



SENATE BILL No. 404

February 18, 1993, Introduced by Senators PRIDNIA, EHLERS and MC MANUS and referred to the Committee on Natural Resources and Environmental Affairs.

A bill to amend sections 2, 4, 6, 18a, 18b, and 19 of Act No. 61 of the Public Acts of 1939, entitled as amended

"An act to provide for a supervisor of wells; to prescribe his powers and duties; to provide for an advisory board and an appeal board; to prescribe their powers and duties; to provide for the prevention of waste and for the control over certain matters, persons and things relating to the conservation of oil and gas, and for the making and promulgation of rules, regulations and orders relative thereto; to provide for the plugging of wells and for the entry on private property for that purpose; to provide for the enforcement of such rules, regulations and orders and of the provisions of this act, and to provide penalties for the violations thereof; and to provide for the assessment and collection of certain fees,"

being sections 319.2, 319.4, 319.6, 319.18a, 319.18b, and 319.19 of the Michigan Compiled Laws; and to add sections 18c, 18d, 23a, and 23b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2, 4, 6, 18a, 18b, and 19 of Act No. 61
2 of the Public Acts of 1939, being sections 319.2, 319.4, 319.6,

SENATE BILL No. 404

1 319.18a, 319.18b, and 319.19 of the Michigan Compiled Laws, are
2 amended and sections 18c, 18d, 23a, and 23b are added to read as
3 follows:

4 Sec. 2. Unless the context requires a different meaning,
5 the words defined in this section ~~shall~~ have the following
6 ~~meaning when found in this act, to wit~~ MEANINGS:

7 ~~(a) "Person" means any natural person, corporation, associ-~~
8 ~~ation, partnership, receiver, trustee, so-called common law or~~
9 ~~statutory trust, guardian, executor, administrator and a fidu-~~
10 ~~ciary of any kind.~~

11 ~~(b) "Oil" means natural crude oil or petroleum and other~~
12 ~~hydrocarbons, regardless of gravity, which are produced at the~~
13 ~~well in liquid form by ordinary production methods and which are~~
14 ~~not the result of condensation of gas after it leaves the under-~~
15 ~~ground reservoir.~~

16 ~~(c) "Gas" means a mixture of hydrocarbons and varying quan-~~
17 ~~tities of nonhydrocarbons in a gaseous state which may or may not~~
18 ~~be associated with oil, and including those liquids resulting~~
19 ~~from condensation.~~

20 ~~(d) "Pool" means an underground reservoir containing a~~
21 ~~common accumulation of oil or gas or both. Each productive zone~~
22 ~~of a general structure which is completely separated from any~~
23 ~~other zone in the structure, or for the purposes of this act may~~
24 ~~be so declared by the supervisor of wells, is covered by the word~~
25 ~~"pool" as used herein.~~

26 ~~(e) "Field" means the general area which is underlain or~~
27 ~~appears to be underlain by at least 1 pool; and "field" also~~

~~1 includes the underground reservoir or reservoirs containing such
2 oil or gas, or both. The words "field" and "pool" mean the same
3 thing when only one underground reservoir is involved; however,
4 "field," unlike "pool," may relate to 2 or more pools.~~

~~5 (f) "Product" means any commodity or thing made or manufac-
6 tured from oil or gas, and all derivatives of oil or gas, includ-
7 ing refined crude oil, crude tops, topped crude, processed crude
8 petroleum, residue from crude petroleum, cracking stock,
9 uncracked fuel oil, fuel oil, treated crude oil, residuum, gas
10 oil, naphtha, distillate, gasoline, casing head gasoline, natural
11 gas gasoline, kerosene, benzine, wash oil, waste oil, lubricating
12 oil, and blends or mixtures of oil or gas or any derivatives
13 thereof whether enumerated or not.~~

~~14 (g) "Owner" means the person who has the right to drill into
15 and produce from any pool, and to appropriate the production
16 either for himself or for himself and another or others.~~

~~17 (h) "Producer" means the operator, whether owner or not, of
18 a well or wells capable of producing oil or gas or both in paying
19 quantities.~~

~~20 (i) "Commission" means the commission of natural resources
21 for the state of Michigan.~~

~~22 (j) "Supervisor" means the supervisor of wells as provided
23 by this act.~~

~~24 (k) "Board" means the advisory board appointed, as provided
25 in this act, by the supervisor of wells.~~

~~26 (l) "Waste" in addition to its ordinary meaning includes:~~

1 ~~(1) "Underground waste" as those words are generally~~
2 ~~understood in the oil business, and in any event to embrace (1)~~
3 ~~the inefficient, excessive, or improper use or dissipation of the~~
4 ~~reservoir energy, including gas energy and water drive, of any~~
5 ~~pool, and the locating, spacing, drilling, equipping, operating,~~
6 ~~or producing of any well or wells in a manner to reduce or tend~~
7 ~~to reduce the total quantity of oil or gas ultimately recoverable~~
8 ~~from any pool, and (2) unreasonable damage to underground fresh~~
9 ~~or mineral waters, natural brines, or other mineral deposits from~~
10 ~~operations for the discovery, development, and production and~~
11 ~~handling of oil or gas.~~

