

OIL AND GAS REGULATORY FUND

House Bill 5399

Sponsor: Rep. Kwame Kilpatrick

**Committee: Conservation, Environment
and Recreation**

Complete to 2-6-98

A SUMMARY OF HOUSE BILL 5399 AS INTRODUCED 12-3-97

The bill would amend the Natural Resources and Environmental Protection Act (NREPA) to establish regulatory fees for oil and gas wells. The bill would also establish an oil and gas regulatory fund, and would increase, from \$100 to \$380, the current fee required for a well drilling permit.

Annual Well Regulatory Fee. Under the bill, a well that had been used at any time during the previous twelve consecutive months would be subject to an annual fee, as follows:

Injection, withdrawal, or observation well that stored natural gas or liquefied petroleum gas	\$ 20
Injection well that disposed of brine, oil or gas field waste or other fluids incidental to the drilling, producing, or treating of oil or gas wells	\$ 500
Injection well used for injection or observation, for secondary recovery or reservoir pressure maintenance	\$ 100
Well used to produce gas that had a hydrogen sulfide content of less than 300 parts per million	\$ 35
Well used to produce only gas that had a hydrogen sulfide content of at least 300 parts per million	\$ 100
Well used to produce oil, or oil and gas that had a hydrogen sulfide content of less than 300 parts per million in the gas	\$ 75
Well used to produce oil, or oil and gas that had a hydrogen sulfide content of at least 300 parts per million in the gas	\$ 100

Other. The bill would establish the following provisions:

- If a well had not been used for its permitted purpose at any time during the twelve consecutive months immediately prior to the time the fee was due, it would be subject to an annual well regulatory fee of \$100.

- Well regulatory fees would have to be submitted to the Department of Environmental Quality (DEQ), along with any documentation required by the department.

- The regulatory fees that were collected would be deposited in the Oil and Gas Regulatory Fund created under the bill.

- Money from the fund could only be appropriated to implement and enforce the provisions of the bill.

MCL 324.61501 et al.

Analyst: R. Young

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