



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



KEITH CREAGH
DIRECTOR

December 13, 2012

To: Keith Creagh, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 193,731.83 acres were offered on October 24, 2012

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 33 registered bidders with 21 successful bidders.

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

Acres Bid: Of the 193,731.83 acres offered, a total of 147,547.92 acres received successful bids (48,318.23 acres development, 99,229.69 acres nondevelopment) in 19 counties.

Lease Terms: Five-year primary term with two one-year extension options, 1/6 royalty bonus amount of \$2,484,408.00 and rental amount of \$506,673.44. Total revenue generated at the auction was \$2,991,081.44.

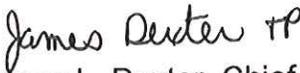
Special Restrictions: In accordance with those described in the Official Auction Record for each applicable auction description. Additionally, for any parcels that were acquired through tax reversion on or after April 1, 1976, the successful bidder will be required to submit an Attorney's Title Opinion. 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 24, 2013, 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 December 3, 2012 DNR Business Calendar, and is eligible for approval on December 13, 2012.

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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


Russ Mason, Ph.D., Chief
Wildlife Division


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

I approve the staff recommendation.

Keith Creagh
Director

Approval Date

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Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
101	Larry Sibley 20803 Junction Road Bellevue, MI 49021	No Bid	No Bid
102	Pteradon Energy, LLC 3300 Wysong Road Traverse City, MI 49686	8,356.15	\$247,271.10
103	TERRACORE LLC 1422 Delgany Street, #101 Denver, CO 80202	66,264.65	\$1,038,508.40
104	Mary Lou Markstrom 17310 Beverly Road Beverly Hills, MI 48025	No Bid	No Bid
105	William McConathy 1422 Delgany St. Suite 101 Denver, CO 80202	No Bid	No Bid
106	Evan J. Coates 1422 Delgany St., Ste. 101 Denver, CO 80202	No Bid	No Bid
107	Patrick Goodale 0-21 Fennessy Grand Rapids, MI 49534	No Bid	No Bid
108	Jordan Development Company, L.L.C. 1503 Garfield Road N Traverse City, MI 49686	17,496.25	\$497,495.94
109	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	1,084.80	\$13,203.88
110	Michigan Exploration Partners, Limited Partnership 7700 San Felipe, Suite 500 Houston, TX 77063	22.42	\$454.20
111	Jim Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid

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Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
112	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	126.41	\$2,534.10
113	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	40.00	\$2,000.00
114	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	4.60	\$796.00
115	Strickler Resources Limited Partnership 1425 South Mission Road Mt. Pleasant, MI 48858	1,535.03	\$18,430.06
116	VOID		
117	Maritz Land Company LLC PO Box 4126 Traverse City, MI 4968	4,131.93	\$163,986.72
118	Mathew Maritz 4242 Barnes Road Traverse City, MI 49684	No Bid	No Bid
119	Maritz Land Company LLC PO Box 4126 Traverse City, MI 49685	120.00	\$480.00
120	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	1,540.54	\$28,451.08
121	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	22,181.59	\$355,609.30
122	Rich Patterson P.O. Box 610 Haslett, MI 48840	No Bid	No Bid
123	Stephen H. Anderson P.O. Box 136 Reed City, MI 49677	40.00	\$800.00

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Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
124	Trendwell Energy Corporation PO Box 560 Rockford, MI 49341	271.50	\$45,173.00
125	New Horizon Energy Corporation L.L.C. 1011 Noteware Drive Traverse City, MI 49686	67.43	\$11,989.10
126	West Bay Exploration Company 13685 South West Bay Shore, Suite 200 Traverse City, MI 49685	23,074.87	\$408,968.06
127	JL Leasing Ventures, LLC 1250 Crooks Clawson, MI 48017	120.00	\$16,800.00
128	Audubon Oil & Gas, LLC 119 1/2 N. Main Street Henderson, KY 42420	40.00	\$3,200.00
129	O.I.L. Energy Corp. 954 Business Park Drive, Suite 5 Traverse City, MI 49686	419.02	\$11,589.04
130	Encana Oil & Gas (USA) Inc. 370 17 th Street, Suite 1700 Denver, CO 80202	610.73	\$123,341.46
131	Stanley Firkser 4177 South Three Mile Road Bay City, MI 48706	No Bid	No Bid
132	Terence Goodell 3959 Stoneridge Drive Traverse City, MI 49684	No Bid	No Bid
133	Harvey Langworthy 4508 Wilcox Road Holt, MI 48842	No Bid	No Bid
134	Drew Martin 277 S. Rose, Ste. 3300 Kalamazoo, MI 49007	No Bid	No Bid
Totals:		147,547.92	\$2,991,081.44