

SENATE BILL No. 585

May 17, 1973, Introduced by Senators DAVIS and ROCKWELL and referred to the Committee on Conservation, Environment and Tourism.

A bill to amend sections 2, 6, 12, 13, 15, 18, 18a, 18b, 19, 21, 22, 23 and 24 of Act No. 61 of the Public Acts of 1939, entitled as amended

"An act to provide for a supervisor of wells; to prescribe his powers and duties; to provide for an advisory board and an appeal board; to prescribe their powers and duties; to provide for the prevention of waste and for the control over certain matters, persons and things relating to the conservation of oil and gas, and for the making and promulgation of rules, regulations and orders relative thereto; to provide for the plugging of wells and for the entry on private property for that purpose; to provide for the enforcement of such rules, regulations and orders and of the provisions of this act, and to provide penalties for the violations thereof; and to provide for the assessment and collection of certain fees,"

being sections 319.2, 319.6, 319.12, 319.13, 319.15, 319.18, 319.18a, 319.18b, 319.19, 319.21, 319.22, 319.23 and 319.24 of the Compiled Laws of 1970; and to repeal certain acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Section 1. Sections 2, 6, 12, 13, 15, 18, 18a, 18b, 19, 21, 22, 23 and
 - 2 24 of Act No. 61 of the Public Acts of 1939, being sections 319.2, 319.6,
- 2876 '73

1 319.12, 319.13, 319.15, 319.18, 319.18a, 319.18b, 319.19, 319.21, 319.22,
2 319.23 and 319.24 of the Compiled Laws of 1970, are amended to read as follows

3 Sec. 2. Unless the context requires a different meaning, the words
4 defined in this section shall have the following meaning when found in this
5 act, to-wit:

6 (a) "Person" means any natural person, corporation, association, partner-
7 ship, receiver, trustee, so-called common law or statutory trust, guardian,
8 executor, administrator and a fiduciary of any kind.

9 (b) "Oil" means natural crude oil or petroleum and other hydro carbons,
10 regardless of gravity, which are produced at the well in liquid form by ordinary
11 production methods and which are not the result of condensation of gas after it
12 leaves the underground reservoir.

13 (c) "Gas" means ~~casing-head gas, or gas produced incidental to the pro-~~
14 ~~duction of oil~~ A MIXTURE OF HYDRO CARBONS AND VARYING QUANTITIES OF NONHYDRO
15 CARBONS IN A GASEOUS STATE WHICH MAY OR MAY NOT BE ASSOCIATED WITH OIL, AND
16 INCLUDING THOSE LIQUIDS RESULTING FROM CONDENSATION.

17 (d) "Pool" means an underground reservoir containing a common accumula-
18 tion of oil or gas or both. Each productive zone of a general structure which
19 is completely separated from any other zone in the structure, or for the pur-
20 poses of this act may be so declared by the supervisor of wells, is covered by
21 the word "pool" as used herein.

22 (e) "Field" means the general area which is underlain or appears to be
23 underlain by at least 1 pool; and "field" also includes the underground reser-
24 voir or reservoirs containing such oil or gas, or both. The words "field"
25 and "pool" mean the same thing when only one underground reservoir is involved;
26 however, "field," unlike "pool," may relate to 2 or more pools.

27 (f) "Product" means any commodity or thing made or manufactured from oil

1 or gas, and all derivatives of oil or gas, including refined crude oil, crude
 2 tops, topped crude, processed crude petroleum, residue from crude petroleum,
 3 cracking stock, uncracked fuel oil, fuel oil, treated crude oil, residuum,
 4 gas oil, naphtha, distillate, gasoline, casing-head gasoline, natural gas gaso-
 5 line, kerosene, benzine, wash oil, waste oil, lubricating oil, and blends or
 6 mixtures of oil or gas or any derivatives thereof whether enumerated or not.

7 (g) "Owner" means the person who has the right to drill into and produce
 8 from any pool, and to appropriate the production either for himself or for him-
 9 self and another or others.

10 (h) "Producer" means the operator, whether owner or not, of a well or
 11 wells capable of producing oil or gas or both in paying quantities.

12 (i) "Commission" means the commission of ~~conservation~~ NATURAL RESOURCES
 13 for the state of Michigan.

14 (j) "Supervisor" means the supervisor of wells as provided by this act.

15 (k) "Board" means the advisory board appointed, as provided in this act,
 16 by the state geologist WHO IS THE CHIEF OF THE GEOLOGICAL SURVEY DIVISION.

17 (l) ~~As used in this act, the term "waste"~~ "WASTE" in addition to its
 18 ordinary meaning ~~shall include~~ INCLUDES:

19 (1) "Underground waste" as those words are generally understood in the
 20 oil business, and in any event to embrace (1) the inefficient, excessive, or
 21 improper use or dissipation of the reservoir energy, including gas energy and
 22 water drive, of any pool, and the locating, spacing, drilling, equipping, operat-
 23 ing, or producing of any well or wells in a manner to reduce or tend to reduce
 24 the total quantity of oil or ~~casing-head~~ gas ultimately recoverable from any
 25 pool, and (2) unreasonable damage to underground fresh or mineral waters,
 26 natural brines, or other mineral deposits from operations for the discovery,
 27 development, and production and handling of oil or ~~casing-head~~ gas.

