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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 5317 (Substitute S-1 as reported)

Sponsor: Representative Allen Lowe

House Committee: Forestry and Mineral Rights

Senate Committee: Economic Development, International Trade and Regulatory Affairs

### **CONTENT**

The bill would amend the Natural Resources and Environmental Protection Act to provide that before petitioning the Department of Environmental Protection (DEQ) for a hearing to require the pooling of properties or parts of properties not subject to an oil or gas lease, the petitioner would have to make a good faith effort to lease each such property. The bill also would prohibit the compulsory pooling of properties for the production of Antrim gas unless the majority of the mineral rights owners had leased their rights or agreed to pool their interests.

To meet the bill's good faith requirement, the petitioner or a representative of the petitioner would have to initiate a contact with each owner of the unleased properties by certified mail, to attempt to lease the properties. After receiving a response from the owner, or after 14 days if the owner did not respond, the petitioner or the petitioner's representative would have to initiate contact a second time by certified mail. The petitioner could not file the petition for a hearing to require pooling until at least 14 days after initiating contact the second time. When the petitioner or his or her representative contacted the mineral owner, the petitioner would have to give the owner information regarding pooling developed by the DEQ.

The DEQ would have to develop and make available printed material describing the reasons for and the circumstances under which the Department could require the pooling of properties. The information would have to describe the requirements for public notice, public hearing, and the issuance of an order requiring the pooling.

MCL 324.61513

Legislative Analyst: S. Lowe

### **FISCAL IMPACT**

The bill would have an indeterminate fiscal impact on State and local government, depending on the proximity of publicly owned land to an area potentially subject to compulsory pooling.

Date Completed: 3-19-98

Fiscal Analyst: G. Cutler