PM	Adams	No
2	160.00	2	SW	3S	65W	36	6th PM	Adams	Yes
3	160.00	3	SE	4S	65W	16	6th PM	Adams	Yes
4	640.00	2	ALL	29S	43W	16	6th PM	Baca	Yes
5	360.00	2	N2NE, SENE, E2NW, SW	9N	80W	36	6th PM	Jackson	Yes
6	640.00	3	ALL	6S	53W	16	6th PM	Lincoln	No
7	81.07	2	Lot 4, SESW (S2SW)	9S	56W	18	6th PM	Lincoln	Yes
8	640.00	2	ALL	6N	92W	16	6th PM	Moffat	Yes
9	640.00	3	276.10 ac Lot 2	7N	92W	9	6th PM	Moffat	No
			21.82 ac Lot 2	7N	92W	10			
			25.06 ac Lot 2	7N	92W	15			
			317.02 ac Lot 1	7N	92W	16			
10	640.00	3	ALL	2S	49W	36	6th PM	Washington	No
11	160.00	2	SE	3N	62W	5	6th PM	Weld	No

12	640.00	2	ALL	3N	62W	8	6th PM	Weld	Yes
13	160.00	2	E2E2	3N	63W	30	6th PM	Weld	Yes
14	320.00	3	N2	3N	68W	16	6th PM	Weld	Yes
15	320.00	3	NENE, S2N2, NESW, N2SE	4N	61W	8	6th PM	Weld	Yes
16	147.81	3	Lots 6 & 7, E2SW (SW)	6N	61W	6	6th PM	Weld	No
17	80.00	2	W2NE	10N	66W	14	6th PM	Weld	Yes
18	640.00	2	ALL	1S	47W	36	6th PM	Yuma	Yes
19	640.00	2	ALL	1S	48W	36	6th PM	Yuma	No

Total Acreage Offered: 7,708.88

Total Tracts Offered: 19

Note # 1 - A) The royalty rate on all issued leases shall be one-sixth (16.67%) for oil and gas. B) The per acre per year rental rate shall be \$2.50 for all leases.

Note # 2 - Prior to surface occupancy and submittal of the Application for Permit to Drill (APD) to the Colorado Oil and Gas Conservation Commission, Lessee must consult with and obtain approval from Lessor's District Manager for siting of access, exploration operations, well locations, rig placement and all other facilities. Without excluding other penalties or remedies available under this Lease or as provided by law, Lessor shall impose a fine of up to \$10,000 for any violation of this special stipulation in whole or in part arising directly or indirectly from the use, occupation or control of the Leased Premises by Lessee, Lessee's contractor or operator under this Lease.

Note # 3 - Tract is located in Sensitive Wildlife Habitat and/or Restricted Surface Occupancy Area. Lessee must comply with Colorado Oil and Gas Conservation Commission rules to minimize adverse impacts to wildlife resources. Prior to surface occupancy and submittal of the Application for Permit to Drill (APD) to the Colorado Oil and Gas Conservation Commission, Lessee must consult with and obtain approval from Lessor's District Manager for siting of access, exploration operations, well locations, rig placement and all other facilities. Without excluding other penalties or remedies available under this Lease or as provided by law, Lessor shall impose a fine of up to \$10,000 for any violation of this special stipulation in whole or in part arising directly or indirectly from the use, occupation or control of the Leased Premises by Lessee, Lessee's contractor or operator under this Lease.

Errors sometimes occur in the listing though every effort is made to avoid them. The Board is not liable for any inconvenience or loss caused by these errors, which may occur. Corporations must be registered and in good standing with the Secretary of State's Division of Corporations to do business in Colorado.

Receipts for all rental payments after the first year will not be mailed to the lessees unless a stamped, self-addressed envelope accompanies the rental payment.

SALE PROCEDURES

All tracts will be offered for sale by oral bidding at public auction. All monies are due immediately after the sale. A successful bid constitutes the creation of a debt to the State of Colorado. The Board may elect, at anytime including the day of the auction, to remove from the sale any tract or parcel at its discretion without prior notice.

Rentals and bonus bidding are on a per acre basis. The minimum bid, often called the opener by the auctioneer, is the first year's rental of \$2.50 per acre or fraction thereof, plus the statutory fees (shown below). The bidding beyond the minimum is a bonus bid, and the winning bidder will pay the amount bid plus the first year's rental and fees. The bonus is a one-time payment only while the rentals are annual and continuous whether or not production is established. The bidding is in multiples of \$1.00 but the Board may change this at any time. The lease will be awarded to the highest bidder unless withdrawn by the Board, at its sole discretion, at a regularly scheduled meeting after the auction.

In accordance with the Americans with Disabilities Act, persons needing auxiliary communicative aids and services for these meetings may call Jan Anderson at (303) 866-3454 ext. 3306, giving her at least five (5) working days notice.

FEE SCHEDULE: \$20.00 per tract

WARNING

There is no assurance that there is any potential for production on any tract offered for leasing by the State Board of Land Commissioners.