



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES  
LANSING



DR. WILLIAM E. MORITZ  
DIRECTOR

March 14, 2016

To: William E. Moritz, Ph.D., Director

Information: Natural Resources Commission

Transaction: Proposed May 4, 2016, Oil and Gas Lease Auction

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

Auction Method: Oral Auction

Acres Offered: Approximately 16,000 acres

Counties Offered: Alpena, Arenac, Bay, Calhoun, Clare, Crawford, Gladwin, Grand Traverse, Ingham, Kalkaska, Manistee, Midland, Montmorency, Ogemaw, Otsego, Presque Isle, Roscommon, and Saginaw

Lease Terms: Five-year primary term with two one-year extension options; 1/6 royalty rate; minimum bid of \$10.00 per acre; and \$2.00 per acre annual rental for the primary term.

Special Restrictions: Certain parcels proposed to be offered for lease may contain restrictions limiting surface activities where environmental concerns exist. All oil and gas development activities proposed on state-owned surface require separate surface use agreements.

Notice: Township supervisors, county commissioners, and potentially affected private surface owners have been notified of the proposed auction. Notice of the proposed auction also appeared in the county newspapers representing the areas where the lands are located. This item will appear on the April 5, 2016, DNR Business Calendar, and is eligible for approval April 14, 2016.

March 14, 2016

Recommendation: The mineral rights in all the lands being considered should be offered for inclusion in the proposed auction, under the terms and conditions specified.



Mark B. Sweatman, Director  
Office of Minerals Management



Russ Mason, Ph.D., Chief  
Wildlife Division



William O'Neill  
Natural Resources Deputy



James L. Dexter, Chief  
Fisheries Division



Ronald A. Olson, Chief  
Parks and Recreation Division



Debbie Begalle, Acting Chief  
Forest Resources Division

I approve the staff recommendation.

William E. Moritz, Ph.D.  
Director

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Approval Date