CRUDE OIL AND PETROLEUM

Act 16 of 1929

AN ACT to regulate the business of carrying or transporting, buying, selling, or dealing in crude oil or petroleum or its products, or certain substances consisting primarily of carbon dioxide through pipe lines; to authorize the use of public highways and the condemnation of private property; to regulate the purchase and storage of crude oil or petroleum or certain substances consisting primarily of carbon dioxide; to provide for the control and regulation of all corporations, associations, and persons engaged in such business, by the Michigan public service commission; to define the powers and duties of the commission in relation thereto; and to prescribe penalties.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- Am. 2014, Act 85, Imd. Eff. Apr. 1, 2014

The People of the State of Michigan enact:

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483.1 Definitions; crude oil, petroleum, or carbon dioxide substances; buying, selling, or transporting; applicability of subsection (2).

Sec. 1.

(1) As used in this act:

(a) "Carbon dioxide substance" means a gaseous or liquid substance, consisting primarily of carbon dioxide, that will be put in storage or that has been or will be used to produce hydrocarbons in a secondary or enhanced recovery operation.

(b) "Commission" means the Michigan public service commission.

(c) "Person" means an individual, partnership, corporation, association, governmental entity, or other legal entity.

(2) A person exercising or claiming the right to carry or transport crude oil or petroleum, or any of the products thereof, or carbon dioxide substances, by or through pipe line or lines, for hire, compensation or otherwise, or exercising or claiming the right to engage in the business of piping, transporting, or storing crude oil or petroleum, or any of the products thereof, or carbon dioxide substances, or engaging in the business of buying, selling, or dealing in crude oil or petroleum or carbon dioxide substances within this state, does not have or possess the right to conduct or engage in the business or operations, in whole or in part, or have or possess the right to locate, maintain, or operate the necessary pipe lines, fixtures, and equipment belonging to, or used in connection with that business on, over, along, across, through, in or under any present or future highway, or part thereof, or elsewhere, within this state, or have or possess the right of eminent domain, or any other right, concerning the business or operations, in whole or in part, except as authorized by and subject to this act.

(3) Subsection (2) does not apply to a right that exists on March 27, 1929 and is valid, vested, and incapable of revocation by any law of this state or of the United States.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11652 ;-- CL 1948, 483.1 ;-- Am. 2014, Act 85, Imd. Eff. Apr. 1, 2014

483.2 Condemnation for acquisition of right-of-ways; proceedings.

Sec. 2.

(1) A person described in section 1 is granted the right to condemn property by eminent domain and the use of the highways in this state to acquire necessary rights-of-way for any of the following purposes:

(a) To transport crude oil or petroleum or carbon dioxide substances.

(b) To locate, lay, construct, maintain, and operate pipelines for the purposes of subdivision (a).

(2) Condemnation proceedings under subsection (1) shall be conducted as provided in the uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to 213.75.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11653 ;-- CL 1948, 483.2 ;-- Am. 2014, Act 84, Imd. Eff. Apr. 1, 2014

483.2a "Pipeline" defined; notice to property owners; offer of easement.

Sec. 2a.

(1) As used in this section and section 2b, "pipeline" means a pipeline used or to be used to transport crude oil or petroleum or carbon dioxide substances.

(2) A person who is conducting survey work for a proposed pipeline under this act shall notify all affected property owners in writing before a survey crew enters the owner's property.

(3) Any offer to a landowner for an easement for the purpose of locating, laying, constructing, maintaining, and operating pipelines on agricultural property shall include all of the following information:

(a) The anticipated physical impact of pipeline construction on the landowner's property.

(b) Written assurance that any agricultural drainage tile that is damaged or removed during the construction or repair of a pipeline will be repaired or replaced to preconstruction working condition. As used in this subdivision, "drainage tile" includes any surface or subsurface system by which the movement of water is redirected.

(c) Written assurance that topsoil that is disturbed by construction or repair of a pipeline is properly separated and replaced. As used in this subdivision, "topsoil" means surface soil that is presumed to be fertile as distinguished from subsoil.

(d) The method by which property will be appraised.

(e) For property used to produce crops prior to construction of a pipeline, an estimate of the value of the loss of the productivity based on the historic yield of the site before construction of a pipeline. The agricultural property owner shall provide historic crop yield values upon request.

(f) That payment will be made for all damages incurred after construction of the pipeline because of the pipeline owner's or operator's entry upon the property to exercise easement rights, except that the owner or operator of the pipeline may maintain a clear right-of-way without further compensating the landowner.

(g) That the landowner has rights under the uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to 213.75, and a copy of that act.

History: Add. 1997, Act 125, Imd. Eff. Nov. 5, 1997 ;-- Am. 2014, Act 83, Imd. Eff. Apr. 1, 2014

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483.2b Minimizing physical impact and economic damage; good faith effort by pipeline company.

Sec. 2b.

A pipeline company shall make a good-faith effort to minimize the physical impact and economic damage that result from the construction and repair of a pipeline.

History: Add. 1997, Act 125, Imd. Eff. Nov. 5, 1997

483.3 Control, investigation, and regulation by Michigan public service commission; private business excepted.

Sec. 3.

(1) Subject to subsection (2), the commission is granted the power to control, investigate, and regulate a person doing any of the following:

(a) Exercising or claiming the right to carry or transport crude oil or petroleum, or any of the products thereof, or carbon dioxide substances, by or through pipe line or lines, for hire, compensation, or otherwise within this state.