1 (2) "Surface waste," as those words are generally understood in the oil
 2 business, and in any event to embrace (1) the unnecessary or excessive surface
 3 loss or destruction without beneficial use, however caused, of ~~casing-head gas,~~
 4 oil, or other product thereof, but including the loss or destruction, without
 5 beneficial use, resulting from evaporation, seepage, leakage or fire, especially
 6 such loss or destruction incident to or resulting from the manner of spacing,
 7 equipping, operating, or producing well or wells, or incident to or resulting
 8 from inefficient storage or handling of oil, (2) the unnecessary damage to or
 9 destruction of the surface, soils, animal, fish or aquatic life or property,
 10 AESTHETICS OR OTHER ENVIRONMENTAL VALUES from or by oil and gas operations;
 11 and (3) the drilling of unnecessary wells.

12 (3) "Market waste," which shall embrace the production of oil OR GAS in
 13 any field or pool in excess of the market demand as defined herein.

14 (m) The words "market demand" as used herein shall be construed to mean
 15 the actual demand for oil OR GAS from any particular pool or field for current
 16 requirements for current consumption and use within or outside the state, to-
 17 gether with the demand for such amounts as are necessary for building up or
 18 maintaining reasonable storage reserves of oil OR GAS or the products thereof,
 19 ~~or both such oil and products and shall not be less than the actual purchasing~~
 20 ~~commitments for oil from such pool or field.~~

21 (n) "Illegal oil OR GAS" ~~shall mean~~ MEANS oil OR GAS which has been
 22 produced ~~within the state from any well or wells in excess of the amount~~
 23 ~~allowed by any valid rule, regulation or order of the supervisor as distinguished~~
 24 ~~from oil produced in the state not in excess of the amount so allowed, which is~~
 25 ~~"illegal oil"~~ BY ANY OWNER OR PRODUCER IN VIOLATION OF THIS ACT, RULES PROMULGATED
 26 PURSUANT TO THIS ACT OR ORDERS OF THE SUPERVISOR.

27 (o) "Illegal product" ~~shall mean~~ MEANS any product of oil or gas or any

1 part of which was processed or derived in whole or part knowingly from illegal
 2 oil OR GAS ~~as distinguished from "legal product" which is a product processed~~
 3 ~~or derived to no extent from illegal oil.~~

4 (p) "Illegal conveyance" ~~shall mean~~ MEANS any conveyance by or through
 5 which illegal oil OR GAS or illegal ~~oil~~ products are being transported.

6 (q) "Illegal container" ~~shall mean~~ MEANS any receptacle which contains
 7 illegal oil OR GAS or illegal ~~oil~~ products.

8 (r) "Tender" ~~shall mean~~ MEANS a permit or certificate of clearance for
 9 the transportation of oil OR GAS or products, approved and issued or registered
 10 under the authority of the supervisor.

11 Sec. 6. The supervisor shall prevent the waste prohibited by this act.
 12 To that end, acting directly or through his authorized representatives, the
 13 supervisor, after consulting with the board, is specifically empowered:

14 (a) To make and enforce rules ~~and regulations~~ subject to the approval of
 15 the commission, issue orders and instructions necessary to enforce such rules
 16 ~~and regulations~~, and to do whatever may be necessary with respect to the subject
 17 matter stated herein to carry out the purposes of this act, whether or not
 18 indicated, specified, or enumerated in this or any other section hereof.

19 (b) To collect data to make inspections, studies, and investigations, to
 20 examine such properties, leases, papers, books and records as are necessary to
 21 the purposes of this act; to examine, check, and test and gauge oil and gas
 22 wells and tanks, plants, refineries, and all means and modes of transportation
 23 and equipment, to hold hearings, to provide for the keeping of records and
 24 making of reports, and for the checking of the accuracy thereof.

