



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES  
LANSING



KEITH CREAGH  
DIRECTOR

December 9, 2014

**To:** Keith Creagh, Director

**Information:** Natural Resources Commission

**Transaction:** Oil and Gas Lease Auction – 152,902.85 acres were offered October 29, 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 twelve registered bidders with eight successful bidders.

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

**Acres Bid:** Of the 152,902.85 acres offered, a total of 152,629.16 acres received successful bids (53,684.14 acres development, 98,945.02 acres nondevelopment) in 16 counties.

**Lease Terms:** Five-year primary term with two one-year extension options, 1/6 royalty. Bonus amount of \$2,618,021.00 and rental amount of \$336,232.42. Total revenue generated at the auction was \$2,954,253.42.

**Special Restrictions:** In accordance with those described in the Official Auction Record for each applicable auction description.

**Notice:** This item appeared on the December 2, 2014 DNR Business Calendar, and will be eligible for approval December 16, 2014.

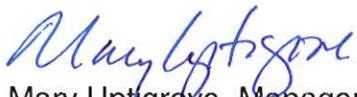
Recommendation: That the oil and gas leases be issued to the successful bidders pursuant to the above terms and conditions.

  
William O'Neill, Chief  
Forest Resources Division

  
James L. Dexter, Chief  
Fisheries Division

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

  
Russ Mason, Ph.D., Chief  
Wildlife Division

  
Mary Uptgrove, Manager  
Minerals Management

I approve the staff recommendation.

Keith Creagh  
Director

\_\_\_\_\_  
Approval Date

**State of Michigan**  
**Oil and Gas Lease Auction**  
**October 29, 2014**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
101	Kosco Energy Group, LLC P.O. Box 2104 Traverse City, MI 49685	400.00	\$4,800.00
102	Western Land Services 1100 Conrad Industrial Drive Ludington, MI 49431	1,359.13	\$62,156.60
103	Marathon Oil Company 5555 San Felipe Houston, TX 77056	117,924.62	\$1,682,817.86
104	Glen Hodge 5555 San Felipe Houston, TX 77056	No Bid	No Bid
105	Marathon Oil Company 5555 San Felipe Houston, TX 77056	30,407.05	\$893,825.36
106	Wyotex Drilling Ventures LLC P.O. Box 280969 Lakewood, CO 80228	2,413.16	\$308,461.60
107	Jordan Development Company, L.L.C. 1503 Garfield Road North Traverse City, MI 49686	40.00	\$480.00
108	Joseph E. Merkel 6421 East Island Lake Drive East Lansing, MI 48823	No Bid	No Bid
109	Rich Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid
110	Clifford C. Abel 9971 Jonesville Road Allen, MI 49227	No Bid	No Bid
111	West Bay Exploration Company 13685 South West Bay Shore, Suite 200 Traverse City, MI 49684	40.00	\$800.00
112	Delta Oil Co. 125 Windsor Drive, Suite 101 Oak Brook, IL 60523	45.20	\$912.00
<b>Totals:</b>		<b>152,629.16</b>	<b>\$2,954,253.42</b>