

A G E N D A

**NATURAL RESOURCES ITEMS FOR THE**

**TRANSPORTATION AND NATURAL RESOURCES COMMITTEE - STATE ADMINISTRATIVE BOARD**

Transportation and Natural Resources - October 12, 2021 - 11:00 A.M.  
State Administrative Board Meeting - October 12, 2021 - 11:00 A.M.

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**This agenda is for general informational purposes only. At its discretion, the Transportation and Natural Resources Committee may revise this agenda and may take up other issues at the meeting.**

MINERAL LEASE

**1. OIL AND GAS LEASE AUCTION HELD JULY 29, 2021:**

A total of 23,743.03 acres of state-owned oil and gas rights were offered for lease. There were nine successful bidders out of ten registered. A total of 15,382.31 acres bid on are proposed to be leased within 12 counties. Of the total acres bid on, 7,808.77 acres are classified as development and 7,573.54 acres as nondevelopment. Net revenue generated at the auction was \$276,893.62.

Terms: Five-year primary term with two one-year extension options, one-sixth (1/6) royalty. Bonus amount of \$221,909.00 and rental amount of \$54,984.62. Total revenue generated at the auction was \$276,893.62.

The Director of the Natural Resources approved this item September 16, 2021. The form of legal documents involved in these transactions has previously been approved by the Attorney General.

I recommend approval.

Respectfully submitted:  
Department of Natural Resources

By: Kirk Lapham Digitally signed by Kirk Lapham  
Date: 2021.09.27 11:52:07 -04'00'  
Kirk Lapham, Manager  
Minerals Management Section  
Finance and Operations Division



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES  
LANSING



DANIEL EICHINGER  
DIRECTOR

August 16, 2021

To: Daniel Eichinger, Director

Information: Natural Resources Commission

Transaction: Oil and Gas Lease Auction – 23,743.03 acres were offered July 29, 2021

Authority: Part 5, 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 ten registered bidders with nine successful bidders.

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

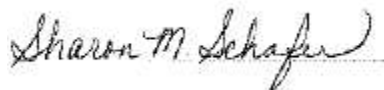
Acres Bid: Of the 23,743.03 acres offered, a total of 15,382.31 acres received successful bids (7,808.77 acres development, 7,573.54 acres nondevelopment) in 12 counties.

Lease Terms: Five-year primary term with two one-year extension options; one-sixth (1/6) royalty. Bonus amount of \$221,909.00 and rental amount of \$54,984.62. Total revenue generated at the auction was \$276,893.62.

Special Restrictions: In accordance with those described in the Official Auction Record for each applicable auction description.

Notice: This item will appear on the Department of Natural Resources September 7, 2021, Business Calendar and is eligible for approval September 16, 2021.

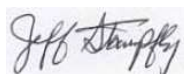
Recommendation: That the oil and gas leases be issued to the successful bidders pursuant to the above terms and conditions.



Sharon M. Schafer, Chief  
Finance and Operations Division



James L. Dexter, Chief  
Fisheries Division



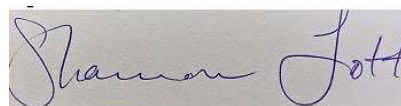
Jeff Stampfly, Chief  
Forest Resources Division



Ronald A. Olson, Chief  
Parks and Recreation Division



Jared Duquette, Chief  
Wildlife Division



Shannon Lott  
Natural Resources Deputy

I approve the staff recommendation.



Daniel Eichinger  
Director

September 16, 2021  
Approval Date

State of Michigan  
Oil and Gas Lease Auction  
July 29, 2021

Bidder Number	Lessee	Total Acres	Total Bonus + Total Rental
101	West Bay Exploration Company 13685 S. West Bay Shore Drive Suite 200 Traverse City, MI 49684	6,535.63	\$80,241.26
102	Savoy Energy, L.P., registered to transact business in Michigan as Savoy Energy Limited Partnership P.O. Box 1560 Traverse City, MI 49685	1,451.12	\$50,958.24
103	VCP Michigan, LLC P.O. Box 977 Gaylord, MI 49734	413.41	\$8,274.10
104	Heritage Land Company, LLC P.O. Box 882 Traverse City, MI 49685	1,102.10	\$22,071.00
105	J&M Energy LLC 1425 South Mission Road Mt. Pleasant, MI 48858	846.40	\$17,774.00
106	Western Land Services, Inc. 1100 Conrad Industrial Drive Ludington, MI 49431	665.59	\$13,325.90
107	ReefWorks LLC 730 Quail Ridge Drive Traverse City, MI 49686	4,049.06	\$80,421.12
108	Carter Bandy 4632 S. Gary Avenue Tulsa, OK 74105	239.00	\$2,868.00
109	CORE Energy, LLC 1011 Noteware Drive Traverse City, MI 49686	80.00	\$960.00
110	Ben Brower 1503 Garfield Rd N Traverse City, MI 49686	No Bid	No Bid
Totals:		15,382.31	\$276,893.62