

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

START

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.

Minnesota Department of Natural Resources
500 Lafayette Road • St. Paul, MN • 55155-40_



June 12, 2012

RE: 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/>.

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 651-259-5955 or aaron.vande-linde@state.mn.us.

Sincerely,

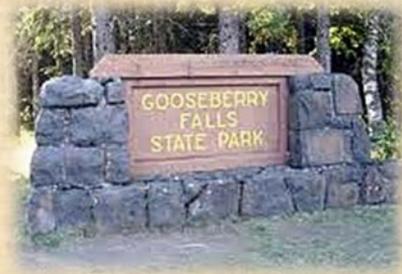
A handwritten signature in black ink, appearing to read "Aaron M. Vande Linde".

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

DNR Letter Notifying Potential Bidders of Possible Lease Sale

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

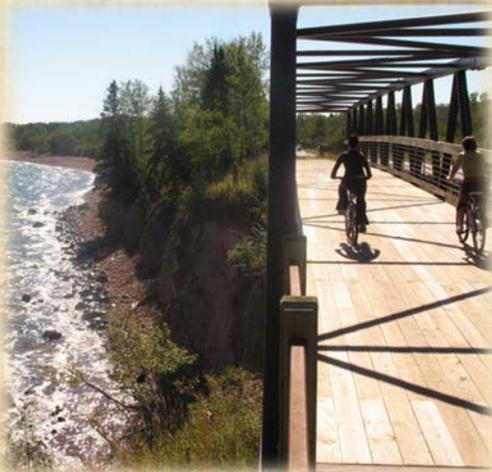


*Wildlife Management Areas are examples of **special features***



*Designated Trout Streams are examples of **special features***

Land use screening (continued)



State Trails are examples of special features



© Constance Ouan Berrstedt



Natural Heritage Features, like the small white lady's-slipper and the wood turtle are also examples of special features

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.

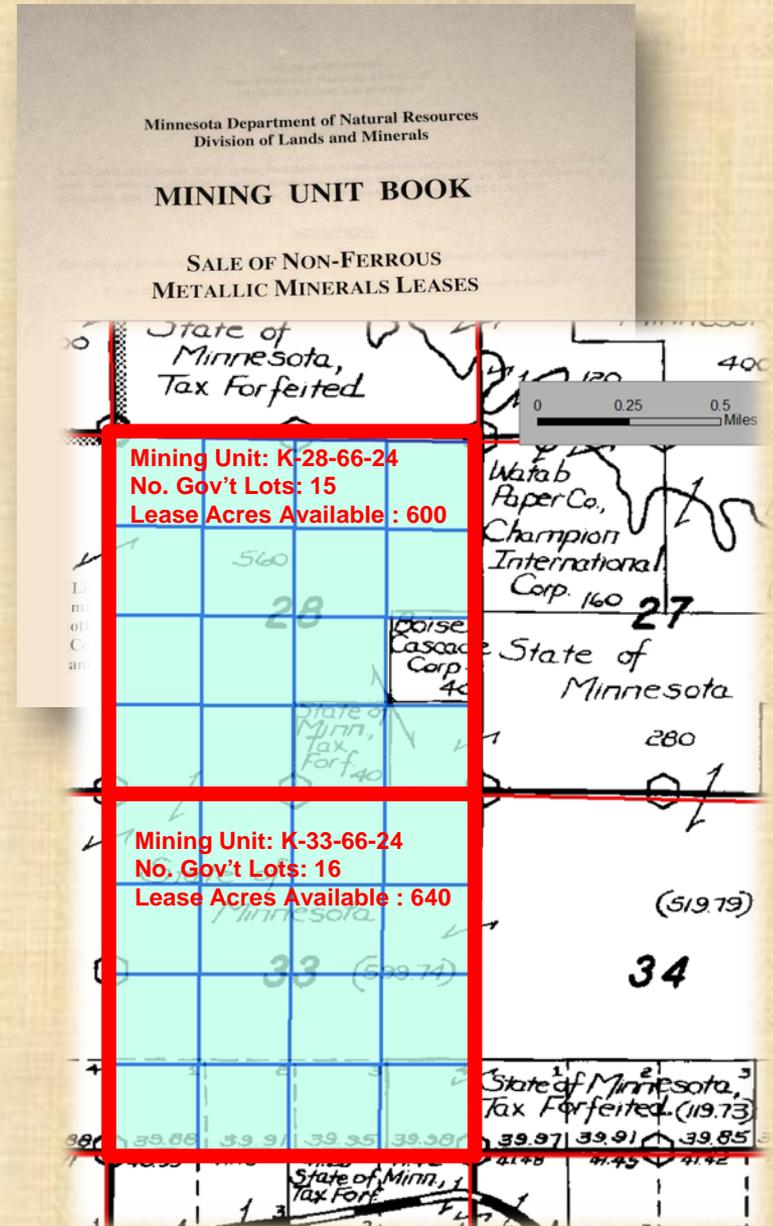


Photo taken at a **workshop** in Two Harbors, MN regarding mineral leasing and exploration (6.27.2013)

