



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES  
LANSING



RODNEY A. STOKES  
DIRECTOR

May 16, 2011

**TO:** Rodney A. Stokes, Director

**Information:** Natural Resources Commission

**Transaction:** Oil and Gas Lease Auction – 43,972.65 acres were offered on May 3, 2011

**Authority:** Part 5, Department of Natural Resources, 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 nineteen registered bidders with sixteen successful bidders.

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

**Acres Bid:** Of the 43,972.65 acres offered, 35,051.99 acres were bid successfully (17,372.27 acres development, 17,679.72 acres nondevelopment) in 14 counties.

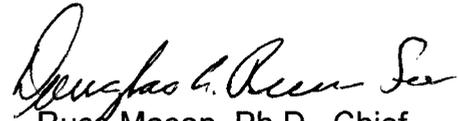
**Lease Terms:** Five-year primary term with two one-year extension options, 1/6 royalty. Bonus amount of \$682,675.00 and rental amount of \$89,319.40 were collected at the auction. Total revenue generated at the auction was \$771,994.40.

**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. The Attorney's Title Opinion must show that the mineral rights were not severed prior to tax reversion. If an Attorney's Title Opinion is not provided by November 3, 2011, a lease will not be issued and the Department of Natural Resources (DNR) will not refund the bonus and rental paid.

Notice: This item appeared on the May 31, 2011 DNR Business Calendar, and is eligible for approval on June 9, 2011.

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

  
Lynne M. Boyd, Chief  
Forest Management Division

  
Russ Mason, Ph.D., Chief  
Wildlife Division

  
Jim Dexter, Acting Chief  
Fisheries Division

  
Kelley D. Smith, Ph.D.  
Acting Natural Resources Deputy

I approve the staff recommendation.

Rodney A. Stokes  
Director

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Approval Date

**State of Michigan**  
**Oil and Gas Lease Auction**  
**May 3, 2011**

Bidder Number	Bidder Name	Total Acres	Total Bonus + Total Rental
101	Westgrove Energy Holdings, LLC 820 Gessner Road, Suite 1375 Houston, TX 77024	12,642.27	\$218,055.54
102	Primeau Commerical, Inc. 4040 Hidden Creek Drive Traverse City, MI 49684	2,460.56	\$46,847.58
103	David M. Schoeffler 163 N. Southlawn Drive Lafayette, LA 70503	No Bid	No Bid
104	BreitBurn Operating Limited Partnership P.O. Box 1256 Gaylord, MI 49734	20.25	\$498.00
105	Kosco Energy Group, LLC P.O. Box 2104 Traverse City, MI 49685	4,711.30	\$70,704.60
106	Griffith Land Services, Inc. 11060 Timberline Road Houston, TX 77043	2,129.03	\$100,791.20
107	Stephen Cavender 18328 Mission Road Traverse City, MI 49686	40.00	\$600.00
108	Bill Jenness 1731 Windsor Place Lansing, MI 48910	No Bid	No Bid
109	Elexco Land Services, Inc. P. O. Box 313 Marysville, MI 48040	3,968.97	\$94,023.74
110	Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202	3,161.83	\$84,190.66
111	Arbor Operatring, L.L.C. 104 S. Union Street, Suite 202 Traverse City, MI 49684	196.97	\$12,983.94
112	Monitor Energy Partners, L.P. 7700 San Felipe Houston, TX 77063	79.29	\$1,832.90

**State of Michigan**  
**Oil and Gas Lease Auction**  
**May 3, 2011**

Bidder Number	Bidder Name	Total Acres	Total Bonus + Total Rental
113	Rich Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid
114	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	3,395.74	\$102,932.48
115	Dennis R. Schmude, d/b/a Schmude Oil 2150 South Airport Road West, Suite B Traverse City, MI 49684	55.81	\$4,591.62
116	Antares Exploration Fund Limited Partnership 7700 San Felipe, Suite 500 Houston, TX 77063	592.91	\$8,894.82
117	Jordan Development Company, L.L.C. 1503 Garfield Road North Traverse City, MI 49696	480.00	\$7,200.00
118	CORE Energy, LLC. 1011 Noteware Drive Traverse City, MI 49696	957.06	\$14,167.32
119	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	160.00	\$3,680.00
Totals:		35,051.99	\$771,994.40