

Expiration Date: October 31, 2003

**INVITATION FOR OFFER – FEDERAL NATURAL GAS LIQUIDS
IFO NO. BLM-2004-CHEU-001
November 2003 – September 2004**

Introduction

The Bureau of Land Management (BLM), Amarillo Field Office (AmFO) of the Department of Interior (DOI) is requesting written offers to purchase Federal Natural Gas Liquids (NGL) produced from the Cliffside Helium Enrichment Unit (CHEU). BLM's CHEU is located in Potter County, Texas, near the city of Amarillo.

The BLM seeks to enter a NGL sales agreement for NGL volumes that will be advertised and renewed annually. The NGL will be available at the tailgate of the Cliffside Helium Extraction Unit. The BLM will produce helium, natural gas, and NGL in a combined stream from the Bush Dome Helium Storage Reservoir in Potter County, Texas, and separate the products at the CHEU. The reservoir is about 15 miles northwest of Amarillo, Texas. The BLM will store the NGL on site for pick up by the successful bidder on this agreement. The BLM estimates the NGL volumes from CHEU will average 1,000 to 3,000 gallons per day, and will remain relatively steady through the 12- to 15-year life of this project.

NGL pick up is expected to take place during regular business hours (8:00 a.m. – 4:00 p.m.) on weekdays only. A mutually agreed-to procedure will be established where BLM personnel will contact the buyer for NGL pick up when the storage amount reaches a predetermined level. The NGL will be stored on-site and the buyer will be required to pickup the liquids via truck transport. The buyer will be responsible for all transportation costs.

Pricing of NGL will be based upon current market values tied to a common spot market (such as Conway, Kansas NGL Trading Hub) and the quality of the NGL. The NGL at the pickup point are a non-fractionated liquid byproduct. An automatic sampling system will be an integral part of the installation; however, the analysis of samples will be the responsibility of the buyer. Operational details of the project (e.g. maps, NGL quality, etc.) are available upon request. Interested parties are encouraged to contact Gary "Joe" Mayfield at 806-356-1020.

You must submit a written offer via facsimile (fax no. 806-356-1041) by 4:00 p.m., Central Time on October 31, 2003. We will award the offers by 4:00 p.m. on November 3, 2003. You may call Joe Mayfield or Cindy Martin at 806-356-1005 with questions about this IFO.

Offers

The Exhibit is the offer sheet containing estimated daily production, preferred index prices, etc. Your offer, an increment or decrement in relation to the applicable index, should be placed on the offer sheet. The CHEU volume may increase or decrease through the term of this sale although BLM anticipates relatively stable production rates.

Bidder proposals will be accepted through 30 days after publication or October 31, 2003, whichever is earlier. Please fax your proposals to fax number listed above or mail to the following address:

BLM – Amarillo Field Office
801 S. Fillmore, Suite 500
Amarillo, TX 79101
Attn: Cindy Martin

Consideration of Offers

BLM may award a contract on the basis of initial offer(s) without discussions. Accordingly, each initial offer should be submitted on the most favorable terms that the offeror could submit. However, BLM may negotiate with offerors in the event offers of similar or unanticipated value are received.

The BLM shall award a Contract resulting from this IFO to the offeror whose offer, in BLM's judgment, is most advantageous to the Federal Government. BLM will award to the buyer by means of a Natural Gas Liquids Purchase Confirmation Notice, which will also include payment instructions.

Neither party shall disclose directly or without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except; (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. The parties hereunder shall keep the terms of any transaction confidential for one year from the expiration of the transaction.

Term

Initial deliveries of Federal NGL to the buyer will commence November 1, 2003, or as soon as plant equipment recovering NGL comes online. The delivery period will be for a term of eleven months ending September 30, 2004, unless either party cancels the transaction. The reasons for which BLM may declare an early cancellation may be, but are not limited to:

- (1) The failure to pay, when due, any payment required under this agreement, if such failure is not remedied within five [5] business days after written notice of such failure, provided that the payment is not the subject of a good faith dispute and the buyer pays BLM such amounts as it concedes to be correct;
- (2) Any representation or warranty which is proven to have been false or misleading in any material respect when made or deemed to be repeated; or
- (3) The failure to provide adequate financial assurances to BLM.

Transportation and Planning of Natural Gas Liquids

The buyer agrees to take 100 percent of the Federal NGL delivered at the delivery point for the entire contract period. BLM will use reasonable efforts, consistent with industry practice, to inform the buyer regarding significant changes in NGL production levels and production shut-ins. The buyer, through customary industry, will communicate directly with BLM. The buyer, at its expense, shall make all necessary arrangements to receive delivery of Federal NGL at the delivery point. The buyer is not responsible for costs of transportation upstream of the delivery point, nor is it responsible for storage costs of the Cliffside facility. However, the buyer will be responsible for all transportation costs during and after pickup of the NGL from the plant site.

No later than eight (8) calendar days before the first day of each month, BLM will notify the buyer of the weekly liquid volumes and quality anticipated for the following month of production. The buyer understands that any such estimate is not a warranty of actual deliveries to be made, but is provided to facilitate planning of delivery of Federal NGL. This will continue for each month of the delivery period.

Liquidated Damages

BLM will remarket the NGL in the event an early contract termination occurs. BLM will collect from the terminated party an amount equal to the positive difference, if any, between the contract price less the price at which BLM is able to remarket the NGL not purchased, using commercially reasonable efforts in an arm's-length transaction.

Exhibit

**Exhibit
Offer Sheet**

**Bureau of Land Management
IFO No. BLM-2004-CHEU-001**

Federal Natural Gas Liquids – CHEU

Delivery Point	Volume Gallons/Day	Nov.-03 to Sept-04 (11-mo. Term)
BLM's Helium Enrichment Unit (See Note 1)	1000 – 3000	

Preferred Index: Conway, Kansas NGL Trading Hub

Note 1: The location of the BLM's Crude Helium Enrichment Unit is located 15 miles northwest of Amarillo in Potter County, Texas

Your Name

Phone No.

Company Name

Fax No.

Contacts:

Gary Joe Mayfield 806-356-1020
Cindy Martin 806-356-1005
Fax No. 806-356-1041