- **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

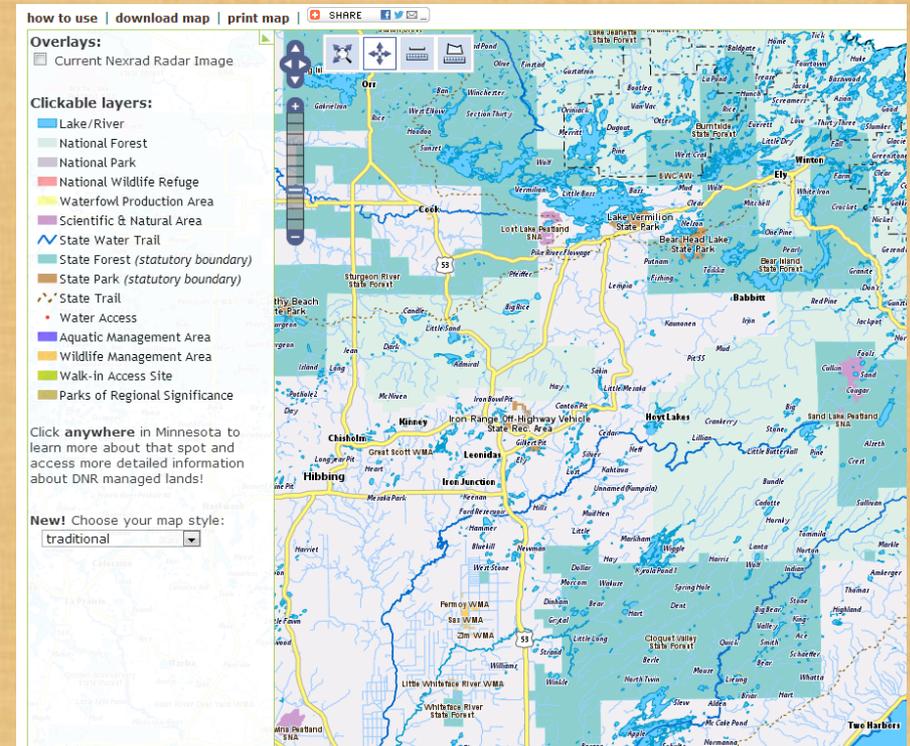
Mining unit book (continued)

- ***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.



Mining unit book (continued)

- **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).



Graphic of a MN DNR interactive web mapping server

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

MINNESOTA DEPARTMENT OF NATURAL RESOURCES

NOTICE OF INTENT TO HOLD STATE METALLIC MINERALS LEASE SALE

State Lands to be Offered for Metallic Minerals Exploration

The Minnesota Department of Natural Resources announces that plans are being developed to hold the state's 33rd sale of metallic minerals exploration and mining leases. The sale is tentatively scheduled for October 2012. The lease sale plans are being announced at this time in order to give mining companies, public interest groups and all other interested parties additional time to review the areas under consideration.

DNR Notice of Intent to Hold State Metallic Minerals Leases Sale in EQB Monitor (July 23, 2012).

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



Metallic Minerals Lease Sale

Results of State Metallic Minerals Lease Sale

October 24, 2012

The bid opening for the state's 33rd sale of metallic minerals exploration and mining leases was held on October 24, 2012. There were a total of 31 bids. One of the bids (by MMG USA Exploration LLC) was in Aitkin County, nine bids (by DMC USA LLC) were in Lake County, and the remaining 21 bids (by Encampment Minerals, Inc.) were in St. Louis County. The bids covered about 9,509 acres in the lease sale acres, including about 240 acres in Aitkin County, 4,469 acres in Lake County and 4,800 acres in St. Louis County.

Detailed information about the bids is available in the Bid Information Summary, available for download below:

- **Bid Information Summary**

The State's Executive Council (comprised of the state's five constitutional officers) must approve the issuance of the leases. At its December 6, 2012 meeting, the Executive Council deferred action on the leases. A decision will not be made until the Minnesota Court of Appeals rules on a citizen petition requesting an environmental assessment worksheet for the lease sale.

Additional information about mineral leasing can be found on our **State Mineral Leasing, Exploration, and Development FAQ**.

