Exercise 2 Notice of Public Auction

Long-Term Commercial Business Lease Number EW-0061

The New Mexico Commission of Public Lands (the “Commission”) will accept sealed bids seeking the highest and best bid for a long-term commercial business lease of 1,920.22 +/- acres of state trust land for a renewable energy (wind power) project. Additional information is available in the Bid Packet. The Commission reserves the right to reject any and all bids.

1) Description of the Land: The land offered is a single parcel only, and is described as follows (the “Land”): ① Torrance County, New Mexico, being more particularly described as follows:

- Township 02 North, Range 14 East, Section 16: All – 640.00 acres ±;
- Township 03 North, Range 14 East, Section 36: All – 640.00 acres ±;
- Township 03 North, Range 14 East, Section 40: All – 640.00 acres ±;
- Township 03 North, Range 14 East, Section 30: All – 640.00 acres ±.

2) Goals of Bidders: The Lease is offered to interested bidders to lease the land and to enter into an agreement with the Commission for the purpose of developing a renewable energy (wind power) project. There are no other interests in the land.

3) Bidders Meeting the Qualification Requirements: The highest qualified bidder will be awarded the lease. Bidders are to meet the following requirements:

- submit sealed bid application, application fee, and reservation deposit to the Commissioner of Public Lands, P.O. Box 100, Santa Fe, NM 87501, Attn: Commissioner of Public Lands, no later than 3:00 p.m. (MST) on February 24, 2020.
- submit a completed application, application fee, and reservation deposit to the Commissioner of Public Lands, P.O. Box 100, Santa Fe, NM 87501, Attn: Commissioner of Public Lands, no later than 3:00 p.m. (MST) on February 24, 2020.
- submit a completed application, application fee, and reservation deposit to the Commissioner of Public Lands, P.O. Box 100, Santa Fe, NM 87501, Attn: Commissioner of Public Lands, no later than 3:00 p.m. (MST) on February 24, 2020.

4) Application and Deposit Submittal: The application, application fee, and qualification deposit must be received at the Commissioner of Public Lands, P.O. Box 100, Santa Fe, NM 87501, Attn: Commissioner of Public Lands, no later than 3:00 p.m. (MST) on February 24, 2020.

5) Selection of the Winning Bidder: The lease, if any, will be awarded to the bidder making the highest bonus bid, or to the next highest qualified bidder if the offer made is determined to be satisfactory by the Commissioner. If two or more sealed bids by qualified bidders are equal in amount and exceed the amount of any and all other sealed bids by qualified bidders, the Commissioners may exercise their discretion to request oral bids at the bid opening or cancel the lease auction. In the event that two or more bidders are equal in amount and exceed the amount of any and all other sealed bids by qualified bidders, the Commissioners may exercise their discretion to request oral bids at the bid opening or cancel the lease auction.

6) How to Get Additional Information: Additional information is available in the Bid Packet. The Bid Packet is available for inspection and copying at the offices of Renewable Energy Commercial Resources Division, 100 Don Gaspar Avenue, Santa Fe, NM 87501, Attn: Commissioner of Public Lands, or at the Commissioner of Public Lands, P.O. Box 100, Santa Fe, NM 87501, Attn: Commissioner of Public Lands.

7) Disabled individuals who require aid to participate in the long-term Lease auction may call (505) 827-5760; Fax Number (505) 827-5760; TDD (505) 827-5762.

8) Terms and Conditions: The terms and conditions of the lease shall be subject to the provisions of NMAC 19.2.9 NMAC, as in effect on the date hereof.

9) General Notice: The lease is subject to the terms and conditions of NMAC 19.2.9 NMAC, as in effect on the date hereof.

10) Annual Rent: The annual rent shall be paid to the Commissioner of Public Lands as follows:

- Years 1-3: $2,000,000
- Years 4-6: $2,500,000
- Years 7-9: $3,000,000
- Years 10-12: $3,500,000
- Years 13-15: $4,000,000
- Years 16-18: $4,500,000
- Years 19-21: $5,000,000
- Years 22-24: $5,500,000
- Years 25-27: $6,000,000
- Years 28-30: $6,500,000
- Years 31-33: $7,000,000
- Years 34-36: $7,500,000
- Years 37+: The greater of $44,000, $4,000/MW Installed Capacity, or $9.00 /acre of Leased Premises / Year

Payment of all base rent shall be made to the Commissioner of Public Lands in accordance with the terms and conditions of the lease.

11) Late Interest: Interest on delinquent base rent or percent rent payments shall accrue from the date the payment becomes due at the rate of ten percent (10%) a month or any fraction of a month. The lease contains additional fees, including a Ground Disturbance Fee (Section 4.2.1) and a WTG (wind turbine generator) decommissioning fee (Section 4.2.2). The lease also contains a late processing fee of one hundred forty dollars and forty-four cents ($14,340.44), payable to “Commissioner of Public Lands.”

12) Operations Phase Rent: Lessee, on each anniversary of the start of operations, shall pay to Lessor as rent for the land and for the rights and privileges granted in the lease: ① a one-time decommissioning phase rent in the amount of three dollars ($3.00) per acre, payable upon commencement of decommissioning activities on the land; ② a late processing fee of one hundred forty dollars and forty-four cents ($14,340.44), payable to “Commissioner of Public Lands.”

13) Operations Phase Years: Minimum Operations Phase Rent: The minimum annual rent for Years 1-3 shall be $2,000,000; for Years 4-6, $2,500,000; for Years 7-9, $3,000,000; for Years 10-12, $3,500,000; for Years 13-15, $4,000,000; for Years 16-18, $4,500,000; for Years 19-21, $5,000,000; for Years 22-24, $5,500,000; for Years 25-27, $6,000,000; for Years 28-30, $6,500,000; for Years 31-33, $7,000,000; for Years 34-36, $7,500,000; for Years 37+, the greater of $44,000, $4,000/MW Installed Capacity, or $9.00 /acre of Leased Premises / Year.

14) Expiration of Term: The lease will expire on the date that the decommissioning and decommissioning obligations have been satisfied.