

**Michigan Office of Administrative Hearings and Rules**  
**Administrative Rules Division (ARD)**

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**REQUEST FOR RULEMAKING (RFR)**

**1. Department:**

Natural Resources

**2. Bureau:**

Office of Minerals Management

**3. Promulgation type:**

MCL 24.244 (1)

**4. Title of proposed rule set:**

Oil and Gas Leases on State Lands

**5. Rule numbers or rule set range of numbers:**

R 299.8101-299.8107

**6. Estimated time frame:**

3 months

**Name of person filling out RFR:**

Kirk Lapham

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**7. Describe the general purpose of these rules, including any problems the changes are intended to address.**

The rules establish the process that the DNR uses to lease oil and gas mineral rights owned by the State of Michigan and managed by the DNR. As currently written, the rules require an in-person auction for the leasing of those mineral rights. Since the rules were last amended in 1981, technological advances have created the option of conducting these auctions online. The proposed changes will eliminate unnecessary regulations to allow greater flexibility to conduct the auctions in-person or online. The changes will also correct inaccuracies in the rules that result from statutory changes since the last time the rules were amended in 1981.

**8. Please cite the specific promulgation authority for the rules (i.e. department director, commission, board, etc.).**

The Department has the authority to promulgate these rules. MCL 324.502 and MCL 324.504.

**A. Please list all applicable statutory references (MCLs, Executive Orders, etc.).**

MCL 324.502 and MCL 324.504.

**B. Are the rules mandated by any applicable constitutional or statutory provision? If so, please explain.**

MCL 324.502(2)(a) states that the DNR may “Promulgate and enforce reasonable rules concerning the use and occupancy of lands and property under its control in accordance with section 504.”

MCL 324.504(1) states that the DNR “shall promulgate rules to protect and preserve lands and other property under its control from depredation, damage, or destruction or wrongful or improper use or occupancy.”

**9. Please describe the extent to which the rules conflict with or duplicate similar rules, compliance requirements, or other standards adopted at the state, regional, or federal level.**

The rules do not conflict with or duplicate other regulations.

**10. Is the subject matter of the rules currently contained in any guideline, handbook, manual, instructional bulletin, form with instructions, or operational memoranda?**

The subject matter is covered in the guidelines of the DNR’s auction catalog. There are forms prior, during and after the auction that contain the subject matter of the rules.

**11. Are the rules listed on the department’s annual regulatory plan as rules to be processed for the current year?**

Yes.

**12. Will the proposed rules be promulgated under Section 44 of the Administrative Procedures Act, 1969 PA 306, MCL 24.244, or under the full rulemaking process?**

MCL 24.244 (1)

**A. Explain why the rules are being promulgated under 24.244.**

These rules were last promulgated in 1981, therefore, the proposed amendments are only intended to make the rules conform to an amended statute, along with associated reorganization of the DNR both internally within the Department and through Executive Orders. Additionally, the proposed amendments will rescind rules that are obsolete and unnecessary to simplify the process and create greater flexibility for conducting auctions of DNR-managed oil and gas mineral rights.