

HOUSE BILL No. 4508

March 22, 2001, Introduced by Reps. DeVuyst, Patterson, Howell, Sheltroun, Sanborn, Richardville and Birkholz and referred to the Committee on Conservation and Outdoor Recreation.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending section 61501 (MCL 324.61501), as amended by 1998
PA 303.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 61501. Unless the context requires a different mean-
2 ing, the words defined in this section have the following mean-
3 ings when used in this part:

4 (a) "Department" means the department of environmental
5 quality.

6 (b) "Field" means an underground reservoir or reservoirs
7 containing oil or gas, or both. Field also includes the same
8 general surface area that is underlaid or appears to be underlaid
9 by at least 1 pool. Field and pool have the same meaning if only

1 1 underground reservoir is involved. However, field, unlike
2 pool, may relate to 2 or more pools.

3 (c) "Fund" means the oil and gas regulatory fund created in
4 section 61525b.

5 (d) "Gas" means a mixture of hydrocarbons and varying quan-
6 tities of nonhydrocarbons in a gaseous state ~~which~~ THAT may or
7 may not be associated with oil, and includes those liquids
8 resulting from condensation.

9 (e) "Illegal container" means a receptacle that contains
10 illegal oil or gas or illegal products.

11 (f) "Illegal conveyance" means a conveyance by or through
12 which illegal oil or gas or illegal products are being
13 transported.

14 (g) "Illegal oil or gas" means oil or gas that has been
15 produced by an owner or producer in violation of this part, a
16 rule promulgated under this part, or an order of the supervisor
17 issued under this part.

18 (h) "Illegal product" means a product of oil or gas or any
19 part of a product of oil or gas that was knowingly processed or
20 derived in whole or in part from illegal oil or gas.

21 (I) "LEASE" MEANS A WRITTEN AGREEMENT BETWEEN THE OWNER, AS
22 LESSOR, AND 1 OR MORE OTHER PERSONS, AS LESSEE, TO MUTUALLY BENE-
23 FIT EACH PARTY THROUGH THE EXPLORATION, DEVELOPMENT, AND CONTINU-
24 OUS OPERATION OF THE LEASEHOLD AS A PRODUCTIVE PARCEL.

25 (J) ~~(i)~~ "Market demand" means the actual demand for oil or
26 gas from any particular pool or field for current requirements
27 for current consumption and use within or outside the state,

1 together with the demand for such amounts as are necessary for
2 building up or maintaining reasonable storage reserves of oil or
3 gas or the products of oil or gas.

4 (K) ~~-(j)-~~ "Oil" means natural crude oil or petroleum and
5 other hydrocarbons, regardless of gravity, that are produced at
6 the well in liquid form by ordinary production methods and that
7 are not the result of condensation of gas after it leaves the
8 underground reservoir.

9 (l) ~~-(k)-~~ "Owner" means the person who has the right to
10 drill a well into a pool, to produce from a pool, and to receive
11 and distribute the value of the production from the pool for him-
12 self or herself either individually or in combination with
13 others.

14 (M) ~~-(l)-~~ "Pool" means an underground reservoir containing a
15 common accumulation of oil or gas, or both. Pool includes a pro-
16 ductive zone of a general structure that is completely separated
17 from any other zone in the structure, or is declared to be a pool
18 by the supervisor of wells.

19 (N) ~~-(m)-~~ "Producer" means the operator, whether owner or
20 not, of a well or wells capable of producing oil or gas or both
21 in paying quantities.

22 (O) ~~-(n)-~~ "Product" means any commodity or thing made or
23 manufactured from oil or gas, and all derivatives of oil or gas,
24 including refined crude oil, crude tops, topped crude, processed
25 crude petroleum, residue treated crude oil, residuum, gas oil,
26 naphtha, distillate, gasoline, casing-head gasoline, natural gas
27 gasoline, kerosene, benzine, wash oil, waste oil, lubricating

1 oil, and blends or mixtures of oil or gas or any derivatives of
2 oil or gas whether enumerated or not.

3 (P) ~~(o)~~ "Supervisor" or "supervisor of wells" means the
4 department.

5 (Q) ~~(p)~~ "Tender" means a permit or certificate of clear-
6 ance, approved and issued or registered under the authority of
7 the supervisor, for the transportation of oil or gas or
8 products.

9 (R) ~~(q)~~ "Waste" in addition to its ordinary meaning
10 includes all of the following:

11 (i) "Underground waste", as those words are generally under-
12 stood in the oil AND GAS business, and including all of the
13 following:

14 (A) The inefficient, excessive, or improper use or dissipa-
15 tion of the reservoir energy, including gas energy and water
16 drive, of any pool, and the locating, spacing, drilling, equip-
17 ping, operating, or producing of a well or wells in a manner to
18 reduce or tend to reduce the total quantity of oil or gas ulti-
19 mately recoverable from any pool.

20 (B) Unreasonable damage to underground fresh or mineral
21 waters, natural brines, or other mineral deposits from operations
22 for the discovery, development, and production and handling of
23 oil or gas.

24 (ii) "Surface waste", as those words are generally under-
25 stood in the oil AND GAS business, and including all of the
26 following:

1 (A) The unnecessary or excessive surface loss or destruction
2 without beneficial use, however caused, of gas, oil, or other
3 product, but including the loss or destruction, without benefi-
4 cial use, resulting from evaporation, seepage, leakage, or fire,
5 especially a loss or destruction incident to or resulting from
6 the manner of spacing, equipping, operating, or producing a well
7 or wells, or incident to or resulting from inefficient storage or
8 handling of oil.

9 (B) The unnecessary damage to or destruction of the surface;
10 soils; animal, fish, or aquatic life; property; or other environ-
11 mental values from or by oil and gas operations.

12 (C) The unnecessary endangerment of public health, safety,
13 or welfare from or by oil and gas operations.

14 (D) The drilling of unnecessary wells.

15 (iii) "Market waste", which includes the production of oil
16 or gas in any field or pool in excess of the market demand as
17 defined in this part.