

HOUSE BILL NO. 4512

May 21, 2025, Introduced by Reps. McFall, Posthumus, Farhat, Kunse, T. Carter, Woolford and Bruck and referred to Committee on Communications and Technology.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending sections 61601, 61603, and 61604 (MCL 324.61601,
324.61603, and 324.61604), as added by 1995 PA 57, and by adding
sections 61609, 61611, 61613, 61615, 61617, 61619, and 61621.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 61601. As used in this part:
- 2 (a) "Abandoned oil or gas well" means an oil or gas well that
- 3 has not been plugged promptly after having been drilled as a dry
- 4 hole or has not been used for its intended purpose during 12

consecutive months, unless the supervisor has authorized it to remain idle.

(b) "Bitcoin mining" means the use of electricity to power a computer bitcoin to secure a bitcoin network.

(c) "Bitcoin program" means the abandoned oil or gas well bitcoin mining partnership program established pursuant to section 61609.

(d) ~~(b)~~ "Fund" means the orphan well fund created in section 61602.

(e) ~~(c)~~ "Oil or gas well" means a well drilled pursuant to part 615, or its predecessor acts, or a well drilled prior to the effective dates of part 615 or its predecessor acts as determined by the supervisor, for oil or gas exploration or development or storage, or associated production or disposal activities.

(f) ~~(d)~~ "Operator" means the person authorized by contract or agreement by the owner to drill, operate, maintain, or plug a well. Operator does not include the operator of a natural gas storage field within the boundary of the natural gas storage field unless the natural gas storage field operator has either drilled, plugged, or replugged the well in question or has utilized the well for the injection or withdrawal of natural gas into or from the natural gas storage field.

(g) ~~(e)~~ "Owner" means the person who has the right to drill a well into a pool, to produce from a pool, and to receive and distribute the value of the production from the pool for ~~himself or herself either~~ **that person** individually or in combination with others.

(h) ~~(f)~~ "Response activity" has the same meaning as in part 201.

1 **(i)** ~~(g)~~ "Site restoration" means the filling and leveling of
 2 all cellars, pits, and excavations; the removal or elimination of
 3 all debris; the elimination of conditions that may create a fire or
 4 pollution hazard; the minimization of erosion; and the restoration
 5 of the well site as nearly as practicable to the original land
 6 contour or to a condition approved by the supervisor after
 7 consulting with the surface owner of the land and with the operator
 8 of a natural gas storage field if the well site is within the
 9 boundary of a natural gas storage field.

10 **(j)** ~~(h)~~ "Supervisor" means the supervisor of wells as provided
 11 by part 615 or his or her designee.

12 Sec. 61603. (1) The supervisor shall expend money from the
 13 fund, upon appropriation, only for the following purposes:

14 (a) For plugging of abandoned or improperly closed oil or gas
 15 wells or response activity or site restoration at oil or gas wells
 16 for which no owner or operator is known, for which all owners or
 17 operators are insolvent, or at which the supervisor determines
 18 there exists an imminent threat to the public health and safety.

19 (b) For the reasonable cost of the supervisor for internal
 20 administration in connection with the activities included in
 21 subdivision (a).

22 **(c) To provide bitcoin program participants funds described in**
 23 **section 61613(1)(b) .**

24 **(d) For the reasonable cost of the supervisor for**
 25 **administration of the bitcoin program.**

26 (2) The supervisor shall consult with the operator of a
 27 natural gas storage field prior to plugging any abandoned or
 28 improperly closed oil or gas wells within the boundary of the
 29 storage field operator's natural gas storage field.

1 Sec. 61604. (1) By January 1 of each year, the supervisor
2 shall prepare and submit to the legislature a list of the oil or
3 gas wells that should be plugged and those at which response
4 activities or site restoration should be performed with money in
5 the fund. The list shall be compiled in order of priority. The list
6 shall be accompanied by estimates of total project costs for the
7 proposed plugging, response activity, site restoration, internal
8 administration, and potential emergency contingencies.

9 Additionally, the supervisor shall include with the list a
10 statement of the criteria used in listing and assigning the
11 priority of these proposed actions.

12 (2) The legislature shall annually appropriate money from the
13 fund for projects on the list prepared under subsection (1),
14 **including projects under the bitcoin program**, and for sites where
15 there exists an imminent threat to public health and safety. Except
16 for sites where there exists an imminent threat to public health
17 and safety, projects shall be funded in the order of their priority
18 on the list.

