

HOUSE BILL No. 4260

February 11, 1997, Introduced by Reps. Alley, Freeman, Bobier, LaForge and Wetters and referred to the Committee on Conservation, Environment and Recreation.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
(MCL 324.101 to 324.90106) by adding section 502a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 502A. (1) AFTER THE EFFECTIVE DATE OF THIS SECTION,
2 THE DEPARTMENT SHALL NOT ENTER INTO AN OIL OR GAS LEASE, OR RENEW
3 AN OIL OR GAS LEASE, UNLESS THE LEASE COMPLIES WITH BOTH OF THE
4 FOLLOWING:

5 (A) THE LEASE RESERVES TO THE STATE NOT LESS THAN A 1/8 ROY-
6 ALTY INTEREST AS DETERMINED BY THE VALUE OF THE OIL OR GAS AT THE
7 WELLHEAD.

8 (B) THE LEASE, DIVISION ORDER, OR ANY OTHER SUBSEQUENT
9 AGREEMENT SHALL NOT ALLOW FOR ANY REDUCTION IN THE ROYALTIES
10 ACCRUING TO THE STATE UNDER SUBDIVISION (A) DUE TO POSTPRODUCTION
11 COSTS.

1 (2) AS USED IN THIS SECTION, "POSTPRODUCTION COSTS" MEANS
2 COSTS NECESSARY TO MARKET THE OIL OR GAS FROM THE WELLHEAD OR
3 POINT OF SALE.