

OIL AND GAS REGULATORY FEES

House Bill 4820

Sponsor: Rep. William Bobier

**Committee: Conservation, Environment
and Recreation**

Complete to 9-19-97

A SUMMARY OF HOUSE BILL 4820 AS INTRODUCED 5-22-97

The bill would amend Part 615 of the Natural Resources and Environmental Protection Act (NREPA), which regulates oil and gas wells, to establish an annual well regulatory fee schedule for well owners and operators, and an Oil and Gas Regulatory Fund.

Annual Well Regulatory Fee. Under the bill, the owner or operator of a well that was regulated under Part 615 of the NREPA, and that had been used for its permitted purpose at any time during the twelve consecutive months immediately prior to the time the fee was due, would be subject to an annual fee, as follows:

- For a well used for injection, withdrawal, or observation, for the storage of natural gas or liquefied petroleum gas, \$20
- For a well used for injection for the disposal of brine, oil or gas field waste, or other fluids incidental to the drilling, producing, or treating of wells for oil or gas, \$500
- For a well used for injection or observation, for secondary recovery or reservoir pressure maintenance, \$100
- For a well used to produce only gas, which has a hydrogen sulfide content of less than 300 parts per million, \$35
- For a well used to produce only gas that has hydrogen sulfide content of no less than 300 parts per million, \$100
- For a well used to produce oil, or oil and gas that have a hydrogen sulfide content of less than 300 parts per million in the gas, \$75
- For a well used to produce oil, or oil and gas that have a hydrogen sulfide content of no less than 300 parts per million in the gas, \$100

In addition, the owner or operator of a well that hadn't been used for its permitted purpose at any time during the 12 consecutive months immediately prior to the time the fee was due would be subject to an annual well regulatory fee of \$100. Under the bill, well regulatory fees would be submitted to the Department of Environmental Quality (DEQ), along with any documentation

required by the department, and forwarded to the state treasurer for deposit in the proposed Oil and Gas Regulatory Fund.

Oil and Gas Regulatory Fund. The bill would also establish an Oil and Gas Regulatory Fund. Money or other assets from any source could be deposited into the fund, including interest and earnings from fund investments, and would be used by the DEQ to enforce the provisions of Part 615. Money would remain in the fund at the end of the fiscal year and would not lapse to the general fund.

MCL 324.61501 et al.

Analyst: R. Young

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.