19 **Sec. 61609. The supervisor shall establish and administer an**
20 **abandoned oil or gas well bitcoin mining partnership program**
21 **through which program participants enter an agreement with the**
22 **supervisor to assume responsibility to plug and perform any**
23 **required response activity and site restoration at an abandoned oil**
24 **or gas well, in return for the temporary right to use the oil and**
25 **gas produced from the well to generate electricity for bitcoin**
26 **mining.**

27 **Sec. 61611. (1) The supervisor shall identify each abandoned**
28 **oil or gas well in this state that the supervisor determines is**
29 **appropriate to include in the bitcoin program. For each abandoned**

1 oil or gas well identified by the supervisor, the supervisor shall
2 compile all of the following information, to the extent feasible:

3 (a) How much oil or gas can reasonably be expected to be
4 produced from the abandoned oil or gas well.

5 (b) The location of the abandoned oil or gas well.

6 (c) How long the abandoned oil or gas well has been abandoned.

7 (d) An estimate of the cost to plug and perform any required
8 response activity and site restoration at the abandoned oil or gas
9 well.

10 (e) Whether the abandoned oil or gas well is located on state
11 land.

12 (f) The name of and contact information for the last known
13 operator of the abandoned oil or gas well.

14 (g) The integrity of the abandoned oil or gas well or the
15 casing of the abandoned oil or gas well.

16 (h) Any other information that the supervisor considers
17 relevant for purposes of the bitcoin program.

18 (2) The supervisor shall post the information required under
19 subsection (1) on the supervisor's website on a page or pages
20 accessible to the public and dedicated to the bitcoin program.

21 Sec. 61613. (1) At least once every 12 months, the supervisor
22 shall solicit bids for participation in the bitcoin program. A bid
23 shall be submitted using the website location described in section
24 61611(2) and shall contain all of the following information:

25 (a) Legal documents showing the organizational structure of
26 the bidder and demonstrating the bidder's ability to successfully
27 engage in bitcoin mining.

28 (b) A reasonable estimate of startup money needed by the
29 bidder, including the amount of any money requested from the fund,

1 to quickly deploy bitcoin mining equipment.

2 (c) Whether the bidder will deposit money in the fund, either
3 as repayment of startup money or otherwise, the amount to be
4 deposited, and the payment schedule.

5 (d) A reasonable estimate of when the bidder would begin
6 bitcoin mining on the site of the abandoned oil or gas well, a
7 reasonable estimate of how long the person would engage in bitcoin
8 mining at the site, and the proposed life of the agreement.

9 (e) The number of units of each bitcoin expected to be mined
10 at the site of the abandoned oil or gas well over the life of the
11 agreement.

12 (f) A reasonable estimate of breakeven price of the relevant
13 bitcoin in dollars for bitcoin mining to be profitable at the
14 abandoned oil or gas well.

15 (g) Proof of financial responsibility demonstrating the
16 bidder's ability to plug and perform any required response activity
17 or site restoration at the abandoned oil or gas well, regardless of
18 the success of the bitcoin mining operation at the site.

19 (h) Any other relevant information requested by the
20 supervisor.

21 (2) Sensitive business information provided to the supervisor
22 in a bid under this section is confidential and is not subject to
23 disclosure under the freedom of information act, 1976 PA 442, MCL
24 15.231 to 15.246.

25 Sec. 61615. (1) The supervisor shall determine the bidding
26 period and, after the bidding period ends, the supervisor shall
27 select 1 or more bids to participate in the program based on all of
28 the following criteria:

29 (a) The ability of the bidder to successfully and safely

1 engage in bitcoin mining at the abandoned oil or gas well.

2 (b) The time frame during which the bidder will engage in
3 bitcoin mining at the abandoned oil or gas well.

4 (c) The costs, avoided costs, and, as described in section
5 61613(1)(c), revenue, to the fund and the environmental benefits
6 from selecting the bid or bids.

7 (2) On the website location described in section 61611(2), the
8 supervisor shall announce the bids selected by the supervisor and
9 include a redacted version of each selected bid in compliance with
10 section 61613(2).

