

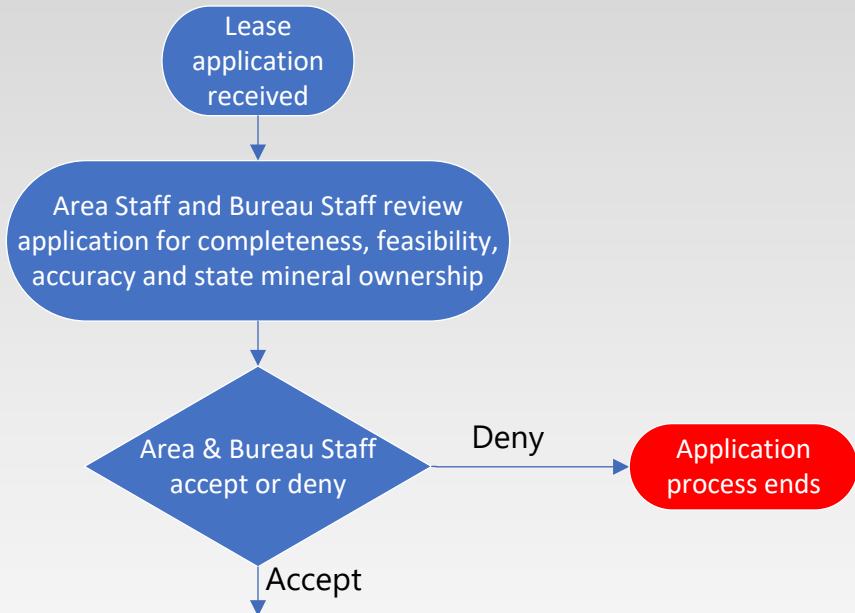


- EXPIRING LEASES - MINERALS and OIL & GAS LEASE ISSUANCE PROCESS

1. EXPIRING LEASE ADVERTISING

- IDL reviews the status of expiring leases for potential extension as allowed by the applicable Idaho Code.
- IDL advertises expiring leases on the IDL website (www.idl.idaho.gov) 3 years prior to the expiration.
- IDL may advertise expiring leases using other forms of media at its discretion
- IDL offers an application to each lessee of an expiring lease and any interested party during the final year of the lease or thereafter

2. LEASE APPLICATION and REVIEW



3. LEASE DRAFTING

- Area Staff provide lease information to Bureau Staff
- Bureau Staff review and develop the draft lease
- Office of Attorney General reviews and suggests revisions to the draft lease, as needed
- Bureau Staff and Area Staff review suggestions and resolve any questions
- Bureau Staff and Area Staff agree to revisions to the draft lease
- Office of Attorney General approves draft lease for further processing
- IDL provides draft lease to applicant for review and acceptance/ acknowledgement



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4. LEASE AUCTION

On-Line Auction
using
EnergyNet.com

Auction Format
(determined by
Bureau Staff)

In-Person Auction

Advertising

- IDL notifies applicant of auction opening and closing dates
- EnergyNet.com posts auction information including:
 - auction opening and closing dates
 - auction registration process
 - auction rules and process
 - draft lease and other related information
- EnergyNet.com advertises auction
- IDL advertises auction on www.idl.idaho.gov
- IDL posts auction notice in local IDL office and Staff office
- Legal notice of auction published in local newspaper for 4 weeks

Advertising

- IDL notifies applicant of auction date, time and location
- IDL advertises auction on www.idl.idaho.gov
- IDL advertises auction using other methods at its discretion
- IDL posts auction notice in local IDL office and Staff office
- Legal notice of auction published in local newspaper for 4 weeks

Auction

- Applicant registers on EnergyNet.com
- Other interested parties register on EnergyNet.com
- Auction is opened by EnergyNet.com for 1 week
- Registered participants bid until auction closing time
- EnergyNet.com identifies auction winner
- Auction winner pays EnergyNet:
 - application fee
 - first year's rent
 - pre-paid royalty (if required)
 - auction bid amount

Auction

- Applicant registers at the auction location
- Other interested parties register at the auction location
- Auction process and rules are explained to participants
- Auction is opened for bidding
- Auction participants bid until auction is closed
- Auction winner pays IDL:
 - application fee
 - first year's rent
 - pre-paid royalty (if required)
 - auction bid amount

IDL presents auction results to Idaho State Board of Land Commissioners (Land Board) for approval



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5. LEASE EXECUTION

- Bureau Staff revise lease to include pending lessee information
- Final Office of Attorney General review of lease
- Bureau Staff sends lease to pending lessee for notarized signature
- Lessee returns executed lease to IDL
- ID submits lease to Director and Land Board for signatures
- Pending lessee submits to IDL any required financial assurance or other required documentation
- IDL sends fully executed lease to lessee and lease commences

This guidance document is not a new law. This document is an agency interpretation of existing law, except as authorized by Idaho Code or incorporated into a contract.

Agency Contact

Bureau Chief – Real Estate Services