12 ~~(2) "Surface waste," as those words are generally understood~~
13 ~~in the oil business, and in any event to embrace (1) the unneces-~~
14 ~~sary or excessive surface loss or destruction without beneficial~~
15 ~~use, however caused, of gas, oil, or other product thereof, but~~
16 ~~including the loss or destruction, without beneficial use,~~
17 ~~resulting from evaporation, seepage, leakage or fire, especially~~
18 ~~such loss or destruction incident to or resulting from the manner~~
19 ~~of spacing, equipping, operating, or producing well or wells, or~~
20 ~~incident to or resulting from inefficient storage or handling of~~
21 ~~oil, (2) the unnecessary damage to or destruction of the surface,~~
22 ~~soils, animal, fish or aquatic life or property, or other envi-~~
23 ~~ronmental values from or by oil and gas operations; and (3) the~~
24 ~~drilling of unnecessary wells.~~

25 ~~(3) "Market waste," which shall embrace the production of~~
26 ~~oil or gas in any field or pool in excess of the market demand as~~
27 ~~defined herein.~~

1 ~~(m) The words "market demand" as used herein shall be~~
2 ~~construed to mean the actual demand for oil or gas from any par-~~
3 ~~ticular pool or field for current requirements for current con-~~
4 ~~sumption and use within or outside the state, together with the~~
5 ~~demand for such amounts as are necessary for building up or main-~~
6 ~~taining reasonable storage reserves of oil or gas or the products~~
7 ~~thereof.~~

8 ~~(n) "Illegal oil or gas" means oil or gas which has been~~
9 ~~produced by any owner or producer in violation of this act, rules~~
10 ~~promulgated pursuant to this act or orders of the supervisor.~~

11 ~~(o) "Illegal product" means any product of oil or gas or any~~
12 ~~part of which was processed or derived in whole or part knowingly~~
13 ~~from illegal oil or gas.~~

14 ~~(p) "Illegal conveyance" means any conveyance by or through~~
15 ~~which illegal oil or gas or illegal products are being~~
16 ~~transported.~~

17 ~~(q) "Illegal container" means any receptacle which contains~~
18 ~~illegal oil or gas or illegal products.~~

19 ~~(r) "Tender" means a permit or certificate of clearance for~~
20 ~~the transportation of oil or gas or products, approved and issued~~
21 ~~or registered under the authority of the supervisor.~~

22 (A) "ABANDONED OIL OR GAS WELL" MEANS AN OIL OR GAS WELL
23 THAT HAS NOT BEEN USED FOR THE PURPOSE FOR WHICH IT WAS INTENDED
24 WITHIN 12 MONTHS OF THE COMPLETION OF THE WELL, AND THE SUPERVI-
25 SOR HAS NOT AUTHORIZED IT TO REMAIN IDLE.

26 (B) "BOARD" MEANS THE ADVISORY BOARD APPOINTED BY THE
27 SUPERVISOR PURSUANT TO THIS ACT.

1 (C) "BRINE" MEANS ALL NONPOTABLE WATER RESULTING, OBTAINED,
2 OR PRODUCED FROM THE EXPLORATION, DRILLING, OR PRODUCTION OF OIL
3 OR GAS, OR BOTH.

4 (D) "COMMISSION" MEANS THE COMMISSION OF NATURAL RESOURCES.

5 (E) "FIELD" MEANS THE GENERAL AREA THAT IS UNDERLAIN OR
6 APPEARS TO BE UNDERLAIN BY AT LEAST 1 POOL. "FIELD" INCLUDES THE
7 UNDERGROUND RESERVOIR OR RESERVOIRS CONTAINING OIL OR GAS, OR
8 BOTH. THE TERMS "FIELD" AND "POOL" MEAN THE SAME THING WHEN ONLY
9 ONE UNDERGROUND RESERVOIR IS INVOLVED; HOWEVER, "FIELD," UNLIKE
10 "POOL," MAY RELATE TO 2 OR MORE POOLS.

11 (F) "GAS" MEANS A MIXTURE OF HYDROCARBONS AND VARYING QUAN-
12 TITIES OF NONHYDROCARBONS IN A GASEOUS STATE THAT MAY OR MAY NOT
13 BE ASSOCIATED WITH OIL, AND INCLUDING THOSE LIQUIDS RESULTING
14 FROM CONDENSATION.

15 (G) "ILLEGAL CONTAINER" MEANS ANY RECEPTACLE WHICH CONTAINS
16 ILLEGAL OIL OR GAS OR ILLEGAL PRODUCTS.

17 (H) "ILLEGAL CONVEYANCE" MEANS ANY CONVEYANCE BY OR THROUGH
18 WHICH ILLEGAL OIL OR GAS OR ILLEGAL PRODUCTS ARE BEING
19 TRANSPORTED.

20 (I) "ILLEGAL OIL OR GAS" MEANS OIL OR GAS THAT HAS BEEN
21 PRODUCED BY AN OWNER OR PRODUCER IN VIOLATION OF THIS ACT, RULES
22 PROMULGATED UNDER THIS ACT, OR ORDERS OF THE SUPERVISOR ISSUED
23 UNDER THIS ACT.

