



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



DR. WILLIAM E. MORITZ
DIRECTOR

May 16, 2016

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

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 15,840.95 acres were offered May 4, 2016

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 fourteen registered bidders with ten successful bidders.

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

Acres Bid: Of the 15,840.95 acres offered, a total of 11,236.90 acres received successful bids (5,120.51 acres development and 6,116.39 acres nondevelopment) in 13 counties.

Lease Terms: Five-year primary term with two one-year extension options, 1/6 royalty. Bonus amount of \$746,456.00 and rental amount of \$51,012.12. Total revenue generated at the auction was \$797,468.12.

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

Notice: This item will appear on the May 31, 2016, DNR Business Calendar and will be eligible for approval June 9, 2016.

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

Kimberly Verne for

Mark B. Sweatman, Director
Office of Minerals Management

Russ Mason

Russ Mason, Ph.D., Chief
Wildlife Division

William O'Neill

William O'Neill
Natural Resources Deputy

James L. Dexter

James L. Dexter, Chief
Fisheries Division

Ronald A. Olson

Ronald A. Olson, Chief
Parks and Recreation Division

Debbie Begalle for

Debbie Begalle, Acting Chief
Forest Resources Division

I approve the staff recommendation.

William E. Moritz, Ph.D.
Director

Approval Date

**State of Michigan
Oil and Gas Lease Auction
May 4, 2016**

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
101	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	1,660.00	\$144,260.00
102	Kosco Energy Group, LLC P.O. Box 2104 Traverse City, MI 49685	1,323.93	\$26,509.30
103	Quantum Energy, Inc. 2400 Northern Visions Drive Traverse City, MI 49684	327.62	\$2,633.24
104	CORE Energy, LLC 1011 Noteware Drive Traverse City, MI 49686	738.15	\$14,796.50
105	Jordan Development Company, L.L.C. 1503 Garfield Road N Traverse City, MI 49686	1,333.14	\$201,566.28
106	Jordan Development Company, L.L.C. 1503 Garfield Road N Traverse City, MI 49686	793.21	\$12,129.58
107	Maritz Land Company LLC P.O. Box 4126 Traverse City, MI 49685	40.00	\$2,800.00
108	West Bay Exploration Company 13685 South West Bay Shore, Suite 200 Traverse City, MI 49684	1,302.38	\$79,322.80
109	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	3,557.91	\$310,234.82
110	Steve Rapanos P.O. Box 560 Rockford, MI 49341	No Bid	No Bid
111	Maness Petroleum Corporation 1425 S. Mission Road Mt. Pleasant, MI 48804	160.56	\$3,215.60

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
112	Rich Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid
113	Rich Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid
114	Tom Coughlin 711 Bayliss Street Midland, MI 48640	No Bid	No Bid
Totals:		11,236.90	\$797,468.12