11 (3) The supervisor shall allow a bidder whose bid was selected
12 to perform an assessment of the abandoned oil or gas well that is
13 the subject of the bid. Except as otherwise provided in subsection
14 (5), any assessment shall occur not later than 60 days after the
15 date the bid is selected. During the assessment, the successful
16 bidder may do any of the following:

17 (a) Perform tests for mechanical integrity.

18 (b) Perform tests for surface integrity.

19 (c) Determine the amount of oil or gas the abandoned oil or
20 gas well can produce.

21 (4) Except as otherwise provided in subsection (5), not later
22 than 60 days after the date a bid is selected, the successful
23 bidder shall give notice to the supervisor of whether the
24 successful bidder will participate in the program. The notice must
25 be in a form and manner required by the supervisor. If the
26 successful bidder will not participate in the program, the notice
27 shall include the reason for the decision and the results of any
28 tests conducted during an assessment under subsection (3). If the
29 successful bidder fails to give notice as required under this

1 subsection, the successful bidder is responsible for plugging, and
2 performing any required response activity and site restoration at,
3 the abandoned oil or gas well that was the subject of the bid.

4 (5) The supervisor may extend the period for conducting an
5 assessment under subsection (3) for 1 additional 60-day period on
6 the receipt of an application for an extension from the successful
7 bidder. If an extension is granted by the supervisor under this
8 subsection, the supervisor shall also extend the time period
9 described in subsection (4) for 1 additional 60-day period.

10 (6) If applicable, the supervisor shall remove an abandoned
11 oil or gas well secured by a person through the bidding process
12 from any required plugging schedule.

13 Sec. 61617. (1) Before engaging in bitcoin mining under the
14 program, a program participant shall obtain a bond in favor of this
15 state, in an amount determined by the supervisor, to ensure the
16 abandoned oil or gas well is plugged and any required response
17 activity or site restoration is performed.

18 (2) To plug and perform any required response activity or site
19 restoration at an abandoned oil or gas well, a program participant
20 is not required to expend more than 3 times the supervisor's
21 estimate of the costs under section 61611(1)(d). However, a program
22 participant is responsible for all such costs that must be incurred
23 because of conditions caused by the act or omission of the program
24 participant. To qualify for the cap described in this subsection,
25 the program participant shall use a third party to provide all the
26 following information to the supervisor, in a form and manner
27 required by the supervisor:

28 (a) Information about the integrity of the abandoned oil or
29 gas well.

1 (b) All data on gas emissions from the abandoned oil or gas
2 well.

3 (c) Any potential groundwater contamination of the abandoned
4 oil or gas well.

5 (d) Any other information required by the supervisor.

6 (3) Subject to obligations described in section 61613(1)(c), a
7 program participant does not incur any liability other than the
8 duty to plug and perform any required response activity and site
9 restoration at the abandoned oil or gas well that the program
10 participant has taken control of through the program. Any
11 additional costs under the program shall be paid for from the fund.

12 (4) A program participant shall provide a yearly update to the
13 supervisor that documents the program participant's ability to plug
14 and perform any required response activity or site restoration at
15 the abandoned oil or gas well as outlined in the program
16 participant's bid.

17 (5) At the end of the bitcoin mining period as set forth in a
18 program participant's bid, the program participant shall plug or
19 engage in the site restoration of the abandoned oil or gas well
20 using a contractor that has been approved by the supervisor.

21 (6) At the end of the bitcoin mining period as set forth in a
22 program participant's bid, if the program participant has met any
23 obligations described in section 61613(1)(c), the program
24 participant may take legal ownership of the well, as provided for
25 statutes or rules administered by the department. A program
26 participant that takes legal ownership of the abandoned oil or gas
27 well remains responsible to plug and perform any required response
28 activity and site restoration at the abandoned oil or gas well. A
29 program participant shall provide notice to the supervisor of any

1 plan to take legal ownership of the abandoned oil or gas well not
2 less than 12 months before the abandoned oil or gas well is plugged
3 or any required response activity or site restoration is performed.

4 Sec. 61619. Nothing in this act prohibits a program
5 participant from entering into an agreement with a third party to
6 facilitate the transfer of oil or gas from an abandoned oil or gas
7 well to the market.

8 Sec. 61621. The supervisor may promulgate rules to implement
9 this act pursuant to the administrative procedures act of 1969,
10 1969 PA 306, MCL 24.201 to 24.328.