Note: The Division of Lands and Minerals 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 for a time to visit the DNR Drill Core Library, please contact Dave Antonson at 218-231-8840. We also recommend our public access to minerals data web site:

<http://minarchive.dnr.state.mn.us>

If you have any questions about the lease sale, please contact Susan Damon at 651-259-5961 or **susan.damon@state.mn.us**

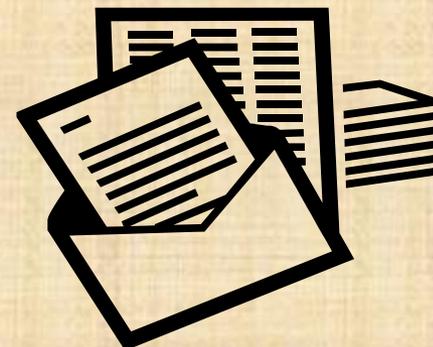


Email Updates

Sign up to receive Metallic Minerals Lease Sale email updates.

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.



STATE OF MINNESOTA
DEPARTMENT OF NATURAL RESOURCES

BID FORM
Sale to be held October 24, 2012

The undersigned submits the following bid or bids for a lease or leases to explore for, mine and remove metallic minerals to be issued in accordance with Minnesota Statutes, section 93.25, and Minnesota Rules, parts 6125.0100-6125.0700.

This bid is made in connection with the sale to be held on October 24, 2012.

Mining Unit is as designated in the Mining Unit Book.

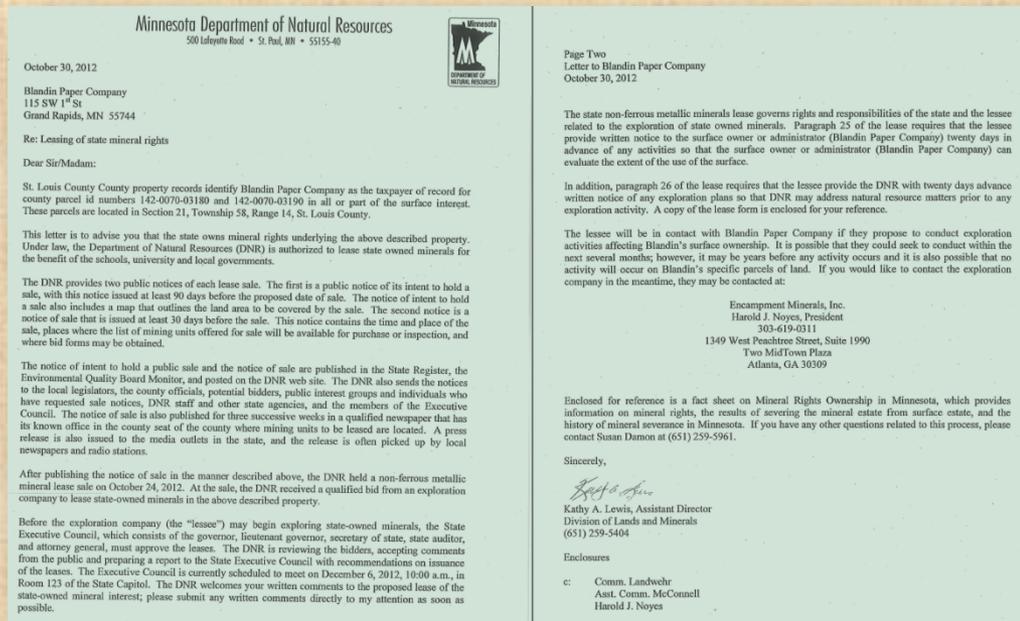
Additional bid rate is the additional bid royalty rate offered for each mining unit being bid upon.

First year rental is rental for one full calendar year calculated at \$1.50 per acre times the gross acreage of the lands offered for lease as designated in the Mining Unit Book.

Mining Unit	Additional bid rate	First year rental	Application fee	Total
L - 04 - 056 - 08	.033 %	\$ 750.47	+\$100	= \$ 850.47
L - 05 - 056 - 08	.033 %	\$ 575.01	+\$100	= \$ 675.01
L - 06 - 056 - 08	.3703 %	\$ 903.06	+\$100	= \$ 1003.06
L - 07 - 056 - 08	.3703 %	\$ 942.71	+\$100	= \$ 1042.71
L - 08 - 056 - 08	.033 %	\$ 660.00	+\$100	= \$ 760.00
L - 09 - 056 - 08	.033 %	\$ 480.00	+\$100	= \$ 580.00
L - 16 - 056 - 08	.033 %	\$ 960.00	+\$100	= \$ 1060.00
L - 17 - 056 - 08	.033 %	\$ 780.00	+\$100	= \$ 880.00
L - 18 - 056 - 08	.033 %	\$ 652.97	+\$100	= \$ 752.97
- - -	%	\$	+\$100	= \$
- - -	%	\$	+\$100	= \$
- - -	%	\$	+\$100	= \$
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.



DNR letter sent to private surface owner for parcels bid upon at lease sale

- 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?

