

HOUSE BILL No. 5414

December 4, 1997, Introduced by Reps. Brater, Anthony, Bodem, Bogardus, Alley, Bobier, Lowe, Callahan, LaForge and Scott and referred to the Committee on Forestry and Mineral Rights.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
(MCL 324.101 to 324.90106) by adding section 61506a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 61506A. (1) NOTWITHSTANDING ANY OTHER PROVISION OF
2 THIS PART, THE SUPERVISOR SHALL NOT ISSUE A PERMIT UNDER THIS
3 PART THAT ENABLES THE OWNER OR LESSEE OF SEVERED OIL OR GAS
4 RIGHTS TO DRILL FOR OIL OR GAS UNLESS THE OWNER OR LESSEE OF THE
5 OIL OR GAS RIGHTS DOES EITHER OF THE FOLLOWING:
6 (A) ENTERS INTO AND SUBMITS TO THE SUPERVISOR A SIGNED
7 AGREEMENT WITH THE OWNER OF THE SURFACE RIGHTS DETAILING THE
8 PARTIES' AGREEMENT AS TO THE MANNER IN WHICH THE DRILLING AND
9 EXTRACTION WILL OCCUR AND THE MANNER IN WHICH THE RESULTING
10 IMPACT TO THE SURFACE OWNER WILL BE MINIMIZED.

1 (B) SUBMITS AN ARBITRATION DECISION PURSUANT TO SUBSECTION
2 (2).

3 (2) THE OWNER OF THE SURFACE RIGHTS TO A PARCEL OF PROPERTY
4 AND THE OWNER OR LESSEE OF THE OIL OR GAS RIGHTS BENEATH THAT
5 PARCEL SHALL EACH MAKE A GOOD FAITH EFFORT TO NEGOTIATE THE
6 AGREEMENT PROVIDED FOR UNDER SUBSECTION (1). HOWEVER, IF WITHIN
7 60 DAYS AFTER BEGINNING NEGOTIATIONS OF THE AGREEMENT THE PARTIES
8 HAVE NOT REACHED AN AGREEMENT, EITHER PARTY MAY SUBMIT THE ISSUE
9 TO ARBITRATION. IF THE TERMS OF THE AGREEMENT ARE SUBMITTED TO
10 ARBITRATION, AN ARBITRATION HEARING SHALL BE CONDUCTED PURSUANT
11 TO PROCEDURES OF THE AMERICAN ARBITRATION ASSOCIATION. HOWEVER,
12 AN ARBITRATION DECISION SHALL NOT PREVENT THE OIL OR GAS RIGHTS
13 OWNER OR LESSEE FROM EXPLORING OR EXTRACTING OIL OR GAS FROM THE
14 PROPERTY, SUBJECT TO SUCH REASONABLE TERMS AS THE ARBITRATION
15 AGREEMENT MAY INCLUDE.