



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



REBECCA A. HUMPHRIES
DIRECTOR

November 13, 2007

TO: Rebecca A. Humphries, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 63,986.25 acres were offered on November 2, 2007

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 24 registered bidders with 22 successful bidders.

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

Acres Bid: Of the 63,986.25 acres offered, 52,015.57 acres were bid successfully (20,279.89 acres development, 31,735.68 acres nondevelopment) in 27 counties.

Lease Terms: Five-year initial term with two one-year extension options, 1/6 royalty. Bonus amount of \$959,271.00 and rental amount of \$116,242.52 were collected at the auction. Total revenue generated at the auction was \$1,075,513.52.

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, the successful bidder will be required to demonstrate via an Attorney's Title Opinion, that the State owns the oil and gas rights. If an Attorney's Title Opinion is not provided by May 1, 2008, a lease will not be issued and the Department of Natural Resources will not refund the bonus and rental paid.

Notice: This item appeared on the Department's October 1, 2007 Calendar and is eligible for approval on December 6, 2007.

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

I approve the staff recommendation

Rebecca A. Humphries
Director

Approval Date

**State of Michigan
Oil and Gas Lease Auction
November 2, 2007**

Bidder Number	Bidder	Total Acres	Total Bonus + Rental
101	T.S. Coughlin, Incorporated 711 Bayliss Street Midland, MI 48640	240.00	\$3,600.00
102	T.S. Coughlin, Incorporated 711 Bayliss Street Midland, MI 48640	1,888.07	\$109,796.14
103	No Bid		
104	Mason Dixon Energy, Incorporated 101 Cambridge Bridgeport, WV 26330	17,136.08	\$315,316.22
105	Kosco Energy Group P.O. Box 2104 Traverse City, MI 49685	160.00	\$47,520.00
106	Larry L. Sibley 20803 Junction Road Bellevue, MI 49021	24.87	\$573.70
107	Clayton Energy Company P.O. Box 301 Jackson, MI 49204	80.00	\$1,200.00
108	Savoy Energy, L.P. P.O. Box 1560 Traverse City, MI 49685	667.95	\$17,567.90

**State of Michigan
Oil and Gas Lease Auction
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Bidder Number	Bidder	Total Acres	Total Bonus + Rental
109	Sun Valley Energy, LLC 1500 Kendale Boulevard, #303 East Lansing, MI 48823	16,223.46	\$233,726.08
110	Stephen H. Anderson P.O. Box 136 Reed City, MI 449677	1,618.13	\$67,962.26
111	Quantum Entergy, Incorporated 510 Depot View Drive, Unit #13 Traverse City, MI 49686	360.00	\$12,960.00
112	Savoy Energy, L.P. P.O. Box 1560 Traverse City, MI 49685	120.00	\$16,440.00
113	White Pine Land Company 4110 Copper Ridge Drive Traverse City, MI 49684	78.22	\$1,489.20
114	Jordan Development Company 1503 Garfield Road, N. Traverse City, MI 49686	8,505.21	\$91,953.62
115	West Bay Exploration Company 13685 South West Bay Shore, Suite 200 Traverse City, MI 49684	864.50	\$19,929.00
116	Energy Quest 3016 Cass Road Traverse City, MI 49684	232.86	\$3,494.72

**State of Michigan
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Bidder Number	Bidder	Total Acres	Total Bonus + Rental
117	Highway Resources 2120 East Timberlane Drive Traverse City, MI 49686	592.87	\$30,543.70
118	Sturgeon Point Development 421 Second Street, Suite B Traverse City, MI 49684	1,728.13	\$25,959.26
119	O.I.L. 954 Business Park, Suite 5 Traverse City, MI 49686	95.22	\$17,481.72
120	Atlas Gas and Oil Company 1501 Cass Street, Suite B Traverse City, MI 49684	320.00	\$33,000.00
121	Schmude Oil 2150 South Airport Road, West Suite B Traverse City, MI 49684	600.00	\$9,000.00
122	Dart Energy Corporation 600 Dart Road P.O. Box 177 Mason, MI 48854	80.00	\$2,560.00
123	Muskegon Development 1425 South Mission Road Mt. Pleasant, MI 48858	400.00	\$13,440.00

**State of Michigan
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Bidder Number	Bidder	Total Acres	Total Bonus + Rental
124	No Bid		
Totals:		52,015.57	\$1,075,513.52