



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES
DIRECTOR

May 11, 2009

TO: Rebecca A. Humphries, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 97,056.59 acres were offered on May 5, 2009

Authority: Part 5, Department of Natural Resources, Section 502, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

Applicants: The attached auction summary identifies the successful bidders, the total acreage, and the total revenue paid. There were 31 registered bidders with 25 successful bidders.

Mineral Description: The Official Auction Record shows the legal descriptions for each offering.

Acres Bid: Of the 97,056.59 acres offered, 32,038.93 acres were bid successfully (18,335.30 acres development, 13,703.63 acres nondevelopment) in 24 counties.

Lease Terms: Five-year initial term with two one-year extension options, 1/6 royalty. Bonus amount of \$648,463.00 and rental amount of \$68,404.18 were collected at the auction. Total revenue generated at the auction was \$716,867.18.

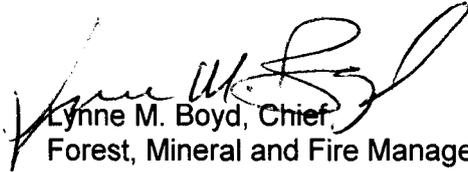
Special Restrictions: In accordance with those described in the Official Auction Record for each applicable auction description. Additionally, for any parcels that were acquired through tax reversion on or after April 1, 1976, the successful bidder will be required to submit Attorney's Title Opinion. The Attorney's Title Opinion must show that the mineral rights were not severed prior to tax reversion. If an Attorney's Title Opinion is not provided by November 5, 2009, a lease will not be issued and the Department of Natural Resources (Department) will not refund the bonus and rental paid.

Notice: This item appeared on the Department's May 26, 2009, Business Calendar and is eligible for approval on June 4, 2009.

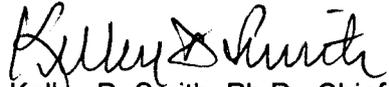
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Recommendation: The oil and gas leases be issued to the successful bidders pursuant to the above terms and conditions.


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


Russ Mason, Ph.D., Chief
Wildlife


Kelley D. Smith, Ph.D., Chief
Fisheries


Arminda S. Koch
Resource Management Deputy

I approve the staff recommendation

Rebecca A. Humphries
Director

Approval Date

State of Michigan
Oil and Gas Lease Auction

May 5, 2009

Bidder Number	Bidder Name	Total Acres	Total Bonus + Total Rental
101	Elexco Land Services, Inc. P.O. Box 313 Marysville, MI 48040	2,735.29	\$42,771.58
102	Paxton Resources, L.L.C. 132 North Otsego Avenue Gaylord, MI 49735	600.00	\$9,000.00
103	O.I.L. Niagaran L.L.C. 954 Business Park Drive Suite 5 Traverse City, MI 49686	2,638.43	\$50,421.60
104	O.I.L. Energy Corp. 954 Business Park Drive Suite 5 Traverse City, MI 49686	202.83	\$3,097.74
105	HighMount Midwest Energy LLC 16945 Northchase, Suite 1750 Houston, TX 77060	1,040.99	\$31,670.98
106	Coughlin Land Services, LLC 711 Bayliss Street Midland, MI 48640	612.88	\$9,220.76
107	Jack Goodale 10181 Kenowa - SW Grand Rapids, MI 49544	No Bid	No Bid
108	NuEnergy Resources, Inc. P.O. Box 1122 Gaylord, MI 49734	40.00	\$600.00
109	CORE Energy, LLC 1011 Noteware Drive Traverse City, MI 49686	40.00	\$600.00
110	HighMount Midwest Energy LLC 16945 Northchase, Suite 1750 Houston, TX 77060	2,601.39	\$43,439.38
111	Clayton Energy Company P.O. Box 301 Jackson, MI 49204	860.20	\$12,918.00
112	Buck Hackworth P.O. Box 301 Jackson, MI 49204	No Bid	No Bid

**State of Michigan
Oil and Gas Lease Auction**

May 5, 2009

Bidder Number	Bidder Name	Total Acres	Total Bonus + Total Rental
113	Savoy Energy, L.P. P.O. Box 1560 Traverse City, MI 49685	400.92	\$71,251.84
114	West Bay Exploration Company 13685 South West Bay Shore Suite 200 Traverse City, MI 49684	11,643.40	\$174,939.90
115	West Bay Exploration Company 13685 South West Bay Shore Suite 200 Traverse City, MI 49684	517.61	\$139,370.22
116	Jordan Development Company, L.L.C. 1503 Garfield Rd N Traverse City, MI 49686	63.28	\$976.00
117	Jeff Wray P.O. Box 4215 Jackson, MI 49204	No Bid	No Bid
118	Quantum Energy, Inc. 510 Depot View Drive Unit #13 Traverse City, MI 49686	600.00	\$9,000.00
119	Sturgeon Point Development Company P.O. Box 4356 Traverse City, MI 49685	2,303.61	\$34,027.78
120	Highway Resources, Inc. 2120 East Timberlane Drive Traverse City, MI 49686	160.00	\$3,680.00
121	Sheila Hamp c/o Ford Estates, Inc. 2000 Brush Street, Suite 440 Detroit, MI 48226	160.00	\$4,800.00
122	MAR/TEC Incorporated 3335 S. Airport Road., W. Suite 5A Traverse City, MI 49684	602.00	\$9,030.00
123	MAR/TEC Incorporated 3335 S. Airport Rd., W. Suite 5A Traverse City, MI 49684	240.00	\$3,600.00

**State of Michigan
Oil and Gas Lease Auction**

May 5, 2009

Bidder Number	Bidder Name	Total Acres	Total Bonus + Total Rental
124	Rodney Schoolcraft 720 South Otsego Avenue Gaylord, MI 49735	No Bid	No Bid
125	John Mandich 2715 Amberly Road Bloomfield, MI 48301	No Bid	No Bid
126	Arbor Operating, L.L.C. 858 Business Park Drive Traverse City, MI 49686	280.00	\$4,480.00
127	Delta Oil Co., Inc. 125 Windsor, Suite 101 Oak Brook, IL 60523	285.20	\$5,999.60
128	Dennis R. Schmude d/b/a Schmude Oil P.O. Box 1008 Traverse City, MI 49685	399.59	\$6,012.18
129	Antares Exploration Fund Limited Partnership 770 San Felipe, Suite 500 Houston, TX 77063	2,971.31	\$45,359.62
130	Rich Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid
131	Belden & Blake Corporation dba Ward Lake Energy PO Box 1663 Gaylord, MI 49734	40.00	\$600.00
	TOTALS:	32,038.93	\$716,867.18