24 (J) "ILLEGAL PRODUCT" MEANS ANY PRODUCT OF OIL OR GAS OR ANY
25 PART OF WHICH WAS PROCESSED OR DERIVED IN WHOLE OR PART KNOWINGLY
26 FROM ILLEGAL OIL OR GAS.

1 (K) "MARKET DEMAND" MEANS THE ACTUAL DEMAND FOR OIL OR GAS
2 FROM ANY PARTICULAR POOL OR FIELD FOR CURRENT REQUIREMENTS FOR
3 CURRENT CONSUMPTION AND USE WITHIN OR OUTSIDE THE STATE, TOGETHER
4 WITH THE DEMAND FOR SUCH AMOUNTS AS ARE NECESSARY FOR BUILDING UP
5 OR MAINTAINING REASONABLE STORAGE RESERVES OF OIL OR GAS OR THE
6 PRODUCTS OF OIL OR GAS.

7 (L) "OIL" MEANS NATURAL CRUDE OIL OR PETROLEUM AND OTHER
8 HYDROCARBONS, REGARDLESS OF GRAVITY, THAT ARE PRODUCED AT THE
9 WELL IN LIQUID FORM BY ORDINARY PRODUCTION METHODS AND THAT ARE
10 NOT THE RESULT OF CONDENSATION OF GAS AFTER IT LEAVES THE UNDER-
11 GROUND RESERVOIR.

12 (M) "OIL OR GAS WELL" MEANS ALL WELLS DRILLED PURSUANT TO
13 THIS ACT, ITS PREDECESSOR ACTS, OR WELLS DRILLED FOR OIL OR GAS
14 EXPLORATION OR DEVELOPMENT OR ASSOCIATED PRODUCTION OR DISPOSAL
15 ACTIVITIES PRIOR TO THE EFFECTIVE DATES OF THESE ACTS AS DETER-
16 MINED BY THE SUPERVISOR.

17 (N) "OPERATOR" MEANS THE PERSON AUTHORIZED BY CONTRACT OR
18 AGREEMENT BY THE OWNER TO DRILL, OPERATE, MAINTAIN, OR PLUG A
19 WELL.

20 (O) "OWNER" MEANS THE PERSON OR PERSONS WHO HAVE THE RIGHT
21 TO DRILL INTO AND PRODUCE FROM ANY POOL, AND TO RECEIVE AND DIS-
22 TRIBUTE THE VALUE OF THE PRODUCTION EITHER FOR HIMSELF OR HERSELF
23 INDIVIDUALLY OR IN COMBINATION WITH OTHERS.

24 (P) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
25 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

26 (Q) "POOL" MEANS AN UNDERGROUND RESERVOIR CONTAINING A
27 COMMON ACCUMULATION OF OIL OR GAS OR BOTH. POOL INCLUDES EACH

1 PRODUCTIVE ZONE OF A GENERAL STRUCTURE THAT IS COMPLETELY
2 SEPARATED FROM ANY OTHER ZONE IN THE STRUCTURE, OR FOR THE PUR-
3 POSES OF THIS ACT DECLARED TO BE A POOL BY THE SUPERVISOR.

4 (R) "PRODUCER" MEANS THE OPERATOR, WHETHER OWNER OR NOT, OF
5 A WELL OR WELLS CAPABLE OF PRODUCING OIL OR GAS OR BOTH IN PAYING
6 QUANTITIES.

7 (S) "PRODUCT" MEANS ANY COMMODITY OR THING MADE OR MANUFAC-
8 TURED FROM OIL OR GAS, AND ALL DERIVATIVES OF OIL OR GAS, INCLUD-
9 ING REFINED CRUDE OIL, CRUDE TOPS, TOPPED CRUDE, PROCESSED CRUDE
10 PETROLEUM, RESIDUE FROM CRUDE PETROLEUM, CRACKING STOCK,
11 UNCRACKED FUEL OIL, FUEL OIL, TREATED CRUDE OIL, RESIDUUM, GAS
12 OIL, NAPHTHA, DISTILLATE, GASOLINE, CASING-HEAD GASOLINE, NATURAL
13 GAS GASOLINE, KEROSENE, BENZENE, WASH OIL, WASTE OIL, LUBRICATING
14 OIL, AND BLENDS OR MIXTURES OF OIL OR GAS OR ANY DERIVATIVES OF
15 OIL OR GAS.

16 (T) "RESPONSE ACTIVITY" HAS THE SAME MEANING AS IN THE ENVI-
17 RONMENTAL RESPONSE ACT, ACT NO. 307 OF THE PUBLIC ACTS OF 1982,
18 BEING SECTIONS 299.601 TO 299.618 OF THE MICHIGAN COMPILED LAWS.

19 (U) "RESPONSE ACTIVITY COSTS" HAS THE SAME MEANING AS IN ACT
20 NO. 307 OF THE PUBLIC ACTS OF 1982.

