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STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING

REBECCA A. HUMPHRIES
DIRECTOR

December 11, 2007
Resubmitted: January 15, 2008
Updated: January 28, 2008

TO: Rebecca A. Humphries, Director

Information: Natural Resources Commission (NRC)

Transaction: One Surface Use Lease for a nickel and copper sulfide mining production facility in Marquette County. A copy of the proposed Surface Use Lease is located at: http://www.michigan.gov/dnr/0,1607,7-153-10368_11800-161951--,00.html.

Authority: Part 5, Department of Natural Resources, Section 503(2), of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

Applicant: Kennecott Eagle Minerals Company, Marquette, Michigan.

Jurisdiction: Department of Natural Resources (DNR) State Surface and Mineral Ownership.

Surface Description: N ½ of NW ¼ and SW ¼ of NW ¼, Section 12, T50N, R29W, Michigamme Township, Marquette County, occupied premises to total 90 acres, more or less

Lease Terms: Term of the Surface Use Lease is equal to the term of Metallic Mineral Lease M602. May be extended by Lessor as needed to extend through to conclusion of reclamation. Timber consideration fee based on 120 acres of forest land at $1,722.00 per acre equals $206,640.00. Monitoring fee of $4,000.00 per year. Rental fee of $241,300.00 to be split in two equal payments in the first two years. Subsequently, $50,000.00 per year for years three through ten and $50,000.00 as escalated by the consumer price index for years 11 and beyond.

Special Restrictions: Numerous restrictions regarding the use of the premises and restoration of the site are designed to enhance protection to the property.

Notice: This item appeared on the January 29, 2007 DNR Business Calendar and was Noticed and available for comment and information at a series of public meetings September 10, 11, 12, 13, and 19. It was discussed and available for comment at the November 8, 2007 and December 6, 2007 NRC meetings. It is eligible for approval on January 10, 2008.

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Recommendation: The Surface Use Lease issued to the applicant pursuant to the above terms and conditions.

Lynne M. Boyd, Chief
Forest, Mineral and Fire Management

Douglas A. Reeves, Acting Chief
Wildlife

Kelley D. Smith, Chief
Fisheries

Arminda S. Koch
Resource Management Deputy

I approve the staff recommendation.

Rebecca A. Humphries
Director

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Approval Date