

# SENATE BILL No. 1521

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

1 proper administration of this part.

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

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

9 (3) ~~Except as provided in subsection (4)~~**SUBJECT TO**  
10 **SUBSECTIONS (4) AND (6) AND SECTION 502A**, the department may enter  
11 into contracts for the taking of coal, oil, gas, and other mineral  
12 products from state owned lands, upon a royalty basis or upon  
13 another basis, and upon the terms the department considers just and  
14 equitable. ~~subject to section 502a.~~This contract power includes  
15 authorization to enter into contracts for the storage of gas or  
16 other mineral products in or upon state owned lands, if the consent  
17 of the state agency having jurisdiction and control of the state  
18 owned land is first obtained. A contract permitted under this  
19 section for the taking of coal, oil, gas, or metallic mineral  
20 products, or for the storage of gas or other mineral products, is  
21 not valid unless the contract is approved by the state  
22 administrative board.

23 (4) **A CONTRACT FOR THE TAKING OF OIL OR GAS FROM STATE OWNED**  
24 **LANDS SHALL ASSIGN THE STATE AT LEAST A 1/6 ROYALTY INTEREST. IN**  
25 **ADDITION, SUCH A CONTRACT SHALL ASSIGN THE STATE A WORKING INTEREST**  
26 **SHARE UNDER WHICH THE STATE SHALL ACTIVELY PARTICIPATE WITH THE**  
27 **LESSEE IN THE EXPLORATION FOR AND PRODUCTION OF OIL OR GAS AND**

1    RETAIN AT LEAST 1/3 OF THE PROFITS OR PRODUCT PRODUCED, FREE OF ALL  
2    COSTS, INCLUDING ANY ROYALTY. THE CONTRACT SHALL PROVIDE FOR THE  
3    INDEMNIFICATION OF THE STATE FROM ANY LIABILITY ARISING OUT OF THE  
4    EXPLORATION FOR OR PRODUCTION OF OIL OR GAS.

5           (5) Money received from a contract for the storage of gas or  
6    other mineral products in or upon state lands shall be transmitted  
7    to the state treasurer for deposit in the general fund of the state  
8    to be used for the purpose of defraying the expenses incurred in  
9    the administration of this act and other purposes provided by law.  
10   Other money received from a contract permitted under ~~this~~  
11   ~~subsection, except money received from lands acquired with money~~  
12   ~~from the former game and fish protection fund or the game and fish~~  
13   ~~protection account of the Michigan conservation and recreation~~  
14   ~~legacy fund provided for in section 2010, SUBSECTION (3)~~ shall be  
15   transmitted to the state treasurer for deposit in the Michigan  
16   natural resources trust fund created in section 35 of article IX of  
17   the state constitution of 1963 and provided for in part 19 -  
18   ~~However, the money~~ **EXCEPT AS FOLLOWS:**

19           **(A)** MONEY received from the payment of service charges by a  
20   person using areas managed for waterfowl shall be credited to the  
21   game and fish protection account of the Michigan conservation and  
22   recreation legacy fund provided for in section 2010 and used only  
23   for the purposes provided by law.

24           **(B)** Money received from bonuses, rentals, delayed rentals,  
25   royalties, and the direct sale of resources, including forest  
26   resources, from lands acquired with money from the former game and  
27   fish protection fund or the game and fish protection account of the

1 Michigan conservation and recreation legacy fund provided for in  
2 section 2010 shall be credited to the Michigan game and fish  
3 protection trust fund established in section 41 of article IX of  
4 the state constitution of 1963 and provided for in part 437, except  
5 as otherwise provided by law.

6 **(C) MONEY RECEIVED FROM A WORKING INTEREST IN A CONTRACT FOR**  
7 **THE TAKING OF OIL OR GAS AS DESCRIBED IN SUBSECTION (4) SHALL BE**  
8 **DEPOSITED IN THE RENEWABLE ENERGY FUND CREATED IN THE RENEWABLE**  
9 **ENERGY FUND ACT.**

10 (6) ~~(4)~~—The department shall not enter into a contract that  
11 allows drilling operations beneath the lake bottomlands of the  
12 Great Lakes, the connected bays or harbors of the Great Lakes, or  
13 the connecting waterways as defined in section 32301, for the  
14 exploration or production of oil or gas.

15 (7) ~~(5)~~—This section does not permit a contract for the taking  
16 of gravel, sand, coal, oil, gas, or other metallic mineral products  
17 that does not comply with applicable local ordinances and state  
18 law.

19 Enacting section 1. This amendatory act does not take effect  
20 unless Senate Bill No.\_\_\_\_ or House Bill No.\_\_\_\_ (request no.  
21 07849'08) of the 94th Legislature is enacted into law.