



Minnesota Department of Natural Resources Fact Sheet
Non-ferrous Metallic Minerals Lease Sale Process
Minn. Rule 6125.0500

Introduction

This fact sheet contains an overview of the state's non-ferrous metallic minerals lease sale process. Legal requirements for the public sale of non-ferrous metallic minerals leases are found in Minnesota Rule 6125.0500.

Start of the Lease Sale Process

The lease sale process begins with a letter from the DNR Division of Lands and Minerals to potential bidders. Potential bidders are current lessees and other interested parties that have asked to be notified of upcoming state metallic minerals lease sales. The letter asks the potential bidders to nominate specific areas to be considered for the next lease sale. The DNR Mineral Potential Section also identifies areas to offer.

The DNR Division of Lands and Minerals reviews all of the nominations, conducts a preliminary review of land and mineral ownership and develops a list of areas under consideration for the lease sale.

Land Use Screening/Research of Land and Mineral Ownership

The DNR conducts a land use screening of all of the areas under consideration. The purpose of this screening is to refine the list of areas to be offered for lease and to identify areas with special features or uses. The screening is conducted in accordance with the DNR's Land Use Screening Criteria for Public Non-Ferrous Metallic Minerals Lease Sales Post 2013. Certain lands or features are excluded from leasing by law or by established procedures. For example, no lands or waters areas within the BWCAW or Voyageurs National Park are offered for leasing. Other areas such as designated trout streams, state trails and rare natural heritage features are identified as "special features or uses." While special features or uses are not excluded from leasing, they are noted in the DNR's mining unit book. If areas containing special features or uses are leased, they will merit additional consideration and review at the time an exploration plan is submitted.

DNR attorneys conduct research of land and mineral ownership of the areas under consideration. The purpose of this research is to update the DNR's land and mineral ownership records and to make recommendations and decisions about whether any of the areas under

consideration should be omitted from the lease sale offering. For example, the size of the parcel, the parcel already being leased, or certain land uses could impact decisions about leasing.

Areas Considered for Lease (Draft Mining Unit Book) and Web Maps

The next step is preparation of a draft mining unit book, which shows the state-owned mineral lands being considered for lease, and interactive web maps. A mining unit is usually set up to be an individual section – township – range. The mining unit identifies which properties are being proposed to be offered for lease within that section. The interactive web maps enable the public to overlay natural resource and other data on the mining units.

Notification to Affected Local and Tribal Governments

The DNR then notifies affected local and tribal governments about the draft mining unit book and offers to schedule meetings with them to provide further information.

Publication of Notice of Intent to Hold Sale

At least 90 days before the lease sale, the DNR publishes a Notice of Intent to Hold Sale along with the draft mining unit book and interactive web pages. The Notice is published in the State Register and the EQB Monitor. The Notice is also sent to county officials, legislators, affected local and tribal governments, the State Executive Council, state agencies, potential bidders and other interested parties. The DNR issues a press release when the Notice of Intent to Hold Sale is published and posts information about the Notice of Intent to Hold Sale on its website.

The public will have 60 days to provide the DNR with input about the areas being considered for lease. Following the public input period, the DNR will review the input, and modify and finalize the lands to be offered in the lease sale. In addition, the DNR will send an email to all 'Lease Sale' Govdelivery subscribers with instructions about how to access the public input documents.

Publication of Notice of Sale and Finalized Mining Unit Book

At least 30 days before the lease sale, the DNR publishes a Notice of Sale. This Notice gives the time and place of the sale, the places where the mining unit book is available for purchase or inspection and information about how bid forms may be obtained. The Notice of Sale is published for three successive weeks in a newspapers in the county where mining units to be offered for lease are located and in the State Register and the EQB Monitor. The Notice is also sent to county officials, legislators, affected local and tribal governments, state agencies, the State Executive Council, potential bidders and other interested parties. The DNR issues a press

release when the Notice of Sale is published and posts information about the Notice of Sale on its website.

The DNR's finalized mining unit book is published at the time of publication of the Notice of Sale. The mining unit book is published on the DNR's website. Paper copies of the mining unit book are available for inspection at the DNR's St. Paul and Hibbing offices. Copies may also be obtained from the DNR for a fee.

Bid Opening

Sealed bids must be submitted to the DNR in St. Paul no later than 4:30 p.m. on the last business day before the scheduled lease sale. The bids must be submitted on a form obtained from the DNR. The form requires identification of the mining unit(s) bid upon and identification of the additional bid royalty rate offered for each mining unit.

The lease sale is actually a bid opening. All bids that have been submitted are opened in public at the time and place designated in the Notice of Sale. The bidder name, the parcels bid upon and the additional bid royalty rates are read aloud. No action to approve or deny leases occurs at the bid opening. The results of the bid opening are posted on the DNR's website.

Notices to Surface Owners

There are some parcels offered at mineral lease sales where the state owns the mineral rights but does not own the surface of the property. The surface of these parcels may be owned by the federal government, the state government (through a means of acquisition different than the minerals), a local unit of government, a corporation or a private party. If there are any bids on areas with private surface owners, the DNR sends those owners a letter within a few days of the sale. The letter informs the surface owner that there was a bid, provides further background information and provides them with the name and contact information of the bidder.

Executive Council Meeting and Decision

The State Executive Council must approve all non-ferrous metallic minerals leases. The State Executive Council is comprised of the state's five constitutional officers: the governor, the lieutenant governor, the attorney general, the state auditor and the secretary of state.

After the bid opening, the DNR determines whether the high bidders are technically and financially qualified to perform under the terms of a mineral lease. The DNR also prepares a report to the State Executive Council and recommendations about whether to issue leases to the high bidders.

The State Executive Council's meetings are public. If the State Executive Council approves a lease, it becomes effective the day following approval.