



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



KEITH CREAGH
DIRECTOR

June 15, 2015

To: Keith Creagh, Director

Information: Natural Resources Commission

Transaction: Proposed Nonmetallic Mineral (Sand and Gravel) Lease Auction, Development with Restrictions

Authority: Part 5, of the Natural Resources and Environmental Protection Act, 1994 PA 451

Auction Method: Sealed Bid

Jurisdiction: Department of Natural Resources (DNR), nonmetallic mineral (sand and gravel) rights

Acres Offered: 40 acres, more or less

Location: NW1/4 NW1/4, Section 35, T37N, R01E, Grant Township, Cheboygan County (map attached)

Lease Terms: Seven-year primary term with one three-year extension option. Minimum annual royalty of \$1,000.00, fifty percent (50%) payable within 10 days of notice to the high bidder, with the remainder due before the lease is issued. The bid is the price per ton to be paid as production royalty to the State of Michigan.

Restrictions: Subject to existing oil and gas lease, and Recreational Trails and Raptor Nesting Area stipulations.

An annual mining and reclamation plan, approved by the DNR, is required prior to any mining activity. The mining and reclamation plan will specify the location within the leased acres approved for mining.

Comments: The proposed auction is for an existing DNR sand and gravel pit (Krouse Road Pit) that had been leased by the Cheboygan County Road Commission (CRC). The CRC is no longer interested in leasing this pit. A private sand and gravel company nominated the parcel for a nonmetallic mineral lease, but do not qualify for a direct lease.

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Notice: The Grant Township Supervisor and Cheboygan County Clerk were sent written notice of the proposed sealed bid auction June 2, 2015. Notice of the proposed sealed bid auction also appeared in the *Cheboygan Daily Tribune* newspaper June 4, 2015. This item will appear on the June 30, 2015, DNR Business Calendar and is eligible for approval July 9, 2015.

Recommendation: The nonmetallic mineral (sand and gravel) lease rights should be offered through a sealed bid lease auction, under the terms and conditions specified.



William O'Neill, Chief
Forest Resources Division



James L. Dexter, Chief
Fisheries Division



William E. Moritz, Ph.D.
Natural Resources Deputy



Russ Mason, Ph.D., Chief
Wildlife Division



Tracie Bonner, Acting Manager
Office of Minerals Management

I approve the staff recommendation.

Keith Creagh
Director

Approval Date

