



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES
LANSING



KEITH CREAGH
DIRECTOR

August 12, 2013

To: Keith Creagh, Director

Information: Natural Resources Commission

Transaction: Proposed October 28, 2013, Oil and Gas Lease Auction

Authority: Part 5, Department of Natural Resources (DNR), Section 502, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended

Auction Method: Oral Auction

Acres Offered: Approximately 12,000 acres

Counties Offered: Arenac, Bay, Crawford, Eaton, Grand Traverse, Ingham, Kalkaska, Livingston, Manistee, Oakland, Osceola, and Oscoda

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. 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 (ATO). The ATO must show that the minerals rights were not severed prior to tax reversion. If an acceptable ATO is not provided by April 28, 2014, a lease will not be issued and the DNR will not refund the bonus and rental paid.

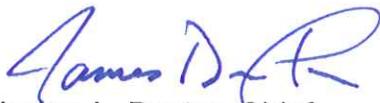
Notice: Potentially affected private surface owners have been notified of the proposed auction. Township supervisors, county commissioners, and other interested parties will receive notification when the auction catalog is available online. Notice of the proposed auction also appeared in the county newspapers representing the areas where the lands are located. This item will

appear on the September 3, 2013 DNR Business Calendar, and is eligible for approval on September 12, 2013.

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



William O'Neill, Chief
Forest Resources Division



James L. Dexter, Chief
Fisheries Division



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



Russ Mason, Ph.D., Chief
Wildlife Division



Mary Uptigrove, Manager
Minerals Management Section

I approve the staff recommendation.

Keith Creagh
Director

Approval Date