

# SENATE BILL No. 1522

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~~ **SUBJECT TO SUBSECTIONS (4)**  
 9 **AND (7) AND SECTION 502A**, the department may enter into contracts  
 10 for the taking of coal, oil, gas, and other mineral products from  
 11 state owned lands, upon a royalty basis or upon another basis, and  
 12 upon the terms the department considers just and equitable. ~~subject~~  
 13 ~~to section 502a.~~ This contract power includes authorization to  
 14 enter into contracts for the storage of gas or other mineral  
 15 products in or upon state owned lands, if the consent of the state  
 16 agency having jurisdiction and control of the state owned land is  
 17 first obtained. A contract permitted under this section for the  
 18 taking of coal, oil, gas, or metallic mineral products, or for the  
 19 storage of gas or other mineral products, is not valid unless the  
 20 contract is approved by the state administrative board.

21 (4) **A CONTRACT FOR THE TAKING OF OIL OR GAS FROM STATE OWNED**  
 22 **LANDS SHALL PROVIDE THAT THE LESSEE PAY ANNUAL RENT DURING EACH**  
 23 **YEAR OF THE PRIMARY LEASE TERM, INCLUDING EXTENSIONS THEREOF.**  
 24 **ANNUAL RENTAL PAYMENTS SHALL BE THE GREATER OF \$5.00 OR AN AMOUNT**  
 25 **CALCULATED AT THE FOLLOWING RATE PER ACRE:**

26 (A) \$2.00 FOR THE FIRST YEAR.

27 (B) \$5.00 FOR THE SECOND YEAR.

1 (C) \$10.00 FOR THE THIRD YEAR.

2 (D) \$15.00 FOR THE FOURTH YEAR.

3 (E) \$20.00 FOR THE FIFTH YEAR.

4 (F) \$25.00 FOR THE SIXTH YEAR.

5 (G) \$30.00 FOR THE SEVENTH YEAR.

6 (5) IF AN OIL OR GAS WELL PRODUCES IN PAYING QUANTITIES AND  
7 ROYALTIES ARE PAID TO THE DEPARTMENT, THE LESSEE'S OBLIGATION TO  
8 PAY RENT UNDER SUBSECTION (4) IS ABATED, BUT ONLY ON THE LEASED  
9 PREMISES SITUATED WITHIN THE ESTABLISHED OIL OR GAS DEVELOPMENT  
10 UNIT OR DRILLING UNIT. AT THE DEPARTMENT'S OPTION, RENT MAY BE  
11 ABATED IN ACCORDANCE WITH SPECIFIC TERMS CONTAINED WITHIN A  
12 UNITIZATION AGREEMENT THAT HAS BEEN APPROVED IN WRITING BY THE  
13 DEPARTMENT.

14 (6) Money received from a contract for the storage of gas or  
15 other mineral products in or upon state lands shall be transmitted  
16 to the state treasurer for deposit in the general fund of the state  
17 to be used for the purpose of defraying the expenses incurred in  
18 the administration of this act and other purposes provided by law.  
19 Other money received from a contract permitted under this  
20 subsection, except money received from lands acquired with money  
21 from the former game and fish protection fund or the game and fish  
22 protection account of the Michigan conservation and recreation  
23 legacy fund provided for in section 2010, shall be transmitted to  
24 the state treasurer for deposit in the Michigan natural resources  
25 trust fund created in section 35 of article IX of the state  
26 constitution of 1963 and provided for in part 19. However, the  
27 money received from the payment of service charges by a person

1 using areas managed for waterfowl shall be credited to the game and  
2 fish protection account of the Michigan conservation and recreation  
3 legacy fund provided for in section 2010 and used only for the  
4 purposes provided by law. Money received from bonuses, rentals,  
5 delayed rentals, royalties, and the direct sale of resources,  
6 including forest resources, from lands acquired with money from the  
7 former game and fish protection fund or the game and fish  
8 protection account of the Michigan conservation and recreation  
9 legacy fund provided for in section 2010 shall be credited to the  
10 Michigan game and fish protection trust fund established in section  
11 41 of article IX of the state constitution of 1963 and provided for  
12 in part 437, except as otherwise provided by law.

13 (7) ~~(4)~~—The department shall not enter into a contract that  
14 allows drilling operations beneath the lake bottomlands of the  
15 Great Lakes, the connected bays or harbors of the Great Lakes, or  
16 the connecting waterways as defined in section 32301, for the  
17 exploration or production of oil or gas.

18 (8) ~~(5)~~—This section does not permit a contract for the taking  
19 of gravel, sand, coal, oil, gas, or other metallic mineral products  
20 that does not comply with applicable local ordinances and state  
21 law.