

SENATE BILL No. 1520

September 18, 2008, Introduced by Senators SCHAUER, JACOBS, THOMAS, GLEASON, SWITALSKI and PRUSI and referred to the Committee on Natural Resources and Environmental Affairs.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 502 (MCL 324.502), as amended by 2004 PA 587.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 502. (1) The commission may promulgate rules, not
2 inconsistent with law, governing its organization and procedure.

3 (2) The department may do 1 or more of the following:

4 (a) Promulgate and enforce reasonable rules concerning the use
5 and occupancy of lands and property under its control in accordance
6 with section 504.

7 (b) Provide and develop facilities for outdoor recreation.

8 (c) Conduct investigations it considers necessary for the
9 proper administration of this part.

1 (d) Remove and dispose of forest products as required for the
2 protection, reforestation, and proper development and conservation
3 of the lands and property under the control of the department.

4 (e) Require the payment of a fee as provided by law for a
5 daily permit or other authorization that allows ~~the~~**A** person to
6 hunt and take waterfowl on a public hunting area managed and
7 developed for waterfowl.

8 (3) ~~Except as provided in subsection (4)~~ **SUBJECT TO**
9 **SUBSECTIONS (4) AND (5) AND SECTION 502A**, the department may enter
10 into contracts for the taking of coal, oil, gas, and other mineral
11 products from state owned lands, upon a royalty basis or upon
12 another basis, and upon the terms the department considers just and
13 equitable. ~~subject to section 502a.~~ This contract power includes
14 authorization to enter into contracts for the storage of gas or
15 other mineral products in or upon state owned lands, if the consent
16 of the state agency having jurisdiction and control of the state
17 owned land is first obtained. A contract permitted under this
18 section for the taking of coal, oil, gas, or metallic mineral
19 products, or for the storage of gas or other mineral products, is
20 not valid unless the contract is approved by the state
21 administrative board. Money received from a contract for the
22 storage of gas or other mineral products in or upon state lands
23 shall be transmitted to the state treasurer for deposit in the
24 general fund of the state to be used for the purpose of defraying
25 the expenses incurred in the administration of this act and other
26 purposes provided by law. Other money received from a contract
27 permitted under this subsection, except money received from lands

1 acquired with money from the former game and fish protection fund
2 or the game and fish protection account of the Michigan
3 conservation and recreation legacy fund provided for in section
4 2010, shall be transmitted to the state treasurer for deposit in
5 the Michigan natural resources trust fund created in section 35 of
6 article IX of the state constitution of 1963 and provided for in
7 part 19. However, the money received from the payment of service
8 charges by a person using areas managed for waterfowl shall be
9 credited to the game and fish protection account of the Michigan
10 conservation and recreation legacy fund provided for in section
11 2010 and used only for the purposes provided by law. Money received
12 from bonuses, rentals, delayed rentals, royalties, and the direct
13 sale of resources, including forest resources, from lands acquired
14 with money from the former game and fish protection fund or the
15 game and fish protection account of the Michigan conservation and
16 recreation legacy fund provided for in section 2010 shall be
17 credited to the Michigan game and fish protection trust fund
18 established in section 41 of article IX of the state constitution
19 of 1963 and provided for in part 437, except as otherwise provided
20 by law.

21 (4) The department shall not enter into a contract that allows
22 drilling operations beneath the lake bottomlands of the Great
23 Lakes, the connected bays or harbors of the Great Lakes, or the
24 connecting waterways as defined in section 32301, for the
25 exploration or production of oil or gas.

26 (5) **THE DEPARTMENT SHALL NOT ENTER INTO A LEASE FOR THE TAKING**
27 **OF OIL OR GAS FROM STATE OWNED LANDS WITH A PERSON WHO IS A LESSEE**

1 UNDER 1 OR MORE EXISTING STATE OIL OR GAS LEASES OR WHO CONTROLS,
2 IS CONTROLLED BY, OR IS UNDER COMMON OWNERSHIP WITH SUCH A LESSEE
3 UNLESS THE PERSON CERTIFIES THAT, FOR EACH SUCH EXISTING LEASE, THE
4 LESSEE IS PRODUCING, OR HAS DILIGENTLY DEVELOPED THE LEASED STATE
5 LANDS TO PRODUCE, OIL OR GAS. WITHIN 1 YEAR AFTER THE EFFECTIVE
6 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, THE
7 DEPARTMENT SHALL PROMULGATE RULES PURSUANT TO THE ADMINISTRATIVE
8 PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO 24.328, THAT DO
9 ALL OF THE FOLLOWING:

10 (A) DEFINE "DILIGENTLY DEVELOPED" FOR THE PURPOSES OF THIS
11 SUBSECTION. THE DEFINITION SHALL INCLUDE BENCHMARKS TO HELP ENSURE
12 THAT A LESSEE UNDER AN OIL AND GAS LEASE OF STATE OWNED LANDS
13 PRODUCES OIL AND GAS FROM THE LEASE WITHIN THE ORIGINAL LEASE TERM.

14 (B) REQUIRE A LESSEE UNDER AN OIL AND GAS LEASE OF STATE OWNED
15 LANDS TO SUBMIT TO THE DEPARTMENT A DILIGENT DEVELOPMENT PLAN
16 SHOWING HOW THE LESSEE WILL MEET THE BENCHMARKS DESCRIBED UNDER
17 SUBDIVISION (A).

18 (6) A LEASE FOR THE TAKING OF OIL OR GAS FROM STATE OWNED
19 LANDS ENTERED INTO AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
20 THAT ADDED THIS SUBSECTION SHALL HAVE AN ORIGINAL LEASE TERM OF NOT
21 MORE THAN 5 YEARS.

22 (7) A PERSON WHO INTENTIONALLY MAKES OR CAUSES TO BE MADE A
23 FALSE CERTIFICATE UNDER SUBSECTION (5) IS GUILTY OF A FELONY
24 PUNISHABLE BY IMPRISONMENT FOR NOT MORE THAN 3 YEARS OR A FINE OF
25 NOT MORE THAN \$3,000.00, OR BOTH.

26 (8) ~~(5)~~—This section does not permit a contract for the taking
27 of gravel, sand, coal, oil, gas, or other metallic mineral products

1 that does not comply with applicable local ordinances and state
2 law.