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House Bill 5118 (Substitute S-4 as reported by the Committee of the Whole)  
Sponsor: Representative Scott Shackleton  
House Committee: Conservation and Outdoor Recreation  
Senate Committee: Natural Resources and Environmental Affairs

### **CONTENT**

The bill would amend the Natural Resources and Environmental Protection Act to prohibit the Department of Natural Resources from entering into a contract, lease, or deed that would allow drilling operations beneath the bottomlands of the Great Lakes, or beneath unpatented lands, for the exploration or production of oil or gas. (Currently, the DNR may enter into a lease or contract for drilling beneath the Great Lakes bottomlands if all drilling operations originate from locations above and inland of the ordinary high-water mark.)

The bill also would prohibit a person from conducting drilling operations beneath the lake bottomlands of the Great Lakes for the exploration or production of oil or gas unless either or both of the following conditions were met:

- The drilling operations began before the bill's effective date.
- The person held a lease that 1) was in effect before the bill's effective date and 2) allowed the drilling operations.

In addition, the bill would prohibit the Department of Environmental Quality (DEQ), beginning on the bill's effective date, from issuing a permit for drilling, or authorize the drilling of, a well beneath the lake bottomlands of the Great Lakes for the exploration or production of oil or gas. The DEQ could issue a permit, however, if the applicant held a lease that 1) was in effect before the bill's effective date and 2) allowed the well to be drilled.

(In addition to the Great Lakes bottomlands, these provisions would apply to the connected bays or harbors of the Great Lakes, and the connecting waterways. The Act defines "connecting waterway" as the St. Mary's River, Detroit River, St. Clair River, or Lake St. Clair.)

MCL 324.502 et al.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would have an indeterminate impact on revenues to the Michigan Natural Resources Trust Fund. The extent to which additional lease, bonus, and royalty revenue would be realized in the absence of the provisions of this bill and the Federal ban cannot be determined.

Date Completed: 2-12-02

Fiscal Analyst: Pam Graham