

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

PART 610

UNIFIED SURFACE AND SUBSURFACE OIL OR GAS OWNERSHIP

324.61001 Definitions.

Sec. 61001. As used in this part:

- (a) "Department" means the department of natural resources.
- (b) "Severed oil and gas rights" means those subsurface oil and gas rights held by the department on land in which the department does not own the surface rights to the land.

History: Add. 1998, Act 117, Imd. Eff. June 9, 1998.

Popular name: Act 451

Popular name: NREPA

324.61002 Inventory and categorization of land; contract.

Sec. 61002. (1) Within 4 years after the effective date of this section, the department shall complete an inventory of all land under the jurisdiction of the department and shall categorize the land as follows:

- (a) All land in which the department owns both the surface rights and the oil and gas rights.
- (b) All land in which the department owns the surface rights but not the oil and gas rights.
- (c) All land in which the department owns the oil and gas rights but not the surface rights.
- (2) The department may contract for the completion of the inventory under subsection (1).

History: Add. 1998, Act 117, Imd. Eff. June 9, 1998.

Popular name: Act 451

Popular name: NREPA

324.61003 Divestiture of severed oil and gas rights; reuniting oil and gas rights with surface rights; deed restriction; reversion of subsurface rights.

Sec. 61003. (1) The department shall implement procedures in compliance with this part that allow the department, after consultation with the natural resources trust fund board and approval of the natural resources commission, to divest itself of severed oil and gas rights and reunite the oil and gas rights with the surface rights. The department is not required to divest itself of oil and gas rights to land that is in production or is leased or permitted for production, or to land which the department determines has unusual or sensitive environmental features that should be reserved by the state and maintained in an undeveloped state, or to land which the department may consider offering for exchange to consolidate inholdings within management areas.

(2) When the department transfers oil and gas rights under this part, the department shall include a deed restriction that restricts the oil and gas rights from being severed from the surface rights in the future. If the landowner severs the subsurface rights from the surface rights, the subsurface rights revert to this state.

History: Add. 1998, Act 117, Imd. Eff. June 9, 1998.

Popular name: Act 451

Popular name: NREPA

324.61004 Divestiture of severed oil and gas rights; basis; priority; plan for attaching monetary value; offer to sell or transfer severed rights to surface owner; notice; duration of designated price; petition; disposition of money received.

Sec. 61004. (1) The department may divest itself of severed oil and gas rights on a county-by-county basis. The department may prioritize counties in the order in which it intends to offer divestiture sales or transfers pursuant to this part.

(2) Prior to divesting itself of severed oil and gas rights, the department shall develop a plan for attaching a monetary value to those rights based upon current market conditions. This plan may include requiring the purchasing party to pay all costs associated with completing the transaction including a proportional share of the costs of completing the inventory. Additionally, the department may trade severed oil and gas rights for other land or rights in land if such a trade is in the best interest of the state. At the time the department transfers oil and gas rights for land held by a local unit of government, and for parcels of land smaller than 5 acres in size, the department shall transfer the oil and gas rights only for the cost of processing the transaction.

(3) In each county in which the department offers to sell or transfer severed oil and gas rights to the surface owner. The department shall publish a notice in a newspaper of general circulation in the county where the oil

and gas rights are located and provide notification to the local taxing authority of this state's offer to sell severed oil and gas rights to surface owners. A price designated by the department for the purchase of oil and gas rights shall be valid for a minimum of 90 days. A landowner who desires to accept the department's offer to sell or transfer the severed oil and gas rights shall provide the department with a copy of a recorded deed showing the person's ownership of the land. A person who attempts to purchase oil and gas rights from the department who is not the surface owner forfeits any money given to the department.

(4) After the 90-day period described in subsection (3), the surface owner or a subsequent surface owner may petition the department for sale of the severed oil and gas rights at a price agreeable to the department.

(5) All money received by the department for the sale or transfer of oil or gas rights pursuant to this part shall be forwarded to the state treasurer for deposit into the Michigan natural resources trust fund established in part 19.

History: Add. 1998, Act 117, Imd. Eff. June 9, 1998.

Popular name: Act 451

Popular name: NREPA