



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES  
LANSING



KEITH CREAGH  
DIRECTOR

May 12, 2014

To: Keith Creagh, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 21,787.49 acres were offered May 1, 2014

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

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

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

Acres Bid: Of the 21,787.49 acres offered, a total of 17,668.92 acres received successful bids (3,603.73 acres development, 14,065.19 acres nondevelopment) in 16 counties.

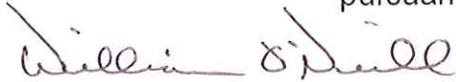
Lease Terms: Five-year primary term with two one-year extension options, 1/6 royalty. Bonus amount of \$314,814.00 and rental amount of \$77,833.20. Total revenue generated at the auction was \$392,647.20.

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 3, 2014, a lease will not be issued and the Department of Natural Resources (DNR) will not refund the bonus and rental paid.

Notice: This item will appear on the June 3, 2014 DNR Business Calendar and will be eligible for approval June 12, 2014.

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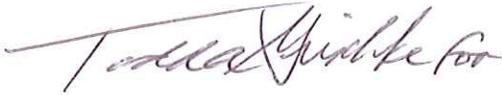
Recommendation: That the oil and gas leases be issued to the successful bidders pursuant to the above terms and conditions.



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



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

I approve the staff recommendation.

Keith Creagh  
Director

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Approval Date

**State of Michigan**  
**Oil and Gas Lease Auction**  
**May 1, 2014**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
101	Clayton Energy Company P.O. Box 301 Jackson, MI 49204	345.98	\$35,212.96
102	Maritz Land Company LLC P.O. Box 4126 Traverse City, MI 49685	2,866.02	\$34,402.04
103	TERRACORE LLC 1422 Delgany Street, Suite 101 Denver, CO 80202	41.00	\$580.00
104	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	160.00	\$89,440.00
105	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	2,940.71	\$54,057.10
106	Brian Benson 1100 Conrad Industrial Drive Ludington, MI 49431	No Bid	No Bid
107	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	8,765.17	\$88,362.34
108	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	40.00	\$5,400.00
109	Kosco Energy Group, LLC P.O. Box 2104 Traverse City, MI 49696	400.00	\$8,320.00
110	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	240.00	\$28,200.00
111	Kevin Hackert 1100 Conrad Industrial Drive Ludington, MI 49431	No Bid	No Bid
112	Savoy Energy, L.P., registered to transact business in Michigan as Savoy Energy Limited Partnership P.O. Box 1560 Traverse City, MI 49685	1,023.82	\$34,529.20

**State of Michigan**  
**Oil and Gas Lease Auction**  
**May 1, 2014**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
113	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	40.00	\$480.00
114	West Bay Exploration Company 13685 S. West Bay Shore, Suite 200 Traverse, MI 49684	493.89	\$9,908.90
115	Patrick Riley 500 W. Michigan Ave. Jackson, MI 49201	No Bid	No Bid
116	Hardy & Hardy Consulting, LLC P.O. Box 332 Dewitt, MI 48820	312.33	\$3,754.66
Totals:		17,668.92	\$392,647.20