21 (V) "RULE" MEANS A RULE PROMULGATED PURSUANT TO THE ADMINIS-
22 TRATIVE PROCEDURES ACT OF 1969, ACT NO. 306 OF THE PUBLIC ACTS OF
23 1969, BEING SECTIONS 24.201 TO 24.328 OF THE MICHIGAN COMPILED
24 LAWS.

25 (W) "SITE RESTORATION" MEANS THE FILLING AND LEVELING OF ALL
26 CELLARS; PITS AND EXCAVATIONS; THE REMOVAL OR ELIMINATION OF ALL
27 DEBRIS; THE ELIMINATION OF ALL CONDITIONS THAT MAY CREATE A FIRE

1 OR POLLUTION HAZARD; MINIMIZATION OF EROSION; AND THE RESTORATION
2 OF THE WELL SITE AS NEARLY AS POSSIBLE TO THE ORIGINAL LAND CON-
3 TOUR OR TO A CONDITION APPROVED BY THE SUPERVISOR.

4 (X) "SUPERVISOR" MEANS THE SUPERVISOR OF WELLS AS PROVIDED
5 BY THIS ACT.

6 (Y) "TENDER" MEANS A PERMIT OR CERTIFICATE OF CLEARANCE FOR
7 THE TRANSPORTATION OF OIL OR GAS OR PRODUCTS, APPROVED AND ISSUED
8 OR REGISTERED BY THE SUPERVISOR.

9 (Z) "WASTE" IN ADDITION TO ITS ORDINARY MEANING INCLUDES
10 BOTH OF THE FOLLOWING:

11 (i) "UNDERGROUND WASTE" AS THOSE WORDS ARE GENERALLY UNDER-
12 STOOD IN THE OIL BUSINESS. UNDERGROUND WASTE INCLUDES BOTH OF
13 THE FOLLOWING:

14 (A) THE INEFFICIENT, EXCESSIVE, OR IMPROPER USE OR DISSIPA-
15 TION OF THE RESERVOIR ENERGY, INCLUDING GAS ENERGY AND WATER
16 DRIVE, AND THE LOCATING, SPACING, DRILLING, EQUIPPING, OPERATING,
17 OR PRODUCING OF ANY WELL OR WELLS IN A MANNER TO REDUCE OR TEND
18 TO REDUCE THE TOTAL QUANTITY OF OIL OR GAS ULTIMATELY RECOVERABLE
19 FROM ANY POOL.

20 (B) INJURY OR DAMAGE TO UNDERGROUND FRESH OR MINERAL WATERS,
21 NATURAL BRINES, OR OTHER MINERAL DEPOSITS FROM OPERATIONS FOR THE
22 DISCOVERY, DEVELOPMENT, AND PRODUCTION AND HANDLING OF OIL OR
23 GAS.

24 (ii) "SURFACE WASTE," AS THOSE WORDS ARE GENERALLY UNDER-
25 STOOD IN THE OIL BUSINESS. SURFACE WASTE INCLUDES ALL OF THE
26 FOLLOWING:

1 (A) THE UNNECESSARY OR EXCESSIVE SURFACE LOSS OR DESTRUCTION
 2 WITHOUT BENEFICIAL USE, HOWEVER CAUSED, OF GAS, OIL, OR BRINE, OR
 3 OTHER PRODUCT THEREOF, BUT INCLUDING THE LOSS OR DESTRUCTION,
 4 WITHOUT BENEFICIAL USE, RESULTING FROM EVAPORATION, SEEPAGE,
 5 LEAKAGE OR FIRE, ESPECIALLY SUCH LOSS OR DESTRUCTION INCIDENT TO
 6 OR RESULTING FROM THE MANNER OF SPACING, EQUIPPING, OPERATING, OR
 7 PRODUCING WELL OR WELLS, OR INCIDENT TO OR RESULTING FROM INEFFI-
 8 CIENT STORAGE OR HANDLING OF OIL OR BRINE.

9 (B) THE INJURY OR DAMAGE TO OR DESTRUCTION OF THE SURFACE,
 10 SOILS, ANIMAL, FISH OR AQUATIC LIFE, OR PROPERTY, OR OTHER ENVI-
 11 RONMENTAL VALUES FROM OR BY OIL AND GAS OPERATIONS.

12 (C) THE DRILLING OF UNNECESSARY WELLS.

13 (iii) "MARKET WASTE," MEANS THE PRODUCTION OF OIL OR GAS IN
 14 ANY FIELD OR POOL IN EXCESS OF THE MARKET DEMAND.

15 Sec. 4. ~~It shall be unlawful for any~~ A person ~~to~~ SHALL
 16 NOT commit waste in the exploration for or in the development,
 17 production, or handling or use of oil or gas, ~~or~~ in the han-
 18 dling of any product ~~thereof~~ OF OIL OR GAS, OR THE HANDLING,
 19 STORAGE, AND DISPOSAL OF BRINE.

