



## NONMETALLIC MINERALS COMPETITIVE BID LEASE AUCTION

By authority of Part 5, Sections 502 and 504, Act 451 of 1994, as amended.

### SEE TERMS AND CONDITIONS ON PAGES 2 AND 3, AND NOTE THE FOLLOWING:

- Complete this form and submit to [DNR-LeaseManagement@michigan.gov](mailto:DNR-LeaseManagement@michigan.gov).
- For additional information or questions, please contact [DNR-LeaseManagement@michigan.gov](mailto:DNR-LeaseManagement@michigan.gov).
- Provide the Nomination ID in all correspondence regarding your bid.
- The department may reject any bid or stop the auction of any offered lease rights at any time in the department's sole discretion.

#### BIDDER INFORMATION

Name of Intended Lessee	Lessee Contact Name	Name of Bidder (on behalf of Lessee)	Bidder Email
Address (Leases will be mailed to this address unless specified otherwise.)			Bidder Telephone
City, State and ZIP			Lessee Contact Telephone

#### PROPOSED BID

Nomination ID			
Mineral Type (e.g., salt, sand/gravel, potash)	Aggregates per Ton Rate Offered \$	Rate Offered (salt, potash) \$	Minimum Annual Royalty Offered \$
Bonus Per Acre Offered (does not apply to sand/gravel)	Initial Term Requested (in years)	Extension Option Requested (in years)	

#### CERTIFICATION

*I understand I am legally and financially responsible for any Nomination ID for which I am the successful highest bidder, regardless of whether I represent myself or am acting as an agent for another party. I acknowledge that I have read and accept the Terms and Conditions pertaining to the auction of lease rights on pages 2 and 3.*

If I am the successful high bidder, I will submit the full amount of minimum annual royalty and lease bonus (if applicable), per standard lease terms (see below), within ten (10) business days from the date the department notifies the successful bidder.

Printed Name	Signature	Date
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## COMPETITIVE BID LEASE AUCTION: TERMS AND CONDITIONS

### QUALIFIED BIDDERS:

An individual of age and of majority or a co-partnership, corporation, or other legal entity qualified to do business in the State of Michigan may bid. Bidders may be required to submit the following information:

- If an individual, proof of legal age.
- If a co-partnership, a certified copy of registration or a sworn statement signed by one partner setting forth the names and addresses of all partners and the articles of partnership.
- If a corporation or other legal entity, copies of the incorporation papers showing qualifications to do business in the State. Papers may be obtained from the Michigan Department of Licensing and Regulatory Affairs, Corporations Division, P.O. Box 30054, Lansing, Michigan 48909; 517-241-6470; or [Michigan.gov/Lara](http://Michigan.gov/Lara).

### OFFERING OF LEASE RIGHTS:

The State's equity in the parcel being offered is indicated by a "Sur" (State's percentage of surface equity) or a "Min" (State's percentage of mineral equity).

All bids and issuance of leases are subject to approval by the DNR and the State Administrative Board.

Any operations under the lease shall be subject to all applicable federal and State laws and rules now or hereafter in force. A lease contract provides the lessee the exclusive right to access the subject State-owned property for mineral exploration and development purposes, but exploration and development activities and extraction of resources may require separate permissions. The lessee is responsible for obtaining all necessary permits and approvals associated with mineral activities.

### MINIMUM ROYALTIES:

Lessee shall pay to Lessor a predetermined annual minimum royalty. Fifty percent of the first year's minimum royalty must be paid within ten (10) days of notification of successful bid; the remaining fifty percent must be paid before the lease is issued.

### BOND:

The successful bidder must be prepared to file a blanket lease performance bond with Minerals Management Section in accordance with the following bond schedule:

<i>Amount of Bond</i>	<i>Maximum Acres</i>
\$10,000	0 - 500
\$20,000	501 - 2,000

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### INSURANCE:

State of Michigan (Lessor) nonmetallic mineral leases require the Lessee to maintain commercial general liability insurance on an "occurrence basis" listing the Lessor as a certificate holder and named as an additional insured as follows: **"The State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents."**

Lessee is required to provide Lessor with a certificate of insurance evidencing minimum policy limits of \$1 million per occurrence and \$2 million general aggregate limit. If providing an umbrella or excess liability insurance, the minimum limit is \$5 million. Lessee must also provide proof of worker's compensation insurance, as required by law, with a waiver of subrogation, except where a waiver is prohibited by law. The companies issuing such policies are also required to furnish to Lessor written notice thirty days prior to cancellation, termination, or other change of any such insurance.

### TERMS OF LEASE:

1. This lease shall remain in force for a PRIMARY term of seven (7) years. Lease may be considered for a three (3) year extension by a negotiation process begun in the first month of the sixth (6th) year of the existing lease at the sole discretion of the Lessor. All mining will cease and required reclamation activities shall be completed by the termination of the lease.
2. All applicable laws and rules are made a part and condition of this Lease. Violations of any of the applicable laws or rules shall be considered a violation of the terms of this Lease and the Lessor, at its sole discretion, may invoke D(7) The Lessor may invoke part or all of the lease performance bond when it determines that part or all of the covenants, conditions or agreement specified in the Lease are not being fulfilled., D(8) In addition to invoking a part of or all of the lease performance bond noted under D(7), the Lessor, at the Lessor's sole option, may determine that the Lessee be placed on a "Hold Action" list until such time as any and/or all infractions by the Lessee have been resolved to the satisfaction of the Lessor. Placement on said list may result in barring the Lessee from any further leases, assignments, easements, extensions or other approvals required by the Lessor. However, placement on said list does not eliminate the Lessor's ability to forfeit any or all parts of said Lease under D(9)., D(9) If the Lessee fails to voluntarily satisfy the claim of default as herein provided relative to any condition or any express or implied covenants of this Lease, the Lessor may proceed, at its sole discretion, with forfeiture of all or part of said leased premises in accordance with the provisions of Act 81 of Public Acts of 1929, being Sections 554.281 and 554.282 of the Michigan Compiled Laws with invocation of all or part of the lease performance bond or with any combination thereof., or D(10) Lessor reserves the right to recover any and all staff and attorney fees and costs associated with any legal action required of the lease from Lessee associated with carrying out the provisions of Section D (default of lease) of the lease., or any combination thereof. No rules made after the approval of this Lease shall operate to affect the term of the Lease, rate of royalty, rental, or acreage, unless agreed to by both parties.
3. Production may begin only after payment for first year's minimum royalty, issuance of lease and acceptance by Lessor of approved mining and reclamation plans.
4. No mining shall take place on leased premises without a mining and reclamation plan developed by Lessee and approved by Lessor.