

SENATE BILL NO. 1226

June 25, 1998, Introduced by Senators SCHUETTE, STILLE, BENNETT, NORTH, GOUGEON, STEIL and KOIVISTO and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 502 (MCL 324.502), as amended by 1998 PA 114, and by adding section 61505a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 502. (1) The commission may promulgate rules, not
2 inconsistent with law, governing its organization and procedure.
3 The department may promulgate and enforce reasonable rules con-
4 cerning the use and occupancy of lands and property under its
5 control in accordance with section 504; may provide and develop
6 facilities for outdoor recreation; may conduct investigations it
7 considers necessary for the proper administration of this part;
8 may remove and dispose of forest products as required for the
9 protection, reforestation, and proper development and

1 conservation of the lands and property under control of the
2 department; and may require the payment of a fee as provided by
3 law for a daily permit or other authorization that allows the
4 person to hunt and take waterfowl on a public hunting area man-
5 aged and developed for waterfowl.

6 (2) Except as provided in subsection (3), the department may
7 enter into contracts for the taking of coal, oil, gas, and other
8 mineral products from state owned lands, upon a royalty basis or
9 upon another basis, and upon the terms the department considers
10 just and equitable subject to section 502a. This contract power
11 includes authorization to enter into contracts for the storage of
12 gas or other mineral products in or upon state owned lands, if
13 the consent of the state agency having jurisdiction and control
14 of the state owned land is first obtained. A contract permitted
15 under this section for the taking of coal, oil, gas, or metallic
16 mineral products, or for the storage of gas or other mineral pro-
17 ducts, is not valid unless the contract is approved by the state
18 administrative board. Money received from a contract for the
19 storage of gas or other mineral products in or upon state lands
20 shall be transmitted to the state treasurer for deposit in the
21 general fund of the state to be used for the purpose of defraying
22 the expenses incurred in the administration of this act and other
23 purposes provided by law. Other money received from a contract
24 permitted under this subsection, except money received from lands
25 acquired with money from the game and fish protection fund cre-
26 ated in section 43553 shall be transmitted to the state treasurer
27 for deposit in the Michigan natural resources trust fund created

1 in section 35 of article IX of the state constitution of 1963.
2 However, the money received from the payment of service charges
3 by a person using areas managed for waterfowl shall be credited
4 to the game and fish protection fund and used only for the pur-
5 poses provided by law. Money received from bonuses, rentals,
6 delayed rentals, royalties, and the direct sale of resources,
7 including forest resources, from lands acquired with money from
8 the game and fish protection fund shall be credited to the game
9 and fish protection trust fund created in section 43702, except
10 as otherwise provided by law.

11 (3) ~~The~~ SUBJECT TO SECTION 61505A, THE department shall
12 not enter into a contract that permits drilling operations for
13 the taking of oil or gas from the lake bottomlands of the Great
14 Lakes or connecting or connected bays, harbors, or waterways,
15 unless ~~all drilling operations originate from~~ THE SURFACE loca-
16 tions OF ALL OIL OR GAS WELLS WILL BE above and NOT LESS THAN
17 1,500 FEET inland of the ordinary high-water mark. ~~The~~ SUBJECT
18 TO SECTION 61505A, THE department shall not enter into a contract
19 for exploration of the lake bottomlands of the Great Lakes or
20 connecting or connected bays, harbors, or waterways that permits
21 drilling operations unless ~~all drilling operations originate~~
22 ~~from~~ THE SURFACE locations OF ALL OIL OR GAS WELLS WILL BE above
23 and NOT LESS THAN 1,500 FEET inland of the ordinary high-water
24 mark. PRIOR TO LEASING OIL AND GAS RIGHTS UNDER THE GREAT LAKES
25 OR THEIR CONNECTING WATERWAYS, THE DEPARTMENT SHALL PROVIDE
26 NOTICE OF THE PROPOSED LEASE AND SHALL PROVIDE AN OPPORTUNITY FOR
27 PUBLIC COMMENT ON THE PROPOSED LEASE.

1 (4) This section does not permit a contract for the taking
2 of gravel, sand, coal, oil, gas, or other metallic mineral pro-
3 ducts that does not comply with applicable local ordinances and
4 state law.

5 (5) THE REQUIREMENT PROVIDED IN SUBSECTION (3) OF SURFACE
6 LOCATIONS OF OIL OR GAS WELLS BEING ABOVE AND NOT LESS THAN 1,500
7 FEET INLAND OF THE ORDINARY HIGH-WATER MARK APPLIES ONLY UNTIL 10
8 YEARS AFTER THE EFFECTIVE DATE OF THE 1998 AMENDATORY ACT THAT
9 ADDED THIS SUBSECTION.

10 (6) AS USED IN THIS SECTION:

11 (A) "CONNECTING WATERWAY" HAS THE MEANING PROVIDED IN
12 SECTION 32301.

13 (B) "ORDINARY HIGH-WATER MARK" HAS THE MEANING PROVIDED IN
14 SECTION 32502.

15 SEC. 61505A. (1) EXCEPT AS PROVIDED IN SUBSECTION (2), THE
16 SUPERVISOR OR THE DEPARTMENT SHALL NOT ISSUE A PERMIT TO DRILL
17 AND OPERATE AN OIL OR GAS WELL THAT EXTENDS UNDER THE GREAT LAKES
18 OR THEIR CONNECTING WATERWAYS UNLESS THE SURFACE LOCATION OF THE
19 WELL AND THE PRODUCTION FACILITIES WILL BE ABOVE AND NOT LESS
20 THAN 1,500 FEET INLAND OF THE ORDINARY HIGH-WATER MARK OF THE
21 GREAT LAKES AND THEIR CONNECTING WATERWAYS.

22 (2) THE SUPERVISOR MAY ISSUE A PERMIT TO DRILL AND OPERATE
23 AN OIL OR GAS WELL THAT EXTENDS UNDER THE GREAT LAKES OR THEIR
24 CONNECTING WATERWAYS FOR WHICH THE PROPOSED SURFACE LOCATION OF
25 THE WELL OR THE PRODUCTION FACILITIES OR BOTH WILL BE LESS THAN
26 1,500 FEET BUT MORE THAN 500 FEET INLAND OF THE ORDINARY
27 HIGH-WATER MARK OF THE GREAT LAKES AND THEIR CONNECTING WATERWAYS

1 IF THE SUPERVISOR DETERMINES, AFTER A PUBLIC HEARING, THAT THE
2 PROPOSED SURFACE LOCATION IS BETTER THAN THE AVAILABLE ALTERNA-
3 TIVE LOCATIONS TO PROTECT ENVIRONMENTAL VALUES AND PUBLIC HEALTH
4 AND SAFETY.

5 (3) AS USED IN THIS SECTION:

6 (A) "CONNECTING WATERWAY" HAS THE MEANING PROVIDED IN
7 SECTION 32301.

8 (B) "ORDINARY HIGH-WATER MARK" HAS THE MEANING PROVIDED IN
9 SECTION 32502.

10 Enacting section 1. Section 61505a of the natural resources
11 and environmental protection act, 1994 PA 451, MCL 324.61505a, is
12 repealed upon the expiration of 10 years after its effective
13 date.