

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5316 (Substitute H-4 as passed by the House)

Sponsor: Representative Allen Lowe

House Committee: Forestry and Mineral Rights

Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 3-3-98

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act's provisions on the regulation of oil and gas wells to permit an action regarding the compulsory pooling of properties for oil and gas drilling by the Department of Environmental Quality (DEQ) to be brought in the circuit court for the county in which the oil or gas rights were located or in Ingham County Circuit Court, which currently has exclusive jurisdiction over these lawsuits.

Upon petition from a majority of the owners of the oil or gas rights who were subject to compulsory pooling, an action that was filed in the Ingham County Circuit Court could be moved to the circuit court for the county in which the oil and gas rights were located. If all of the owners of the oil or gas rights being compulsorily pooled resided in a Michigan county other than the county in which the oil and gas rights were located, the action could be brought or moved to the circuit court for the county in which the owners resided.

In addition, the initial administrative hearing or a contested case hearing, pursuant to the Administrative Procedures Act, regarding the compulsory pooling of properties would have to be held in the county in which the oil or gas rights were located. Subsequent hearings on the compulsory pooling of properties would have to be held in Lansing. If a majority of the persons who were being compulsorily pooled petitioned the supervisor of wells (the DEQ) to move the hearings to a different county, the hearings would have to be held in the county specified in the petition. At the time that the supervisor notified persons subject to compulsory pooling of an administrative hearing or a contested case hearing, the supervisor would have to notify them of their right to petition for a change of location of the hearing.

MCL 324.61501 & 324.61517

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would result in an indeterminate increase in costs to the State, dependent on the number and location of hearings requested by property owners.

Fiscal Analyst: G. Cutler

S9798\S5316SA

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.