OIL AND GAS LEASE AUCTION GUIDELINES

Please note, additions or deletions in this auction catalog may occur as a result of public noticing, action taken by the Director of the Department of Natural Resources (DNR), or title conflicts. Any and all terms and conditions of offering are subject to change due to public noticing of the parcels or action taken by the DNR. The DNR reserves the right to reject any and all bids.

REGISTRATION OF BIDDERS: Will open September 27, 2026. Register at Minerals (mineralauction.info) Bids may be submitted by individuals of legal age; a partnership; corporation or other legal entity qualified to do business in Michigan. Bidders not on the authorized bidder list will be required to submit a security deposit to register. The security deposit must be by ACH transfer or wire transfer in the amount of $5,000 and received at least 48 hours prior to the auction start time. The security deposit will be returned to the registered bidder after all successful bids are paid in full. Prior to the day of the auction, prospective bidders may contact **Kim Venne,** at VenneK@Michigan.gov to confirm they are on the authorized bidder list. (In order to be placed on the authorized bidder list the individual must have been a successful bidder at a previous state of Michigan (State) oil and gas lease auction; not have an outstanding balance owed; and not be on the DNR hold action list.) **Bidders are legally and financially responsible for any successful bids. Failure to pay for a successful bid is considered intent to defraud and the bidder may be subject to prosecution.**

QUALIFIED BIDDERS: An individual of age and of majority or a partnership, corporation, or other legal entity qualified to do business in the State may register to bid. Successful bidders may be required to submit the following information:

- If an individual, proof of attainment 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.

OFFERING OF LEASE RIGHTS: Will begin on October 27, at 9:00 a.m.

The starting minimum bid for each auction offer is **$10 per acre** and is based on the "Bid Acres" specified.

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).

There is no limit on the number of auction offerings that may be bid on by any party. Each auction offer will constitute a separate lease. All bids and issuance of leases are subject to approval by the DNR and the State Administrative Board.

OIL AND GAS LEASE BASIC TERMS

Any operations under the lease shall be subject to all applicable federal and State laws and rules now or hereafter in force.

TERM OF LEASE: Five years and as long thereafter as oil or gas are produced in paying quantities. A State lease form (rules and policy governing the leasing of State lands for oil and gas) may be obtained upon request.

BONUS: A payment by the buyer to the Lessor at the time of sale as part of the consideration for acquisition of an oil and gas lease. The full amount of the bonus bid must be paid at the time of check out for all lease rights which receive successful bids.

Bidders must pay the total bid by ACH transfer or wire transfer no later than 4 p.m., October 28. Please contact your financial institution on the cut-off time to wire transfer.

BOND: The successful bidders must be prepared to file a blanket oil and gas lease performance bond with Minerals Management Section in accordance with the following bond schedule:

Amount of Bond	***Maximum Acres***
$10,000	0-5,000
$25,000	5,001-10,000
$50,000	10,001-unlimited

RENTAL: Rental of $2 per acre per year, beginning the first year of the lease, provided that the minimum annual rental for any lease shall be $5. The first year's rental payment shall be due on the same date on which the lease rights are bid. In addition, successful bidders will have the option to pay rentals for additional year(s) up to the entire five-year primary term. This option may be used for any or all the leases bid at this auction.

ABATEMENT: Each producing oil or gas well abates rental on the leased premises within the established producing unit.

ROYALTY: The production royalty rate is one-sixth, unless otherwise indicated. The shut-in royalty rate is based on the lease language.

RELEASES: Lessees may surrender a lease or any part thereof, at any time, providing all prior lease obligations have been fulfilled. Releases must be filed, as provided in the lease, with Minerals Management Section (address shown below).

MINERALS MANAGEMENT SECTION
MICHIGAN DEPARTMENT OF NATURAL RESOURCES
PO BOX 30452
LANSING MI 48909
Michigan.gov/Minerals

DEVELOPMENT LEASES

The lease is not in itself an authorization to drill. Issuance of drilling permits for specific locations is subject to separate application and approval by the Assistant Supervisor of Wells, Department of Environment, Great Lakes, and Energy, pursuant to Part 615 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.

IN LEASES ON LANDS IN WHICH THE STATE OWNS MINERAL RIGHTS ONLY - SURFACE RIGHTS PRIVATELY OWNED, THE FOLLOWING PROVISIONS WILL APPLY:

- The Lessee shall pay or agree upon payment to the surface owner or any person holding under the owner, for all damages or losses (including any loss of the use of all or part of the surface) caused directly or indirectly by operations hereunder, whether to growing crops or buildings, to any person or property, or to other operations.

- Before a drilling permit application is submitted to the Assistant Supervisor of Wells relating to land in which the State owns mineral rights only, and as described in this lease, written proof shall be submitted to the Lessor that notification to enter the land has been provided to the surface owner, and that either voluntary agreement or stipulated settlement relative to surface use and damages has been reached between the Lessee, or the Lessee's authorized agent, and the surface owner.

- When a mutually satisfactory agreement relative to surface use and damages cannot be reached, either party can inform the Lessor, in writing, that a dispute exists, and the Lessor will grant a negotiation period of 30 calendar days in which no drilling or development operations may be conducted by the Lessee. This time period is to allow for the resolution of the dispute. If, at the end of this period, proof of the agreement is not submitted in writing to the Lessor, drilling and development operations will not be prohibited by the Lessor and resolution of the dispute rests solely with the Lessee and the surface owner, independent of the Lessor. It is the sole responsibility of the Lessee to ensure that said 30-day negotiation period is completed 30 days prior to the expiration of the primary term or any extensions of this lease.

NONDEVELOPMENT LEASES (AUCTION OFFER NUMBER PRECEDED BY "N")

FOR LEASES ISSUED ON PARCELS CLASSIFIED AS NONDEVELOPMENT, THE FOLLOWING PROVISIONS WILL APPLY:

- All other provisions of this lease notwithstanding, it is understood that no drilling or development work shall be conducted on the surface of the land described in this lease without reclassification or the specific authorization of the Lessor. Reclassification or such authorization for this lease, or any portion of the lands contained herein, will be granted at the sole discretion of the Lessor.

- Drilling, if authorized, shall be limited to the number of wells necessary to prevent drainage from said State minerals.

- No operations shall be conducted until written instructions for the proper protection of any and all natural resource interests or surface values are issued by the Lessor.