



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



KEITH CREAGH
DIRECTOR

August 15, 2016

To: Keith Creagh, Director

Information: Natural Resources Commission

Transaction: Proposed October 18, 2016, Oil and Gas Lease Auction

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

Auction Method: Oral Auction

Acres Offered: Approximately 56,000 acres

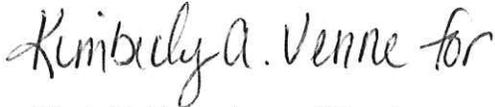
Counties Offered: Alpena, Arenac, Cheboygan, Gladwin, Grand Traverse, Isabella, Kalkaska, Midland, Montmorency, Oakland, and Presque Isle

Lease Terms: Five-year primary term with two one-year extension options; 1/6 royalty rate; minimum bid of \$10.00 per acre; and \$2.00 per acre annual rental for the primary term.

Special Restrictions: Certain parcels proposed to be offered for lease may contain restrictions limiting surface activities where environmental concerns exist. All oil and gas development activities proposed on state-owned surface require separate surface use agreements.

Notice: Township supervisors, county commissioners, legislators representing the nominated areas, and potentially affected private surface owners have been notified of the proposed auction. Notice of the proposed auction also appeared in the county newspapers representing the areas where the lands are located. This item will appear on the August 30, 2016, DNR Business Calendar, and is eligible for approval September 8, 2016.

Recommendation: The mineral rights in all the lands being considered should be offered for inclusion in the proposed auction, under the terms and conditions specified.



Mark B. Sweatman, Director
Office of Minerals Management



Russ Mason, Ph.D., Chief
Wildlife Division



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



James L. Dexter, Chief
Fisheries Division



Ronald A. Olson, Chief
Parks and Recreation Division



William O'Neill, Chief
Forest Resources Division

I approve the staff recommendation.

Keith Creagh
Director

Approval Date