



DIRECT OIL AND GAS LEASE APPLICATION AND REQUIREMENTS

This information is required by authority of Part 5, Section 502, Act 451 of 1994, as amended.

DNR Cashier's Use Only					
Direct Oil and Gas Lease Application Fee					
Dept	Approp	Fund	Unit	Dept Rev	Function
751	45100	1284	7900	9162	MM9050

SEE REQUIREMENTS AND INFORMATION ON PAGE 2.

LESSEE INFORMATION		APPLICANT INFORMATION		
Name of Intended Lessee	Name of Applicant/Agent		Telephone	
Address	Address			
City, State, ZIP	City, State, ZIP			
Specific State-Owned Minerals Requested (Legal Description)				
<input type="checkbox"/> Development	<input type="checkbox"/> Nondevelopment	Proposed Drilling Unit Acreage and Type (i.e., 80-acre Antrim, 40-acre Niagaran)		
Proposed Drilling Unit Description		Unitized Area Name and Description (Describe or Include Map)		
Proposed Surface Well Location (Bottom hole also if directional drill)		Lease Terms Offered (bonus per acre, term, royalty rate)		
CHECK APPLICABLE DOCUMENTS ENCLOSED				
<input type="checkbox"/> Leasehold Ownership Affidavit	<input type="checkbox"/> Map of Drilling Unit and Request	<input type="checkbox"/> Application Fee	<input type="checkbox"/> Registered Survey	
<input type="checkbox"/> Mineral Tract Map	<input type="checkbox"/> MDOT Acquisition Deed(s)	<input type="checkbox"/> Applicable Assignments	<input type="checkbox"/> Private Leases and Drafts Paid	
<input type="checkbox"/> Subdivision Plat Map	<input type="checkbox"/> List of Name(s) and Address(es) of Current Severed Surface Owner(s) for State-Owned Minerals Requested.			
<input type="checkbox"/> Other Documents (please list below)				
DIRECT LEASE APPLICATION FEES:				
<i>Development Request: \$500 per Quarter Section / Nondevelopment Request: \$200 per Quarter Section</i>				
Number of Quarter Sections Requested	Development Requests (@ \$500 each)	Nondevelopment Requests (@ \$200 each)	Total Amount Due	FOR DNR AUDIT USE ONLY
TOTAL AMOUNT PAID: \$				

Make check or money order payable to "State of Michigan" (do not send cash) and submit with the completed application.

MAIL TO:
ESCANABA CUSTOMER SERVICE CENTER
MICHIGAN DEPARTMENT OF NATURAL RESOURCES
ATTN: KIM VENNE
6833 US HIGHWAY 2-41 & M-35
GLADSTONE, MI 49837

EXPRESS MAIL TO:
CASHIER'S OFFICE
MICHIGAN DEPARTMENT OF TRANSPORTATION
VAN WAGONER BUILDING, FIRST FLOOR
425 WEST OTTAWA STREET
LANSING MI 48933

REQUIREMENTS AND INFORMATION

1. Application and/or cover letter should reflect:

- Name and address of intended Lessee. Name and contact number of Applicant/Agent, and address of who to mail leases to if different from the intended Lessee.
- Specific state-owned minerals being requested, i.e., SW1/4 NW1/4, Section 5, T29N, R06W, Mancelona Township, Antrim County.
- Classification requested; Development or Nondevelopment (see below).

Development classifications may be requested and will result in the need for field review. Additionally, *Nondevelopment* classifications will continue to be offered and specifically processed for those minerals under the jurisdiction of other state agencies which have historically required Nondevelopment classifications, i.e., Military Affairs, Department of Transportation (MDOT).

Direct oil and gas leases are issued on a quarter-section basis. As of March 1, 1997, the following nonrefundable application review fee must be submitted with each request for the application to be considered:

Development request: \$500

Nondevelopment request: \$200

- Type of drilling, i.e., Antrim, Niagaran, or Prairie du Chien (PDC).
 - Proposed drilling unit, i.e., NW1/4, Section 5, T29N, R06W, Mancelona Township, Antrim County. If the request is within a proposed or existing Unitized Area (UA), Uniform Spacing Plan (USP), or Voluntarily Pooling Agreement (VPA), include a copy or draft of the applicable agreement which describes all lands involved.
 - Proposed surface location of well, if known, and Department of Environment, Great Lakes, and Energy, Oil, Gas, and Minerals Division Permit Application number, if available.
 - Proposed lease terms. Minimum of three-sixteenths (3/16) royalty and maximum of three years.
2. Must be able to show majority leasehold ownership in drilling unit pursuant to R299.8105(1). Therefore, submit copies of:
- Private leases for lands included within the proposed drilling unit.
 - Copies of drafts paid and Lease Purchase Report (if applicable).
 - Executed assignments if private leases reflect a different Lessee.
 - Survey to verify "majority" interest if state-owned minerals reflect one-half of drilling unit, i.e., 80-acre Niagaran unit intended and state records reflect 40-acre interest. Lessee will need to provide a registered surveyor's verification that actual state interest is less than 40 acres, i.e., 39.877 and Lessee interest is 39.955 acres.
 - A mineral tract map coinciding with the leasehold ownership interests submitted.
3. Map outlining proposed drilling unit and state-owned minerals being requested. If requesting minerals within a proposed UA, USP, or VPA, highlight boundary of all lands included in same.
4. If the request involves minerals located in a platted subdivision, a copy of the recorded plat and projected acreage calculation must be included. A registered surveyor's verification *may* be required to confirm the acreage amount.
5. If the request involves MDOT lands or highway right-of-way, a copy of the deed reflecting how MDOT acquired the parcel is required along with a limited attorney title opinion if MDOT acquired the minerals through dormancy.
6. If the request involves a surface owner other than Department of Natural Resources (DNR), applicant must provide surface owner name, address, and legal description.
7. Public Noticing by the Applicant must be completed at least thirty (30) days in advance of the anticipated DNR approval date. Upon completion of preliminary review of application by DNR staff, the applicant must place a Public Notice in the local newspaper. Directions for completing the Public Notice process will be provided by the DNR.