20 Sec. 6. The supervisor shall prevent the waste prohibited
 21 by this act. To PREVENT that ~~end~~ WASTE, acting directly or
 22 through his authorized representatives, the supervisor, after
 23 consulting with the board, ~~is specifically empowered~~ MAY DO 1
 24 OR MORE OF THE FOLLOWING:

25 (a) ~~To make~~ PROMULGATE and enforce rules subject to the
 26 approval of the commission, issue orders and instructions
 27 necessary to enforce ~~such~~ THE rules and ~~to~~ do whatever may be

1 necessary with respect to the subject matter ~~stated herein~~ OF
2 THE RULES to carry out the purposes of this act, whether or not
3 indicated, specified, or enumerated in this ~~or any other section~~
4 ~~hereof~~ ACT.

5 (b) ~~To collect~~ COLLECT data to make inspections, studies,
6 and investigations, to examine such properties, leases, papers,
7 books and records as are necessary to the purposes of this act;
8 to examine, check, and test and gauge oil and gas wells and
9 tanks, plants, refineries, and all means and modes of transporta-
10 tion and equipment, to hold hearings, to provide for the keeping
11 of records and making of reports, and for the checking of the
12 accuracy ~~thereof~~ OF THOSE RECORDS AND REPORTS.

13 (c) ~~To require~~ REQUIRE the locating, drilling, deepening,
14 redrilling or reopening, casing, sealing, operating and plugging
15 of wells drilled for oil and gas or for secondary recovery
16 projects, or wells for the disposal of ~~salt water,~~ brine or
17 other oil field wastes, to be done in ~~such~~ A manner and by
18 ~~such~~ means ~~as~~ to prevent the escape of oil or gas out of 1
19 stratum into another, or of water or brines into oil or gas
20 strata; to prevent pollution, damage to or destruction of fresh
21 water supplies including GROUNDWATER, inland lakes and streams,
22 and the Great Lakes and connecting waters, and valuable brines by
23 oil, gas or other waters, to prevent the escape of oil, gas or
24 water into workable coal or other mineral deposits; to require
25 the disposal of ~~salt water and~~ brines and oily wastes produced
26 incidental to oil and gas operations, in ~~such~~ A manner and by
27 ~~such~~ methods and means that ~~no~~ unnecessary damage or danger

1 to or destruction of surface or underground resources, to
2 neighboring properties or rights, or to life, shall NOT result.

3 (d) ~~To require~~ REQUIRE reports and maps showing locations
4 of all wells subject to this act, and the keeping and filing of
5 logs, well samples, and drilling, testing, and operating records
6 or reports. All well data and samples furnished the supervisor
7 as required ~~herein shall~~ IN THIS ACT, upon written request of
8 owner of well, ~~be held~~ IS confidential for 90 days after the
9 completion of drilling and ~~shall not be~~ IS NOT open to public
10 inspection except by written consent of the owner.

11 (e) ~~To prevent~~ PREVENT the drowning by water of any stra-
12 tum or part thereof capable of producing oil or gas, or both oil
13 and gas, and to prevent the premature and irregular encroachment
14 of water, or any other kind of water encroachment, which reduces
15 or tends to reduce the total ultimate recovery of oil or gas, or
16 both such oil or gas, from any pool.

17 (f) ~~To prevent~~ PREVENT fires or explosions.

18 (g) ~~To prevent~~ PREVENT "blow-outs", "seepage", and
19 "caving" ~~in the sense that the~~ AS THESE conditions ~~indicated~~
20 ~~by such terms~~ are generally understood in the oil business.

21 (h) ~~To regulate~~ REGULATE the mechanical, physical, and
22 chemical treatment of wells.

23 (i) ~~To regulate~~ REGULATE the secondary recovery methods of
24 oil and gas, including the pulling or creating a vacuum, the
25 introduction of gas, air, water and other substances into the
26 producing formations.

1 (j) ~~To fix~~ FIX the spacing of wells and ~~to~~ regulate the
2 production ~~therefrom~~ OF WELLS.

3 (k) ~~To require~~ REQUIRE the operation of wells with effi-
4 cient gas-oil ratios and ~~to~~ fix ~~such~~ THESE ratios.

5 (l) ~~To require~~ REQUIRE by written notice or citation imme-
6 diate suspension of any operation or practice and the prompt cor-
7 rection of any condition found to exist ~~which~~ THAT is causing
8 or resulting or threatening to cause or result in waste.

9 (m) ~~To require~~ REQUIRE either generally, or in, or from,
10 particular areas, certificates of clearance or tenders in connec-
11 tion with the transportation of oil, gas, or any product
12 ~~thereof~~ OF OIL OR GAS.

13 (n) ~~To require~~ REQUIRE identification of the ownership of
14 oil and gas producing leases, properties, and wells.

15 (o) ~~To make~~ PROMULGATE rules or ISSUE orders for the clas-
16 sifications of wells as oil wells or gas wells; or wells drilled,
17 or to be drilled, for secondary recovery projects, or for the
18 disposal of ~~salt water,~~ brine or other oil or gas field wastes;
19 or for the development of reservoirs for the storage of liquid or
20 gaseous hydrocarbons, or for other means of development, extrac-
21 tion or production of hydrocarbons.

