



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



RODNEY A. STOKES
DIRECTOR

November 14, 2011

To: Rodney A. Stokes, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 122,301.10 acres were offered on October 27, 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 22 registered bidders with 14 successful bidders.

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

Acres Bid: Of the 122,301.10 acres offered, a total of 46,658.63 acres received successful bids (17,986.52 acres development, 28,672.11 acres nondevelopment) in 17 counties.

Lease Terms: Five-year primary term with two one-year extension options, 1/6 royalty. Bonus amount of \$1,143,643.00 and rental amount of \$327,978.62 were collected at the auction. Total revenue generated at the auction was \$1,471,621.62.

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 April 27, 2012, 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 November 28, 2011 DNR Business Calendar, and is eligible for approval on December 8, 2011.

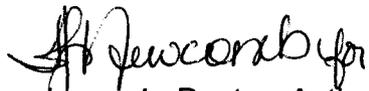
Recommendation: That the oil and gas leases be issued to the successful bidders pursuant to the above terms and conditions.



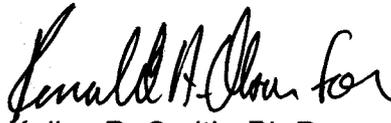
Lynne M. Boyd, Chief
Forest Management Division



Russ Mason, Ph.D., Chief
Wildlife Division



James L. Dexter, Acting Chief
Fisheries Division



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

I approve the staff recommendation.

Rodney A. Stokes
Director

Approval Date

State of Michigan
Oil and Gas Lease Auction
October 27, 2011

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
101	Larry L. Sibley Oil & Gas Co., L.L.C. 20803 Junction Road Bellevue, MI 49021	185.09	\$2,788.18
102	Kosco Energy Group, LLC P.O. Box 2104 Traverse City, MI 49685	1,003.08	\$33,716.16
103	David M. Schoeffler 163 N. Southlawn Drive Lafayette, LA 70503	No Bid	No Bid
104	Heritage Land Company P.O. Box 882 Traverse City, MI 49685	985.80	\$24,697.70
105	Jordan Development Company, L.L.C. 1503 Garfield Rd N Traverse City, MI 49686	138.49	\$25,301.92
106	VOID		
107	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	200.00	\$14,600.00
108	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	40.00	\$920.00
109	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	11,888.16	\$178,515.32
110	Gary Hackworth P.O. Box 301 Jackson, MI 49204	No Bid	No Bid
111	Coughlin Land Services, LLC 711 Bayliss Street Midland, MI 48640	4.55	\$125.50
112	Tom Coughlin 711 Bayliss Street Midland, MI 48640	No Bid	No Bid
113	Robert Dalton 115 Sandra Muriada Way, Ste 12 Austin, TX 78703	No Bid	No Bid

State of Michigan
Oil and Gas Lease Auction
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Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
114	Bayside Energy, LLC 1721 West 33rd Street, Suite B Edmond, OK 73013	25,811.12	\$1,016,586.20
115	Savoy Energy, L.P. P.O. Box 1560 Traverse City, MI 49685	301.21	\$29,105.98
116	Rick Corman 101 Cambridge Place Bridgeport, WV 26330	No Bid	No Bid
117	Presidium Antrim West, LC P.O. Box 1826 Traverse City, MI 49685	123.93	\$1,872.86
118	Sturgeon Point Development Company 421 Second Street Suite B Traverse City, MI 49684	2,204.30	\$49,441.00
119	Harvey Langworthy 4508 Wilcox Road Holt, MI 48842	No Bid	No Bid
120	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	3,692.90	\$88,590.80
121	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	80.00	\$5,360.00
122	Rich Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid
123	Rich Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid
Totals:		46,658.63	\$1,471,621.62