



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES  
LANSING



KEITH CREAGH  
DIRECTOR

November 12, 2013

To: Keith Creagh, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 11,933.29 acres were offered October 28, 2013

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

Applicants: The attached auction summary identifies the successful bidders, the total acreage, and the total revenue paid. There were fourteen registered bidders with fourteen successful bidders.

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

Acres Bid: Of the 11,933.29 acres offered, a total of 11,933.29 acres received successful bids (4,262.45 acres development, 7,670.84 acres nondevelopment) in 12 counties.

Lease Terms: Five-year primary term with two one-year extension options, 1/6 royalty. Bonus amount of \$513,356.00 and rental amount of \$86,231.02. Total revenue generated at the auction was \$599,587.02.

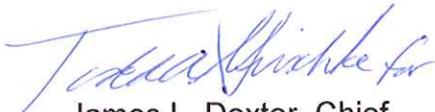
Special Restrictions: In accordance with those described in the Official Auction Record for each applicable auction description. Additionally, for any parcels that were acquired through tax reversion on or after April 1, 1976, the successful bidder will be required to submit an Attorney's Title Opinion (ATO). The ATO must show that the mineral rights were not severed prior to tax reversion. If an 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: This item appeared on the December 3, 2013 DNR Business Calendar, and is eligible for approval December 12, 2013.

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

  
Russ Mason, Ph.D., Chief  
Wildlife Division

  
James L. Dexter, Chief  
Fisheries Division

  
Mary Uptigrove, Manager  
Minerals Management

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

I approve the staff recommendation.

Keith Creagh  
Director

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Approval Date

**State of Michigan**  
**Oil and Gas Lease Auction**  
**October 28, 2013**

<b>Bidder Number</b>	<b>Bidder Name</b>	<b>Total Acres</b>	<b>Total Bonus + Total Rental</b>
101	CORE Energy, LLC 1011 Noteware Drive Traverse City, MI 49686	237.00	\$19,340.00
102	O.I.L. Energy Corp. 954 Business Park Drive, Suite 5 Traverse City, MI 49686	160.00	\$7,520.00
103	Range Michigan LLC 4026 Pamala Ln Traverse City, MI 49686	80.00	\$52,160.00
104	Coleman Oil and Gas, Inc. P.O. Drawer 3337 Farmington, NM 874993	120.00	\$2,400.00
105	Dennis R. Schmude, d/b/a Schmude Oil P.O. Box 610 Haslett, MI 48840	157.41	\$22,174.82
106	Meridian Energy Corporation P.O. Box 610 Haslett, MI 48840	184.11	\$3,828.22
107	Wyotex Drilling Ventures LLC P.O. Box 280969 Lakewood, CO 80228	5,251.50	\$246,018.20
108	CMS Gas Transmission Company One Energy Plaza Jackson, MI 49201	280.00	\$15,360.00
109	Encana Oil & Gas (USA) Inc. 370 17 <sup>th</sup> Street, Suite 1700 Denver, CO 80202	3,102.66	\$100,625.32
110	Arbor Operating, L.L.C. 104 South Union Street Traverse City, MI 49684	320.00	\$27,400.00
111	Kosco Energy Group, LLC P.O. Box 2104 Traverse City, MI 49685	1,132.46	\$57,099.60
112	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	280.00	\$29,600.00

**State of Michigan**  
**Oil and Gas Lease Auction**  
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<b>Bidder Number</b>	<b>Bidder Name</b>	<b>Total Acres</b>	<b>Total Bonus + Total Rental</b>
113	Jordan Development Company, L.L.C. 1503 Garfield Road North Traverse City, MI 49686	468.15	\$12,860.86
114	Delta Oil Co., Inc. 125 Windsor Drive, Suite 101 Oak Brook, IL 60523	160.00	\$3,200.00
	Totals:	11,933.29	\$599,587.02