22 (p) ~~The~~ REQUIRE THE filing of an adequate surety, security
23 or cash bonds of owners, producers, operators, or their autho-
24 rized representatives in such reasonable form, condition, term
25 and amount as will ~~insure~~ ENSURE compliance with this act and
26 with the rules PROMULGATED UNDER THIS ACT or orders issued

1 ~~thereunder~~ UNDER THIS ACT and ~~to~~ provide for the release
2 ~~thereof~~ OF THE SECURITY OR BOND.

3 Sec. 18a. ~~When~~ IF the supervisor determines that the
4 owner or operator of a well subject to this act has failed or
5 neglected to properly obtain a permit, construct, operate, main-
6 tain, case, plug, or repair the ~~same~~ WELL OR RESTORE THE WELL
7 SITE in accordance with ~~the provisions of~~ this act or the rules
8 promulgated ~~thereunder~~ UNDER THIS ACT OR AN ORDER OR INSTRUC-
9 TION ISSUED UNDER THIS ACT, the supervisor shall give notice of
10 such determination, in writing, to the owner, operator and to the
11 surety executing the bond filed with the supervisor by the owner
12 or operator in connection with the issuance of the permit autho-
13 rizing the drilling of a well. This notice of determination may
14 be served upon the owner or operator and surety in person or by
15 registered mail. If the owner or operator cannot be found in the
16 state, the mailing of the notice of determination to the owner or
17 operator at his OR HER last known ~~post office~~ address by regis-
18 tered mail shall constitute service of ~~same~~ THE NOTICE OF
19 DETERMINATION. If the owner or operator, or surety, fails or
20 neglects to properly case, plug, or repair the well OR RESTORE
21 THE WELL SITE described in the notice of determination ~~herein~~
22 ~~provided for~~ within 30 days of the date of service or mailing of
23 the notice, the supervisor may enter into and upon any private or
24 public property on which the well is located and upon and across
25 any private or public property necessary to reach the well, and
26 case, plug, or repair the well, OR RESTORE THE WELL SITE and the
27 owner or operator and surety shall be jointly and severally

1 liable for ~~all~~ TRIPLE THE expenses incurred by the ~~supervisor~~
2 ~~in doing same~~ DEPARTMENT IN TAKING THESE ACTIONS. The supervi-
3 sor, acting for and in behalf of the state, shall certify in
4 writing to the owner or operator and surety the claim of the
5 state in the same manner ~~herein~~ provided IN THIS SECTION for
6 the service of the notice of determination, and shall list
7 ~~thereon~~ ON THE CLAIM the items of expense incurred in casing,
8 plugging, or repairing the well OR RESTORING THE WELL SITE. The
9 claim shall be paid by the owner or operator, or surety, within
10 30 days, and if not paid within that time the supervisor, acting
11 for and in behalf of the state, may bring suit against the owner
12 or operator, or surety, jointly or severally, for the collection
13 of ~~same~~ THE CLAIM in any court of competent jurisdiction in the
14 county of Ingham.

15 Sec. 18b. (1) THE OWNER OR OPERATOR SHALL PLUG AN OIL OR
16 GAS WELL AS REQUIRED UNDER THIS ACT AND THE RULES PROMULGATED
17 UNDER THIS ACT.

18 (2) ~~A person~~ AN OWNER OR OPERATOR who abandons a well
19 without properly plugging the well in accordance with this act
20 ~~or~~ AND the rules promulgated under this act, ~~or~~ except as
21 provided in section 20(3) or (4), ~~who violates this act or a~~
22 ~~rule promulgated under this act, whether as principal, agent,~~
23 ~~servant, or employee,~~ is guilty of a misdemeanor punishable by a
24 fine of not more than ~~\$1,000.00~~ \$10,000.00 and costs of prose-
25 cution, or imprisonment for not more than ~~90~~ 180 days, or
26 both. This ~~shall~~ SECTION DOES not impose liability upon the
27 owner of land upon which a well is located, unless the property

1 owner is the owner or part owner of the well. ~~The words "owner~~
 2 ~~or operator", as used in section 18a mean a person who, by the~~
 3 ~~terms of this act and the rules promulgated under this act, is~~
 4 ~~responsible for the plugging of a well.~~

5 SEC. 18C. EXCEPT AS PROVIDED IN SECTION 19(1) OR
 6 SECTION 20(3), A PERSON WHO VIOLATES THIS ACT, A RULE PROMULGATED
 7 UNDER THIS ACT, AN ORDER OR INSTRUCTION ISSUED BY THE SUPERVISOR
 8 UNDER THIS ACT, OR A PERMIT ISSUED UNDER THIS ACT AND COMMITS
 9 WASTE IS GUILTY OF A MISDEMEANOR PUNISHABLE BY A FINE OF NOT MORE
 10 THAN \$10,000.00 AND COSTS OF PROSECUTION, OR IMPRISONMENT FOR NOT
 11 MORE THAN 180 DAYS, OR BOTH. EACH DAY OF VIOLATION IS A SEPARATE
 12 OFFENSE.

