

STATE OF WEST VIRGINIA
WEST VIRGINIA REGIONAL JAIL AND CORRECTIONAL FACILITY AUTHORITY

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WEST VIRGINIA REGIONAL JAIL AND CORRECTIONAL FACILITY AUTHORITY
OIL AND GAS RESOURCES
BID PROSPECTUS
FOR
LEASING AND PRODUCTION

A prospectus on 2.69 net mineral acres of oil and gas underlying that certain tract of land situate on the waters of Wilhelms Creek in Central District, Doddridge County, West Virginia.

This procurement is being conducted by the West Virginia Department of Commerce on behalf of the West Virginia Regional Jail and Correctional Facility Authority

by

J. Keith Burdette, Secretary
West Virginia Department of Commerce

Joshua L. Jarrell, Deputy Secretary
West Virginia Department of Commerce

I. Introduction

The State of West Virginia, through the West Virginia Regional Jail and Correctional Facility Authority, holds title to certain lands and mineral resources in the state. The West Virginia Regional Jail and Correctional Facility Authority owns those lands in accordance with the purposes set forth in Chapter 31, Article 20, Section 1a, Subsection (b).

The West Virginia Regional Jail and Correctional Facility Authority may acquire, own, hold and dispose of property, real and personal, tangible and intangible, and may lease property, whether as a lessee or lessor, all in accordance with Chapter 31, Article 20, Section 5, Subsections (a) and (b).

The West Virginia Regional Jail and Correctional Facility Authority in its endeavors of managing its real estate resources has decided to lease, by competitive bidding process, the oil and gas resources for development and production of 2.69 acres, more or less, underlying that certain tract of land situate on the waters of Wilhelms Creek in Central District, Doddridge County, West Virginia.

The West Virginia Regional Jail and Correctional Facility Authority recognizes that the West Virginia Department of Commerce has gained valuable experience in leasing state-owned minerals through the oil and gas leasing activities of the West Virginia Division of Natural Resources. Additionally, the West Virginia Regional Jail and Correctional Facility Authority desires to utilize services of the West Virginia Department of Commerce to assist it in this procurement.

The West Virginia Regional Jail and Correctional Facility Authority will make the ultimate decision regarding selection of the highest responsible bidder for the subject property.

Furthermore, the West Virginia Regional Jail and Correctional Facility Authority reserves the right to reject any or all bids it receives for the subject property, if any, and the right to re-bid the subject property at a future time.

II. Location of Resources

SUBJECT TO THE RESTRICTIONS ESTABLISHED BY THE CORPS OF ENGINEER AND WV DEPARTMENT OF ENVIRONMENTAL PROTECTION.

This lease prospectus includes the 2.69 net mineral acres of oil and gas underlying that certain tract of land situate on the waters of Wilhelms Creek in Central District, Doddridge County, West Virginia, more specifically described in that certain deed dated February 8, 1999 and recorded in the office of the Clerk of the County Commission of Doddridge County, West Virginia in Book 240, Page 572, a copy of which is included with this prospectus.

III. Production and Assurance of Maintaining Environmental Integrity

Production of the West Virginia Regional Jail and Correctional Facility Authority oil and gas resources which are the subject of this prospectus shall be by environmentally sound methods. Procedures will be reviewed by the Department of Commerce and the West Virginia Regional Jail and Correctional Facility Authority in addition to all other federal and state agencies which may have jurisdiction and/or regulatory control and enforcement authority over such oil and or gas resources and production activities.

Also, the West Virginia Regional Jail and Correctional Facility Authority oil and gas resources shall be developed and produced by the successful bidder and/or bidders in a prudent manner, efficiently, economically, without waste, and in the best interest of the State of West Virginia, with all diligence and in a workmanlike manner in accordance with the best, most up-to-date oil and or gas producing methods.

IV. Minimum Bid

- A. The West Virginia Regional Jail and Correctional Facility Authority requires a standard royalty of 20% or 1/5 to develop its oil and gas resources.
- B. The Bidder shall submit with its bid an earnest money check in the amount of \$5,000.00 for the resources they are bidding on made payable to the West Virginia Regional Jail and Correctional Facility Authority. The West Virginia Regional Jail and Correctional Facility Authority will return earnest money checks to unsuccessful bidders and will apply the earnest money received against the cash bonus consideration at the closing of the winning bid.
- C. The Bidder shall submit bids for a cash bonus for each tract on a per acre basis. Leases will be awarded to the highest responsible bidder and based upon the determination the bidder will operate responsibly and develop the prospect that protects the interest of the State of West Virginia.

NOTICE: if a bid is awarded to develop the subject property and the winning bidder subsequently withdraws or rescinds its offer, such bidder forfeits the earnest money check on this bid.
- D. The West Virginia Regional Jail and Correctional Facility Authority will consider any other form of consideration.
- E. The Bidder shall submit a fully completed Bidder Questionnaire with its bid. A copy of the Bidder Questionnaire is included with this prospectus or maybe downloaded at www.commerce.org/mineraldevelopment.

V. Bid Submission and Cut-Off Date

All written sealed bids shall be received by the Department of Commerce, Office of the Secretary by 3:00 p.m. eastern time on Thursday, November 5, 2015, at 1900 Kanawha Boulevard, East, State Capitol, Building 6, Room 525, Charleston, West Virginia 25305-0311.

VI. Bid Opening and Review

The Department of Commerce, Office of the Secretary will hold a public opening of all bids on Friday, November 6, 2015, at 1:00 p.m. in Room 525 at its office at 1900 Kanawha Boulevard, East, State Capitol Complex, Building 6, Charleston, West Virginia, 25305-0311. Thereafter, the Department of Commerce and the West Virginia Regional Jail and Correctional Facility Authority will review all bid proposals. The West Virginia Regional Jail and Correctional Facility Authority reserves the right to reject any and all bids.

VII. Bidder Registration Form

Each individual bid shall include as a part of the bid package completed attached bidder registration and submission forms to assist the Department of Commerce and the West Virginia Regional Jail and Correctional Facility Authority in their evaluation of the bidding entity to determine if their technical expertise and economic resources are sufficient to carry out their proposal.

VIII. Bid Award

The West Virginia Regional Jail and Correctional Facility Authority will notify the successful bidder of their bid acceptance no later than two weeks from the bid closing date.

IX. Limitation of Warranty

The West Virginia Regional Jail and Correctional Facility Authority is considered to be the owner of the oil and gas resources, but makes no warranty as to the presence of said resources or any specific amounts.

X. Bid Award

Execution of Lease Agreement

Time is of the essence to finalize a lease agreement. The West Virginia Regional Jail and Correctional Facility Authority desires to execute a lease agreement as soon as practically possible after notifying the winning bidder of its right to the develop the subject property. Unless good cause is shown, the West Virginia Regional Jail and Correctional Facility Authority and the winning bidder will execute a lease agreement within 30 days of receipt of notice of the winning bid. If the parties are unable to execute a lease agreement within such timeframe, the West Virginia Regional Jail and Correctional Facility Authority reserves the right to cancel the winning bid, retain the earnest money proceeds, and re-bid the subject property through the competitive bidding process.

Bidders are strongly encouraged to review the state's standard template lease agreement before submitting a bid, which can be found at www.wvmineraldevelopment.org.

Exhibit A

