STATE METALLIC MINERALS LEASE SALE PROCESS

Lands & Minerals, DNR
June, 2015
Lease Sale Process Steps

1. Letter sent to potential bidders requesting areas of interest
2. DNR determines areas to be considered, drafts maps
3. Land use screening (including regional comments)
4. Attorney research of land and mineral ownership
5. Notify affected local governments/tribal governments
6. Publish 90 days’ Notice of Intent to Hold Sale, areas under consideration (draft mining unit book), interactive web maps and screening criteria
7. 60-day period for public input on draft mining unit book
8. Following the public input period, DNR reviews the input, modifies and finalizes the lands to be offered in the lease sale. In addition, DNR will email ‘Lease Sale’ Govdelivery subscribers about how to access the public input.
9. Publish 30 days’ Notice of Sale and finalized mining unit book
10. Bid opening
11. Letter to surface owners
12. Prepare report and recommendation to Executive Council
13. Executive Council meeting and decision whether to approve leases
The start of a sale

- DNR **contacts potential bidders** and asks for areas of interest.
- DNR also identifies areas to offer.
- DNR prepares a list of land sections that identifies areas under consideration for leasing.
- Mineral and land ownership information is gathered.
- A request for data is sent to state agencies and DNR staff.

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**DNR Letter Notifying Potential Bidders of Possible Lease Sale**

June 12, 2012

Rl: Plans for State Metallic Minerals Lease Sale

Dear Interested Party:

The Minnesota Department of Natural Resources is starting to plan its next metallic minerals lease sale. The bid opening is tentatively scheduled for October 2012.

The Department is now accepting nominations for areas to be offered in the sale. If your company has specific areas of interest in Minnesota that you would like the Department to consider for the October 2012 metallic minerals lease sale, we request that you submit them for our review by June 30, 2012. The suggestions that you submit are classified under Minnesota law as confidential information for a period of three years from the sale date.

Please send your suggestions for land to be included in the October 2012 state metallic minerals lease sale to: Department of Natural Resources, Division of Lands and Minerals, 500 Lafayette Road, Box 45, St. Paul, MN 55155-4045, Attn: Aaron Vande Linde.

The Lands and Minerals Division office in Hibbing has maps and reports on Minnesota’s mineral resources, as well as drill core and exploration reports available for inspection. To arrange a time for a visit to the Hibbing office, please contact Dave Dahl at (218) 231-8445. We also recommend our public access to minerals data web site: [http://minarchive.dnr.state.mn.us/](http://minarchive.dnr.state.mn.us/).

A Notice of Intent to Hold a Lease Sale will be sent, and published, in July 2012. The notice will include a map of the areas selected for the lease sale and provide more specific details on the sale plans. If you have any questions about our lease sale, please contact me directly at 651-259-3953 or aaron.vande-linde@d.ear.state.mn.us.

Sincerely,

Aaron M. Vande Linde
Transactions Manager
Division of Lands and Minerals
Land use screening

- DNR conducts a land use screening to refine the list of lands and minerals to be offered for lease and to identify areas with special features or uses.

- Certain lands or features are excluded from leasing by law or by established procedures. For example:
  - BWCAW and Voyageurs National Park
  - State parks and state recreation areas
  - Lakes listed in the Public Waters Inventory and major rivers
  - Scientific and natural areas

*State Parks are excluded from leasing.*
Land use screening (continued)

• **Special features or uses** merit additional consideration and review at the time an **exploration plan** is submitted.

• **Examples** of a **special feature or use** are:
  - Old growth candidate stands
  - Designated trout streams
  - State trails
  - Wildlife management areas
  - Natural heritage features
  - Historic and archaeology sites
**PROCESS CHANGE:** The DNR reviewed and revised its land use screening criteria in 2013. The DNR will more clearly identify to the public the land use criteria used for each specific sale.
Community outreach

- DNR contacts counties and townships within sale area as well as tribal governments, offers to meet about the lease sale.

**PROCESS CHANGE:** The DNR is expanding the notification of the mineral lease sales. The DNR will ensure that affected local units of government will be directly informed about the sale and that the public is aware that it can be kept informed through e-mails and the DNR web site.

**PROCESS CHANGE:** Through a series of workshops, the DNR is expanding education and communication regarding mineral leasing, exploration, and mining.
Mining unit book

- The land and mineral ownership information is combined with the land use screening data to produce the list of lands and minerals being offered for leasing. This list is known as the mining unit book.

- A mining unit is usually set up to be an individual section – township – range. The mining unit identifies which properties are being offered for lease in that section.

- The mining unit book is published on the DNR web site, is available for purchase, and for inspection at DNR’s offices in St. Paul and Hibbing.

Graphic showing two mining units as red squares.
PROCESS CHANGE: The DNR will now prepare a draft mining unit book that will be available at the beginning of the formal mineral lease sale process. The draft mining unit book will be available to review when the 90 days’ Notice of Intent to Hold a Sale is published. Everyone will have 60 days to submit input. The DNR will review the input and revise and finalize the mining unit book before publication of the 30 days’ Notice to Hold a Sale.
• **PROCESS CHANGE:** The DNR has built an interactive web map tool that will be on the DNR’s website at the same time as the draft mining unit book. This tool will enable a user to see the location of potential lease sale parcels in relation to certain land uses and natural resource features (e.g., state parks, trout streams).
Notices of Sale

- The DNR publishes a Notice of Intent to Hold a Sale at least 90 days before the lease sale.
- The DNR also publishes a Notice of Sale at least 30 days before the lease sale.
- These notices are published in the State Register (official state notice publication) and the EQB Monitor.
- These notices are sent to everyone who has asked to receive notices of the sales, county officials, legislators, affected tribal governments, the state executive council, state agencies and potential bidders.
- The DNR also issues a press release with these notices. The Notice of Sale is published for three weeks in the county newspapers.
Notices of Sale

Anyone can sign-up for e-mail notices of the metallic mineral lease sales at:

http://www.dnr.state.mn.us/lands_minerals/leasesale/index.html
Bid Opening

- All bids are opened at a public location. The bidder name, the parcels bid upon, and the additional bid rate are read aloud.
- No action to approve or deny leases occurs at the bid opening.
- Results of the bid opening are posted on the DNR web site.

### Bid Form

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<thead>
<tr>
<th>Mining Unit</th>
<th>Additional bid rate</th>
<th>First year rental</th>
<th>Application fee</th>
<th>Total</th>
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</table>

**TOTAL $7604.22**
Notices to surface owners

• For some parcels offered at mineral lease sales, 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 or a private party.

• Within a few days after the bid opening, letters are sent to the private surface owners for parcels bid upon at the lease sale.
State Executive Council

• The DNR prepares a report and recommendations to the State Executive Council on the issuance of leases to the high bidders.

• The State Executive Council is comprised of the state’s five constitutional officers:

  - Governor Mark Dayton
  - Lt. Governor Tina Smith
  - Attorney General Lori Swanson
  - State Auditor Rebecca Otto
  - Sec. of State Steve Simon

• The State Executive Council’s meetings are public.

• The State Executive Council must approve the leases in order for the leases to be signed and executed by the DNR and the lessees.
Questions?