13 SEC. 18D. EXCEPT AS PROVIDED IN SECTIONS 18B AND 18C, A
 14 PERSON WHO VIOLATES A RULE PROMULGATED UNDER THIS ACT, AN ORDER
 15 OR INSTRUCTION ISSUED BY THE SUPERVISOR UNDER THIS ACT, OR A
 16 PERMIT ISSUED UNDER THIS ACT IS GUILTY OF A MISDEMEANOR PUNISH-
 17 ABLE BY A FINE OF NOT MORE THAN \$500.00. EACH DAY OF VIOLATION
 18 IS A SEPARATE OFFENSE. A LAW ENFORCEMENT OFFICER MAY ISSUE AN
 19 APPEARANCE TICKET FOR A VIOLATION OF THIS SECTION PURSUANT TO
 20 SECTIONS 9A TO 9G OF CHAPTER 4 OF THE CODE OF CRIMINAL PROCEDURE,
 21 ACT NO. 175 OF THE PUBLIC ACTS OF 1927, BEING SECTIONS 764.9A TO
 22 764.9G OF THE MICHIGAN COMPILED LAWS.

23 Sec. 19. (1) A person who, for the purpose of evading this
 24 act, ~~or of evading~~ a rule PROMULGATED UNDER THIS ACT, or AN
 25 order ~~made~~ OR INSTRUCTION ISSUED under this act, intentionally
 26 makes or causes to be made, false entry or statement of fact in a
 27 report required by this act, ~~or by~~ a rule PROMULGATED UNDER

1 THIS ACT, or AN order ~~made~~ OR INSTRUCTION ISSUED under this
2 act; ~~—~~ or who, for that purpose, makes or causes to be made
3 false entry in an account, record, or memorandum kept by a person
4 in connection with this act, ~~or of~~ a rule PROMULGATED UNDER
5 THIS ACT, or AN order ~~made~~ OR INSTRUCTION ISSUED under this
6 act; or who, for that purpose, omits to make, or causes to be
7 omitted, full, true, and correct entries in the accounts,
8 records, or memoranda, of all facts and transactions pertaining
9 to the interest or activities in the petroleum industry of that
10 person as may be required by the supervisor under ~~authority~~
11 ~~given in~~ this act, ~~or by any~~ A rule PROMULGATED UNDER THIS
12 ACT, or AN order ~~made~~ OR INSTRUCTION ISSUED under this act; is
13 guilty of a felony punishable by a fine of not more than
14 ~~—\$3,000.00—~~ \$25,000.00, or imprisonment for not more than 3
15 years, or both.

16 (2) A person who for the purpose of evading this act, ~~or~~ a
17 rule PROMULGATED UNDER THIS ACT, or AN order ~~made pursuant to~~
18 OR INSTRUCTION ISSUED UNDER this act removes from the jurisdic-
19 tion of the state, or mutilates, alters, or by other means falsi-
20 fies a book, record, or other paper pertaining to transactions
21 regulated by this act shall be subject to the penalties pre-
22 scribed in THE FREEDOM OF INFORMATION ACT, Act No. 442 of the
23 Public Acts of 1976, BEING SECTIONS 15.231 TO 15.246 OF THE
24 MICHIGAN COMPILED LAWS.

25 SEC. 23A. (1) AFTER SUBMITTING AN APPLICATION TO THE SUPER-
26 VISOR TO DRILL AND OPERATE AN OIL OR GAS WELL, THE APPLICANT
27 SHALL PROVIDE NOTICE OF THE APPLICATION, BY FIRST-CLASS MAIL, TO

1 THE SURFACE OWNER OF RECORD OF THE LAND ON WHICH THE WELL IS TO
2 BE LOCATED AND TO THE CLERK OF THE COUNTY IN WHICH THE LAND IS
3 LOCATED. THE NOTICE SHALL INCLUDE ALL OF THE FOLLOWING:

4 (A) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE
5 APPLICANT.

6 (B) THE PURPOSE FOR WHICH THE APPLICATION IS SUBMITTED.

7 (C) THE EXPECTED DATE OPERATIONS WILL BEGIN.

8 (D) A STATEMENT OF SURFACE OWNERS' RIGHTS THAT IS SUBSTAN-
9 TIALY AS FOLLOWS:

10 "MICHIGAN LAW PROVIDES CERTAIN RIGHTS TO SURFACE OWNERS OF
11 SEVERED MINERAL RIGHTS. IF YOU HAVE QUESTIONS REGARDING
12 THESE RIGHTS, YOU MAY WISH TO CONSULT AN ATTORNEY."

13 (2) A PERSON WHO HAS RECEIVED A PERMIT UNDER THIS ACT TO
14 DRILL AND OPERATE AN OIL OR GAS WELL SHALL NOTIFY THE SUPERVISOR
15 OR THE AUTHORIZED REPRESENTATIVE OF THE SUPERVISOR, THE SURFACE
16 OWNER OF RECORD OF THE LAND ON WHICH THE WELL IS TO BE LOCATED,
17 AND THE CLERK OF THE COUNTY IN WHICH THE LAND IS LOCATED WHEN
18 WELL CONSTRUCTION OF AN OIL OR GAS WELL OR ITS ASSOCIATED EQUIP-
19 MENT IS TO BEGIN ON THE SITE. THE PERSON SHALL GIVE THIS NOTICE
20 NOT LESS THAN 5 DAYS BEFORE PREPARING THE SITE AND NOT LESS THAN
21 48 HOURS BEFORE MOVING DRILLING EQUIPMENT ON THE SITE.

