

**NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT (EXCERPT)**  
**Act 451 of 1994**

**324.64107 Terms of contract.**

Sec. 64107. A contract entered into under this part for the taking of peat from state owned lands shall contain the following terms:

(a) A requirement that the lessee obtain worker's compensation insurance, liability insurance, and any other insurance reasonably required by the department.

(b) A requirement that the lessee hold the department harmless against all claims, demands, or judgments for loss, damage, death, or injury arising out of the lessee's activities or operations.

(c) A requirement that the lessee obtain and maintain public liability insurance in amounts reasonably required by the department.

(d) A prohibition against assignment of the contract or rights under the contract without the written approval of the department.

(e) A requirement that the lessee pay all taxes and assessments.

(f) A requirement that the lessee maintain the premises in a manner that safeguards the public health and safety.

(g) A provision that the term of the lease not exceed 10 years, with extension of that period in the discretion of the department.

(h) A requirement that the lessee pay rentals and minimum royalties established on a per acre basis or production royalties established by the department.

(i) A requirement that the lessee file a performance bond, an escrow account, or both, conditioned on the faithful performance of the agreements in the lease, including any agreements relating to the reclamation.

(j) A provision setting forth the department's rights as lessor.

(k) A provision setting forth the lessee's rights.

(l) A provision regarding the department's rights in the event of the default of the lessee.

(m) A requirement that the lessee's rights under the lease are conditioned on operation in accordance with the extraction and reclamation plan as approved by the department.

(n) A requirement that the lessee have an extraction and reclamation plan, subject to the approval of the department, that ensures, to the extent practicable, the extraction operations do not have significant adverse impacts on water quality, air quality, wildlife, or fishing resources of the state; that waste areas and product storage and conditioning areas are located, designed, and utilized to minimize aesthetic unattractiveness and fire hazards and to promote reclamation; that extraction is conducted in a manner that will prevent or mitigate hazardous conditions that will result from acidic drainage and blowing dust; and that the parcel is reclaimed in an acceptable manner given the following factors: the original state, condition, and appearance of the land including suitability for original flora and fauna, the uses of adjacent land, the necessary disruption caused by extraction operations, reclamation techniques, the public trust in the natural resources, and applicable statutes and ordinances.

(o) A requirement that the lessee have a plan for monitoring groundwater changes and surface water quality and flow rates.

(p) Any other term reasonably required by the department to protect the state's interest in the land, to protect the surrounding environment, or to assure the optimum economic return to the state.

**History:** Add. 1995, Act 57, Imd. Eff. May 24, 1995.

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