



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



KEITH CREAGH
DIRECTOR

July 11, 2013

To: Keith Creagh, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 37,652.36 acres were offered on May 9, 2013

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

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

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

Acres Bid: Of the 37,652.36 acres offered, a total of 36,970.67 acres received successful bids (13,238.41 acres development, 23,732.26 acres nondevelopment) in 15 counties.

Lease Terms: Five-year primary term with two one-year extension options, 1/6 royalty. Bonus amount of \$1,355,173.00 and rental amount of \$136,456.30. Total revenue generated at the auction was \$1,491,629.30.

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 an Attorney's Title Opinion (ATO). The ATO must show that the mineral rights were not severed prior to tax reversion. If an ATO is not provided by November 12, 2013, a lease will not be issued and the DNR will not refund the bonus and rental paid.

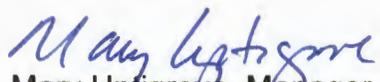
Notice: This item appeared on the July 2, 2013 DNR Business Calendar and is eligible for approval on July 11, 2013.

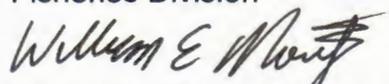
Recommendation: That the oil and gas leases be issued to the successful bidders pursuant to the above terms and conditions.


William O'Neill, Chief
Forest Resources Division


Russ Mason, Ph.D., Chief
Wildlife Division


James L. Dexter, Chief
Fisheries Division


Mary Uptigrove, Manager
Minerals Management Section


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

I approve the staff recommendation.

Keith Creagh
Director

Approval Date

**State of Michigan
Oil and Gas Lease Auction
May 9, 2013**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
101	Martec Land Services, Inc. 3335 South Airport Road West Suite A Traverse City MI 49684	120.00	\$5,800.00
102	CORE Energy, LLC 1011 Noteware Drive Traverse City, MI 49686	728.58	\$31,875.80
103	EXOK, INC. 6410 North Santa Fe Avenue Suite B Oklahoma City OK 73116	960.00	\$35,320.00
104	TERRACORE LLC 1422 Delgany Street, 101 Denver CO 80209	22,891.00	\$1,012,652.20
105	Maritz Land Company LLC P.O. Box 4126 Traverse City MI 49685	239.00	\$3,346.00
106	Mathew Maritz P.O. Box 4126 Traverse City MI 49685	No Bid	No Bid
107	O.I.L. Energy Corp. 954 Business Park Drive Suite 5 Traverse City MI 49686	776.45	\$10,672.90
108	Coleman Oil & Gas, Inc. P.O. Drawer 3337 Farmington NM 87499	80.00	\$1,600.00
109	Terence Goodell 3300 Wysong Road Traverse City MI 49684	No Bid	No Bid
110	Jordan Development Company, L.L.C. 1503 Garfield Road North Traverse City MI 49686	603.77	\$9,392.54
111	Stephen H. Anderson P. O. Box 136 Reed City MI 49677	60.00	\$3,000.00
112	Meridian Energy Corporation P.O. Box 610 Haslett MI 48840	621.43	\$33,424.86
113	Innova Exploration, Inc. P.O. Box 129 Traverse City MI 49685	200.00	\$4,000.00

**State of Michigan
Oil and Gas Lease Auction
May 9, 2013**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
114	Savoy Energy, L.P. P. O. Box 1560 Traverse City MI 49685	271.07	\$9,017.14
115	Meridian Energy Corporation P.O. Box 610 Haslett MI 48840	1,640.00	\$21,600.00
116	Meridian Energy Corporation P.O. Box 610 Haslett MI 48840	2,022.08	\$24,314.16
117	Petrogulf Corporation 518 17th Street, Suite 1525 Denver CO 80202	716.47	\$88,312.94
118	Kosco Energy Group, LLC P.O. Box 2104 Traverse City MI 49685	40.00	\$6,800.00
119	Clayton Energy Company P.O. Box 301 Jackson MI 49204	1,191.43	\$37,052.86
120	Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver CO 80202	2,649.50	\$84,409.00
121	Leland Abel P O Box 910 Kalkaska MI 49684	No Bid	No Bid
122	Petro-Vest, Inc. P.O. Box 653 Mt. Pleasant MI 48804	160.00	\$2,240.00
123	Audubon Oil & Gas, LLC 119 1/2 North Main Street Henderson KY 42420	999.89	\$66,798.90
124	Jimmy Eichstadt 104 South Union Street Traverse City MI 49684	No Bid	No Bid
125	Brad Wagner 5800 South Hannibal Way Centennial CO 80015	No Bid	No Bid
Totals:		36,970.67	\$1,491,629.30