22 SEC. 23B. (1) THE ORPHAN WELL FUND IS CREATED WITHIN THE
23 STATE TREASURY.

24 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS
25 FROM ANY SOURCE FOR DEPOSIT INTO THE FUND. THE STATE TREASURER
26 SHALL DIRECT THE INVESTMENT OF THE FUND. THE STATE TREASURER

1 SHALL CREDIT TO THE FUND INTEREST AND EARNINGS FROM FUND
2 INVESTMENTS.

3 (3) MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR SHALL
4 REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

5 (4) THE DEPARTMENT SHALL EXPEND MONEY FROM THE FUND, UPON
6 APPROPRIATION, ONLY FOR PLUGGING, RESPONSE ACTIVITY COSTS, AND
7 SITE RESTORATION OF ABANDONED OR IMPROPERLY CLOSED OIL OR GAS
8 WELLS FOR WHICH NO OWNER OR OPERATOR IS KNOWN, FOR WHICH ALL
9 OWNERS OR OPERATORS ARE INSOLVENT, OR ON SITES WHERE THE DEPART-
10 MENT DETERMINES THERE EXISTS A THREAT TO THE PUBLIC HEALTH AND
11 SAFETY.

12 (5) BY JANUARY 1 OF EACH YEAR, THE DEPARTMENT SHALL DETER-
13 MINE AND SUBMIT TO THE LEGISLATURE A LIST OF THE OIL OR GAS WELLS
14 THAT SHOULD BE PLUGGED OR THOSE IN WHICH RESPONSE ACTIVITIES OR
15 SITE RESTORATION SHOULD BE PERFORMED WITH MONEY IN THE FUND. THE
16 LIST SHALL BE COMPILED IN ORDER OF PRIORITY. THE LIST SHALL BE
17 ACCOMPANIED BY ESTIMATES OF TOTAL COSTS FOR THE PROPOSED PLUG-
18 GING, RESPONSE ACTIVITY COSTS, AND SITE RESTORATION.

19 ADDITIONALLY, THE DEPARTMENT SHALL INCLUDE WITH THE LIST A STATE-
20 MENT OF THE GUIDELINES USED IN LISTING AND ASSIGNING THE PRIORITY
21 OF THESE PROPOSED ACTIONS. THE LEGISLATURE SHALL ANNUALLY
22 APPROVE BY LAW THE OIL AND GAS WELLS TO BE FUNDED WITH MONEY IN
23 THE FUND.

24 (6) IF, FOLLOWING EXPENDITURE OF MONEY FROM THE FUND, AN
25 OWNER OR OPERATOR IS IDENTIFIED, THE ATTORNEY GENERAL MAY BRING
26 AN ACTION TO RECOVER FROM THAT OWNER OR OPERATOR THE AMOUNT OF
27 MONEY EXPENDED FOR WHICH THE OWNER OR OPERATOR IS LIABLE. MONEY

1 RECOVERED UNDER THIS SUBSECTION SHALL BE DEPOSITED INTO THE
2 FUND.

3 (7) MONEY COLLECTED BY THE SUPERVISOR OR THE ATTORNEY GEN-
4 ERAL UNDER SECTION 18A SHALL BE DEPOSITED INTO THE FUND.

5 (8) BY DECEMBER 31 OF EACH YEAR, THE DEPARTMENT SHALL PRE-
6 PARE AND SUBMIT TO THE LEGISLATURE A REPORT THAT DETAILS EXPENDI-
7 TURES FROM THE FUND FOR THE PRECEDING FISCAL YEAR.

8 (9) AS USED IN THIS SECTION, OWNER DOES NOT INCLUDE THE
9 STATE OR A LOCAL UNIT OF GOVERNMENT THAT ACQUIRED OWNERSHIP OR
10 CONTROL OF THE PROPERTY ON WHICH A WELL IS LOCATED THROUGH BANK-
11 RUPTCY, TAX DELINQUENCY, ABANDONMENT, OR OTHER CIRCUMSTANCES IN
12 WHICH THE GOVERNMENT INVOLUNTARILY ACQUIRES TITLE OR CONTROL BY
13 VIRTUE OF ITS GOVERNMENTAL FUNCTION, A LOCAL UNIT OF GOVERNMENT
14 TO WHICH OWNERSHIP OR CONTROL OF THE FACILITY IS TRANSFERRED BY
15 THE STATE, OR THE STATE OR A LOCAL UNIT OF GOVERNMENT THAT
16 ACQUIRED OWNERSHIP OR CONTROL OF THE PROPERTY BY SEIZURE, RECEIV-
17 ERSHIP, OR FORFEITURE PURSUANT TO THE OPERATION OF LAW OR BY
18 COURT ORDER.

19 Section 2. This amendatory act shall take effect October 1,
20 1993.