

A G E N D A

NATURAL RESOURCES ITEMS FOR

TRANSPORTATION AND NATURAL RESOURCES COMMITTEE - STATE ADMINISTRATIVE BOARD

Transportation and Natural Resources - December 9, 2009 - 3:30 P.M.  
State Administrative Board Meeting - December 15, 2009 - 11:00 A.M.

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This agenda is for general informational purposes only. At its discretion, the Transportation and Natural Resources Committee may revise this agenda and may take up other issues at the meeting.

MINERAL LEASES

- 1. **OIL AND GAS LEASE AUCTION:** On October 27, 2009, a total of 10,452.25 acres of state-owned oil and gas rights were offered for lease. There were seven successful bidders out of eight registered. A total of 6,147.49 acres received successful bids and are proposed to be leased within 12 counties. Of these, 1,843.87 acres are classified as development and 4,303.62 are classified as nondevelopment. Total revenue generated at the auction was \$176,014.38

Terms: Five-year primary term with two one-year extension options, 1/6 royalty. Bonus amount of \$157,949.00 and rental amount of \$18,065.38 were collected at the auction

- 2. **DIRECT OIL AND GAS LEASE - NONDEVELOPMENT:** Cimarex Energy Company, of Denver, Colorado, fractional oil and gas lease rights to 2.96 acres, more or less, of Michigan Department of Transportation state-owned oil and gas rights located in Section 23, T14N, R10W, Mecosta Township, Mecosta County.

Terms: Three-month term, no extensions, 1/4 royalty, \$1,000.00 flat bonus consideration and \$2.00 per acre rental.

The Director of the Department of Natural Resources approved Item 1 on December 3, 2009. The Chief of Forest, Mineral and Fire Management approved Item 2 on December 3, 2009. The form of legal documents involved in these transactions have previously been approved by the Attorney General.

I recommend approval.

Respectfully submitted:  
Department of Natural Resources

By: \_\_\_\_\_  
Thomas Wellman, Manager  
Mineral and Land Management Section  
Forest, Mineral and Fire Management