



# SENATE BILL No. 1030

February 24, 1994, Introduced by Senators PRIDNIA and  
MC MANUS and referred to the Committee on Natural  
Resources and Environmental Affairs

A bill 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

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

3       Sec 2    As used in this act

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

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

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

7 (d) "Operator" means the person authorized by contract or  
8 agreement by the owner to drill, operate, maintain or plug a  
9 well

10 (e) "Owner" means the person or persons who have the right  
11 to drill a well into and produce from a pool, and to receive and  
12 distribute the value of the production either for himself or her-  
13 self individually or in combination with others

14 (f) "Person" means an individual, partnership, corporation,  
15 association, governmental entity, or other legal entity

16 (g) "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 (h) "Site restoration" means the filling and leveling of all  
20 cellars, pits, and excavations the removal or elimination of all  
21 debris the elimination of conditions that may create a fire or  
22 pollution hazard the minimization of erosion and the restora-  
23 tion of the well site as nearly as practicable to the original  
24 land contour or to a condition approved by the supervisor after  
25 consulting with the surface owner of the land

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

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

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

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

10      Sec 4   The supervisor shall expend money from the fund,  
11 upon appropriation, only for the following purposes

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

18      (b) For the reasonable cost of the supervisor for internal  
19 administration in connection with the activities included in sub-  
20 division (a)

21      Sec 5   (1) By January 1 of each year, the supervisor shall  
22 prepare and submit to the legislature a list of the oil or gas  
23 wells that should be plugged and those at which response activi-  
24 ties or site restoration should be performed with money in the  
25 fund   The list shall be compiled in order of priority   The list  
26 shall be accompanied by estimates of total costs for the proposed  
27 plugging, response activity, site restoration   internal

1 administration, and potential emergency contingencies  
2 Additionally, the supervisor shall include with the list a state-  
3 ment of the criteria used in listing and assigning the priority  
4 of these proposed actions

5 (2) The legislature shall annually approve by law the  
6 actions to be funded with money in the fund

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

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

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

22 Sec 9 This act shall take effect October 1, 1994