



EXHIBIT 2: NOTICE OF PUBLIC AUCTION

**Long-Term Commercial Business Lease Number EW-0058
Torrance County, New Mexico**

The New Mexico Commissioner of Public Lands (the "Commissioner") will accept sealed bids seeking the highest and best bid for a long term commercial business lease of 1,034.51 +/- acres of state trust land for a renewable energy (wind power) facility. The land is located in Torrance County, New Mexico. Additional information is available in the bid packet, available at <http://www.nmstatelands.org> or upon request. The entire bid packet is incorporated with this notice by reference and should be reviewed before submitting a bid.

- 1) **Description of the Land:** The land is offered as a single parcel only, and is described as follows (the "Land"): Being 1,034.51 ± acres located in the State of New Mexico N.M.P.M., Torrance County, New Mexico, being more particularly described as follows:

Township 01 South, Range 14 East, Section 01: W2 – 320.00 acres ±;
Township 01 South, Range 14 East, Section 02: S2 & NE4 – 474.51 acres ±;
Township 01 South, Range 14 East, Section 12: NW4, NW4SW4 & NE4SW4 – 240.00 acres ±;

- 2) **Summary of Basic Provisions of the Lease:** The Land is proposed to be leased pursuant to State Land Office Rule 9 (19.2.9 NMAC) for the purpose of operating a renewable energy (wind power) facility, and is subject to the terms and conditions authorized in the Lease. The term of the Lease is for fifty-five (55) years. Per Section 4.1 of the Lease, Lessee shall pay to Lessor as rent for the land and for the rights and privileges granted in the lease:

First Year's Base Rent of two dollars (\$2.00) per acre, for a total of two thousand sixty-nine dollars and two cents (\$2,069.02).

| YEAR | PER ACRE PAYMENT |
|------|------------------|
| 1 | \$2.00 |
| 2 | \$2.25 |
| 3 | \$2.50 |
| 4 | \$2.75 |
| 5 | \$3.00 |

Operations Base Rent begins when the Wind Power Facility starts generating energy. The rent for operations phase base years' one (1) thru nine (9) will be three dollars (\$3.00) per acre per year or four thousand dollars (\$4,000.00) per megawatt (MW) of installed capacity, or twenty-eight thousand dollars (\$28,000.00), whichever is greater. The Lease contains additional fees, including a Ground Disturbance Fee (Section 4.2.1) and a WTG (wind turbine generator) Installation Fee (Section 4.2.2). Additional Operation Base Rent parameters, including Percent Rent, are referenced in Section 4.1.2.1 of the Lease (Exhibit 3).

| Operation Phase Years: | Minimum Operations Phase Rent: |
|------------------------|--|
| Years 1-9 | The greater of \$28,000, \$4,000/MW Installed Capacity, or \$3.00 /acre of Leased Premises / Year |
| Years 10-18 | The greater of \$28,000, \$4,000/MW Installed Capacity, or \$6.00 /acre of Leased Premises / Year |
| Years 19-27 | The greater of \$28,000, \$4,000/MW Installed Capacity, or \$9.00 /acre of Leased Premises / Year |
| Years 28-36 | The greater of \$28,000, \$4,000/MW Installed Capacity, or \$10.50 /acre of Leased Premises / Year |
| Years 37+ | The greater of \$28,000, \$4,000/MW Installed Capacity, or \$12.00 /acre of Leased Premises / Year |

Decommissioning Phase Rent. Lessee shall pay Lessor one-time Decommissioning Phase Rent of three dollars (\$3.00) per acre, payable upon commencement of decommissioning activities on the land as described in Section 3.2.4 of this Lease. Any Operations Phase Rent payment made for any period in which the Decommissioning Phase begins will be prorated and credited toward Decommissioning Phase Rent.

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. Lessee shall also pay a late processing fee of one hundred dollars (\$100.00) for any delinquent payment of rent, in accordance with the Lessor's schedule of fees.

- 3) **Requirements and Qualification of Bidders & Required Deposits:** Only qualified bidders may submit a sealed bid. In order to qualify to submit a sealed bid, prospective bidders must submit the following: a) a completed application meeting the statement of minimum qualifications- Exhibit 5, b) an application fee of five hundred dollars (\$500.00); c) a transaction deposit (estimated advertising) in the amount of ten thousand dollars (\$10,000.00); and d) the first year's rent in the amount of two thousand sixty-nine dollars and two cents (\$2,069.02). A bidder shall submit one-time payment for the Total Qualification Deposit in the amount of twelve thousand five hundred sixty-nine dollars and two cents (\$12,569.02), payable to "Commissioner of Public Lands."

- 4) **Application and Deposit Submittal:** The application, application fee and qualification deposit must be received at the New Mexico State Land Office, P.O Box 1148, Santa Fe, NM, 87504 or 310 Old Santa Fe Trail, Santa Fe, NM, 87501, Attn: Commissioner of Public Lands, no later than 3:00 p.m. (MST) on February 24, 2020.

- 5) **Sealed Bid Auction:** The auction will be in the form of a sealed bid. Only bidders who have submitted a complete application and met the qualification requirements may submit a sealed bid. The minimum bonus bid amount is fifty thousand dollars (\$50,000.00) with additional amounts in increments of ten thousand dollars (\$10,000.00) each. The bonus bid amount should be entered on the bid form and sealed in a separate envelope. The envelope containing the sealed bid must be plainly marked "EW-0058 AUCTION – SEALED BID" on the outside of the envelope and must show the date and time the bid is scheduled to be opened, as set forth below. Sealed bids may be submitted by mail, express delivery, or in person to the Commissioner of Public Lands and must be received by 3:00 p.m. (MST) on February 27, 2020. All bids submitted will be opened at the date, time and place of the auction as set forth below.

Date: Friday, February 28, 2020.
Time: 9:30 am (MST)
Place: New Mexico State Land Office (Morgan Hall)
310 Old Santa Fe Trail, Santa Fe, NM 87501

- 6) **Selection of the Winning Bidder:** The Lease, if any, will be awarded to the bidder making the highest bonus bid, 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 Commissioner may exercise his/her discretion to request oral bids at the bid opening or cancel the lease auction. In the event that the bid opening is cancelled, all qualified bidders will be notified by mail at the address provided in the submitted application. The Commissioner reserves the right to reject all bids or to cancel this auction, and to reinitiate the process of offering the Land for long-term lease, sale or exchange on the same or different terms. The successful bidder must deposit with the Commissioner the bonus bid amount no later than five (5) business days after auction. If the bonus bid is not timely submitted, the Commissioner may disqualify the bidder and declare the next highest qualified bidder to be the successful bidder, or declare that no bid was successful.

- 7) **How to Get Additional Information:** Additional information is available in the Bid Packet. The Bid Packet is incorporated in this Notice by reference and should be reviewed in detail before attempting to qualify to bid. To obtain more information about this lease or a copy of the Bid Packet, please go to <http://www.nmstatelands.org> or contact:

Jeremy Lewis
Director, Office of Renewable Energy
Commercial Resources Division
NM State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501
505-827-574
jlewis@slo.state.nm.us

Disabled individuals who require aid to participate in the long-term Lease auction may call (505) 827-5760; Fax (505) 827-5766 and /or TTY (800) 659-8331. Upon request, these documents may be available in alternative formats.

Dated at Santa Fe, New Mexico, this 3rd day of December, 2019.

Stephanie Garcia Richard
Commissioner of Public Lands
Santa Fe, New Mexico