



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES
DIRECTOR

May 12, 2008

TO: Rebecca A. Humphries, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 149,548.02 acres were offered on May 1, 2008

Authority: Part 5, Department of Natural Resources, Section 503, 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 32 registered bidders with 22 successful bidders.

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

Acres Bid: Of the 149,548.02 acres offered, 149,548.02 acres were bid successfully (67,323 acres development, 82,225.02 acres nondevelopment) in 16 counties.

Lease Terms: Five-year initial term with two one-year extension options, 1/6 royalty. Bonus amount of \$13,590,166.00 and rental amount of \$326,097.58 were collected at the auction. Total revenue generated at the auction was \$13,916,263.58.

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 Title Opinions. The Attorney Title Opinions must show that the minerals rights were not severed prior to tax reversion. If an Attorney Title Opinion is not provided by November 3, 2008, 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 March 31, 2008 Calendar and is eligible for approval on June 5, 2008.

NATURAL RESOURCES COMMISSION
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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

Douglas A. Reeves, Acting Chief
Wildlife

Kelley D. Smith, Chief
Fisheries

Arminda S. Koch
Resource Management Deputy

Dennis Fedewa
Chief Deputy

I approve the staff recommendation

Rebecca A. Humphries
Director

Approval Date

**Oil and Gas Lease
Auction Summary
May 1, 2008**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
101	Chris Fling	NO BID	NO BID
102	Brammer Engineering 400 Texas Street, Suite 600 Shreveport, LA 71101	88,779.82	\$6,840,653.76
103	Energy West Corporation P.O. Box 1441 Denver, CO 80201	44,555.98	\$4,643,439.96
104	Woodland Petroleum Corporation P.O. Box 53633 Lafayette, LA 70505	2,259.98	\$492,324.96
105	Petro-Vest, Inc. P.O. Box 653 Mt. Pleasant, MI 48804	360.00	\$41,400.00
106	Douglas G. Boyd	NO BID	NO BID
107	Clayton Energy Corporation P.O. Box 301 Jackson, MI 49204	3,508.45	\$670,141.90
108	Whiting Oil and Gas Corporation 1700 Broadway, Suite 2300 Denver, CO 80290	701.92	\$131,978.84
109	Clayton Energy Corporation P.O. Box 301 Jackson, MI 49204	1,860.00	\$376,220.00
110	Leslie A. Irish	NO BID	NO BID

**Oil and Gas Lease
Auction Summary
May 1, 2008**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
111	Presidium Antrim West, LC P.O. Box 1828 Traverse City, MI 48685	2,241.96	\$211,828.60
112	Elexco Land Services, Inc. P.O. Box 313 Marysville, MI 48040	1,256.23	\$67,686.44
113	Coughlin Land Services, LLC 711 Bayliss Street Midland, MI 48640	200.00	\$15,000.00
114	B.D. Deans, LLC P.O. Box 301 Mt. Pleasant, MI 48804	90.00	\$5,580.00
115	Muskegon Development Company 1425 South Mission Road Mt. Pleasant, MI 48858	205.00	\$3,075.00
116	Tom Coughlin	NO BID	NO BID
117	Paxton Resources, L.L.C. 132 North Otsego Avenue Gaylord, MI 49735	160.00	\$3,120.00
118	Edward B. Pollister	NO BID	NO BID
119	CORE Energy, LLC 954 Business Park Drive, Suite 1 Traverse City, MI 49686	12.34	\$3,124.68
120	Jordan Development Company, L.L.C. 1503 Garfield Road, North Traverse City, MI 49686	983.21	\$12,211.42

**Oil and Gas Lease
Auction Summary
May 1, 2008**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
121	Brian A. Benson 1100 Conrad Industrial Drive Ludington, MI 49431	100.00	\$5,300.00
122	Brian Benson	NO BID	NO BID
123	Highway Resources, Inc. 2120 East Timberlane Drive Traverse City, MI 49686	767.59	\$61,990.90
124	Michael Flynn	NO BID	NO BID
125	Dakotah Oil P.O. Box 25 Allen, MI 49227	250.00	\$14,050.00
126	Muskegon Development Company 1425 South Mission Road Mt. Pleasant, MI 48858	600.00	\$184,800.00
127	O.I.L. Energy Corp. 954 Business Park, Suite 5 Traverse City, MI 49686	1.40	\$85.00
128	Rich Patterson	NO BID	NO BID
129	Dart Oil & Gas Corporation P. O. Box 177 Mason, MI 48854	313.97	\$58,546.78
130	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	340.17	\$73,705.34
131	Rich Patterson	NO BID	NO BID
132	Harvey Langworthy	NO BID	NO BID
Totals:		149,548.02	\$13,916,263.58