

Act No. 308  
Public Acts of 1994  
Approved by the Governor  
July 14, 1994  
Filed with the Secretary of State  
July 14, 1994

**STATE OF MICHIGAN  
87TH LEGISLATURE  
REGULAR SESSION OF 1994**

Introduced by Senators Pridnia and McManus

# ENROLLED SENATE BILL No. 1030

AN ACT to create the orphan well fund within the state treasury to provide for the expenditure of money from the fund and to prescribe the powers and duties of certain state agencies and officials

*The People of the State of Michigan enact*

Sec 1 This act shall be known and may be cited as the orphan well fund act

Sec 2 As used in this act

(a) Abandoned oil or gas well means an oil or gas well that has not been plugged promptly after having been drilled as a dry hole or has not been used for its intended purpose during 12 consecutive months unless the supervisor has authorized it to remain idle

(b) Fund means the orphan well fund created in section 3

(c) Oil or gas well means a well drilled pursuant to Act No 61 of the Public Acts of 1939 being sections 319 1 to 319 27 of the Michigan Compiled Laws or its predecessor acts or a well drilled prior to the effective dates of these acts as determined by the supervisor for oil or gas exploration or development or storage or associated production or disposal activities

(d) Operator means the person authorized by contract or agreement by the owner to drill operate maintain or plug a well Operator does not include the operator of a natural gas storage field within the boundary of the natural gas storage field unless the natural gas storage field operator has either drilled plugged or replugged the well in question or has utilized the well for the injection or withdrawal of natural gas into or from the natural gas storage field

(e) Owner means the person or persons who have the right to drill a well into and produce from a pool and to receive and distribute the value of the production either for himself or herself individually or in combination with others

(f) Person means an individual partnership corporation association governmental entity or other legal entity

(g) Response activity has the same meaning as in the environmental response act Act No 307 of the Public Acts of 1982 being sections 299 601 to 299 618 of the Michigan Compiled Laws

(h) Site restoration means the filling and leveling of all cellars pits and excavations the removal or elimination of all debris the elimination of conditions that may create a fire or pollution hazard the minimization of erosion and the restoration of the well site as nearly as practicable to the original land contour or to a condition approved by the supervisor after consulting with the surface owner of the land and the operator of a natural gas storage field if the well site is within the boundary of a natural gas storage field

(i) Supervisor means the supervisor of wells as provided by Act No 61 of the Public Acts of 1939 or his or her designee

Sec 3 (1) The orphan well fund is created within the state treasury

(2) The state treasurer may receive money or other assets from any source for deposit into the fund The state treasurer shall direct the investment of the fund The state treasurer shall credit to the fund interest and earnings from fund investments

(3) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund

Sec 4 (1) The supervisor shall expend money from the fund upon appropriation only for the following purposes

(a) For plugging of abandoned or improperly closed oil or gas wells or response activity or site restoration at oil or gas wells for which no owner or operator is known for which all owners or operators are insolvent or at which the supervisor determines there exists an imminent threat to the public health and safety

(b) For the reasonable cost of the supervisor for internal administration in connection with the activities included in subdivision (a)

(2) The supervisor shall consult with the operator of a natural gas storage field prior to plugging any abandoned or improperly closed oil or gas wells within the boundary of the storage field operator s natural gas storage field

Sec 5 (1) By January 1 of each year the supervisor shall prepare and submit to the legislature a list of the oil or gas wells that should be plugged and those at which response activities or site restoration should be performed with money in the fund The list shall be compiled in order of priority The list shall be accompanied by estimates of total project costs for the proposed plugging response activity site restoration internal administration and potential emergency contingencies Additionally the supervisor shall include with the list a statement of the criteria used in listing and assigning the priority of these proposed actions

(2) The legislature shall annually appropriate money from the fund for projects on the list prepared under subsection (1) and for sites where there exists an imminent threat to public health and safety Except for sites where there exists an imminent threat to public health and safety projects shall be funded in the order of their priority on the list

Sec 6 Following the expenditure of money from the fund pursuant to section 4(a) the attorney general may bring an action against a person who was the owner or operator of the well at the time that the condition arose requiring expenditure of money from the fund to recover from that owner or operator the amount of money expended from the fund for which the owner or operator is liable Money recovered under this section shall be deposited into the fund

Sec 7 The supervisor may sell the well pipe and any other equipment related to an abandoned or improperly closed well as to which there is an expenditure of money from the fund The proceeds of sale shall be credited to the fund

Sec 8 By December 31 of each year the supervisor shall prepare and submit to the legislature a report that details expenditures from the fund for the preceding fiscal year

Sec 9 This act shall take effect October 1 1994

This act is ordered to take immediate effect

Secretary of the Senate

Co Clerk of the House of Representatives

Approved

Governor