(b) Exercising or claiming the right to engage in the business of piping, transporting, or storing crude oil or petroleum, or any of the products thereof, or carbon dioxide substances within this state.

(c) Engaging in the business of buying, selling, or dealing in crude oil or petroleum or carbon dioxide substances within this state.

(2) Producers or refiners of crude oil or petroleum or carbon dioxide substances or operators of private trunk or gathering lines or other methods of conveying those products, are not subject to this act if the nature and extent of their business is private and no public interest is involved in the conduct of the business.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11654 ;-- CL 1948, 483.3 ;-- Am. 2014, Act 85, Imd. Eff. Apr. 1, 2014
Compiler's Notes: The public utilities commission, referred to in this section, was abolished and its powers and duties transferred to the public service commission by MCL 460.4.

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483.4 Common purchaser defined; purchase without discrimination.

Sec. 4.

A person claiming or exercising the right to carry or transport crude oil or petroleum, or any of the products thereof, or carbon dioxide substances, by pipe line or pipe lines, for hire, compensation, or otherwise, in this state, as owner, lessee, licensee, or by virtue of any other right or claim, or engaging in the business of purchasing or storing crude oil or petroleum or carbon dioxide substances is a common purchaser thereof. The person shall purchase all the crude oil or petroleum or carbon dioxide substances in the vicinity of, or which may be reasonably reached by its pipe lines, or gathering branches, without discrimination in favor of any producer or other person as against another, and shall fully perform all the duties of a common purchaser. However, if the person is unable to perform the duties of a common purchaser or is legally excused from purchasing, transporting, or storing all of the crude oil or petroleum or carbon dioxide substances produced in the vicinity, then it shall purchase, transport, or store crude oil or petroleum or carbon dioxide substances from each producer or other person ratably, in proportion to the average daily production. A common purchaser shall not discriminate in price or amount for like grades of crude oil or petroleum or carbon dioxide substances or facilities as between producers or other persons. If a common purchaser is also a producer, it shall not discriminate in favor of its own production, or storage, or any production or storage in which it is interested directly or indirectly in whole or in part, and shall treat its own production and storage like that of any other producer or other person.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11655 ;-- CL 1948, 483.4 ;-- Am. 2014, Act 85, Imd. Eff. Apr. 1, 2014

483.5 Common carrier defined; carrier without discrimination.

Sec. 5.

A person engaged in the business of carrying or transporting crude oil or petroleum, or any of the products thereof, or carbon dioxide substances, for hire or compensation or otherwise, by pipe line or lines, within this state, is a common carrier thereof as at common law. Such a common carrier shall not allow or commit any unjust or unlawful discrimination, directly or indirectly, in favor of the carriage, transportation, storage, or delivery of any crude, stock, or storage oil, or petroleum, or any products thereof, or carbon dioxide substances that are in its possession or control, or in which the common carrier is interested, directly or indirectly.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11656 ;-- CL 1948, 483.5 ;-- Am. 2014, Act 85, Imd. Eff. Apr. 1, 2014

483.6 Acceptance of act; plat, filing.

Sec. 6.

Before any corporation, association or person shall have, possess, enjoy or exercise the right of eminent domain, right-of-way, right to locate, maintain, or operate pipe lines, fixtures or equipment appurtenant thereto, or used in connection therewith, as authorized by the provisions of this act, or shall have, possess, enjoy or exercise any right conferred by this act, every such corporation, association or person, shall file in the office of the Michigan public utilities commission, an explicit authorized acceptance of the provisions of this act; and in cases of pipe lines a plat showing in detail the points within this state between which, and the route along which, the trunk line or trunk lines are proposed to be constructed, the intended size and capacity thereof, and the location and capacity of all pumping stations, gate valves, check valves and connections and appliances of all kinds used, or to be used, on said trunk line or lines; and upon demand of the commission the proper party or parties, as required by said commission, shall promptly file a plat showing in detail all the lines owned and operated by them respectively, with full and explicit information as to their capacity, size and location, and the valves and connections, of all kinds, respectively required or used in the operation thereof.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11657 ;-- CL 1948, 483.6

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483.7 Penalties; civil liability.

Sec. 7.

Any corporation, association or person, violating any provision of this act or any order or regulation of the commission made pursuant thereto, shall be deemed guilty of an unlawful act and shall be liable to a penalty of not less than 100 dollars, nor more than 20,000 dollars. Any officer, agent, representative, employee or servant of any corporation or association or any person who causes, aids or assists, or participates in any such illegal act shall be deemed guilty of a misdemeanor, and on conviction thereof shall be liable to a fine of not less than 100 dollars nor more than 1,000 dollars, or to imprisonment in the county jail not less than 30 days, nor more than 1 year, or to both such fine and imprisonment in the discretion of the court. Said penalty shall be exclusive of civil liability.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11658 ;-- CL 1948, 483.7

483.8 Public utilities commission; rules and orders.

Sec. 8.

The commission is hereby authorized and empowered to make all rules, regulations, and orders, necessary to give effect to and enforce the provisions of this act.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11659 ;-- CL 1948, 483.8

483.9 Public utilities commission; employment of assistants.

Sec. 9.

The commission is hereby authorized and empowered to employ such clerks, inspectors, and experts as may be necessary to carry out and administer the provisions of this act.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11660 ;-- CL 1948, 483.9

483.11 Immediate effect.

Sec. 11.

An emergency is hereby declared, by reason whereof it is necessary for the immediate preservation of the public peace, safety, convenience and welfare that this act take immediate effect.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929 ;-- CL 1929, 11662 ;-- CL 1948, 483.11

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