25 (c) To require the locating, drilling, deepening, redrilling or reopening,
 26 casing, sealing, operating and plugging of wells drilled for oil and gas or for
 27 ~~geological information or as key wells in secondary recovery projects, or~~

1 wells for the disposal of salt water, brine or other oil field wastes, to be
 2 done in such manner and by such means as to prevent the escape of oil or gas
 3 out of 1 stratum into another, or of water or brines into oil or gas strata;
 4 to prevent pollution, damage to or destruction of fresh water supplies includ-
 5 ing inland lakes and streams and the Great Lakes and connecting waters, and
 6 valuable brines by oil, gas or other waters, to prevent the escape of oil, gas
 7 or water into workable coal or other mineral deposits; to require the disposal
 8 of salt water and brines and oily wastes produced incidental to oil and gas
 9 operations, in such manner and by such methods and means that no unnecessary
 10 damage or danger to or destruction of surface or underground resources, to
 11 neighboring properties or rights, or to life, shall result. ~~Any such well may~~
 12 ~~be plugged to a fresh water level and not to the surface in case such well is~~
 13 ~~desired to be used as a water well.~~

14 (d) To require reports and maps showing locations of all ~~oil and gas~~
 15 ~~wells~~ WELLS SUBJECT TO THIS ACT, AND the keeping and filing of logs, well
 16 samples, and drilling, TESTING, and operating records or reports. All well
 17 data and samples furnished the supervisor AS REQUIRED HEREIN shall, upon
 18 WRITTEN request of owner of well, be held confidential for 90 days after the
 19 completion of ~~a well~~ DRILLING and SHALL not BE open to public inspection except
 20 by written consent of the owner. ~~No producer shall be required to submit or~~
 21 ~~file logs or reports of core or test wells drilled for geological purposes~~
 22 ~~only, nor required to furnish well samples of such core or test wells.~~

23 (e) To prevent the drowning by water of any stratum or part thereof
 24 capable of producing oil or gas, or both oil and gas, ~~in paying quantities,~~ and
 25 to prevent the premature and irregular encroachment of water, or any other
 26 kind of water encroachment, which reduces or tends to reduce the total ultimate
 27 recovery of oil or gas, or both such oil or gas, from any pool.

1 (f) To prevent fires or explosions.

2 (g) To prevent "blow-outs", "seepage", and "caving" in the sense that
3 the conditions indicated by such terms are generally understood in the oil
4 business.

5 (h) To regulate the ~~"shooting"~~ MECHANICAL, PHYSICAL, and chemical treat-
6 ment of wells.

7 (i) To regulate the secondary recovery methods of oil and gas, including
8 the pulling or creating a vacuum, the introduction of gas, air, water and
9 other substances into the producing formations.

10 (j) To fix the spacing of wells AND TO REGULATE THE PRODUCTION THEREFROM.

11 (k) To require the operation of wells with efficient gas-oil ratios and
12 to fix such ratios.

13 (l) To require by written notice OR CITATION immediate suspension of any
14 operation or practice and the prompt correction of any condition found to exist
15 which is causing or resulting or threatening to cause or result in waste.

16 (m) To require either generally, or in, or from, particular areas,
17 certificates of clearance or tenders in connection with the transportation of
18 oil, gas or any product thereof.

19 (n) To ~~identify~~ REQUIRE IDENTIFICATION OF the ownership of oil and gas
20 producing leases, properties, and wells.

21 (o) To make rules, ~~regulations~~ or orders for the classifications of
22 wells as oil wells or ~~dry natural~~ gas wells; or wells drilled, or to be drilled,
23 ~~for geological information, or as key wells~~ for secondary recovery projects,
24 or wells for the disposal of salt water, brine or other oil OR GAS field
25 wastes; ~~or wells for the storage of dry natural gas or casinghead gas, or~~
26 wells for the development of reservoirs for the storage of liquid ~~petroleum~~
27 ~~gas~~ OR GASEOUS HYDRO CARBONS, OR FOR OTHER MEANS OF DEVELOPMENT, EXTRACTION OR

1 PRODUCTION OF HYDRO CARBONS.

2 (p) ~~To require surety bonds~~ THE FILING OF AN ADEQUATE SURETY, SECURITY
3 OR CASH BONDS of owners, producers, operators, or their authorized representa-
4 tives in such reasonable form, condition, term and amount as will insure
5 compliance with this act and with the rules, ~~regulations~~ or orders issued
6 thereunder AND TO PROVIDE FOR THE RELEASE THEREOF.

7 Sec. 12. ~~Whenever~~ WHEN, to prevent waste, ~~as defined herein,~~ the super-
8 visor limits the amount of oil OR GAS to be produced from any WELL, pool or
9 field in this state, he shall, after consulting with the board and considering
10 its recommendations, allocate or distribute the allowable production in any
11 such field or pool. Such determination or distribution in such field or pool
12 shall be made on a reasonable basis, giving, if reasonable, under all circum-
13 stances, to each small well of settled production in such pool or field, an
14 allowable production which will prevent a general or premature abandonment of
15 the wells in such pool or field.

16 Sec. 13. ~~Whenever~~ WHEN, to prevent waste, the total allowable production
17 for any OIL OR GAS field or pool in the state is fixed in an amount less than
18 that which the field or pool could produce if no restriction were imposed, the
19 supervisor, after consulting with the board and considering its recommendations,
20 shall prorate or distribute on a reasonable basis the allowable production among
21 the producing wells in the field or pool, so as to prevent or minimize
22 reasonably avoidable drainage from each developed area which is not equalized
23 by counter drainage. The rules, ~~regulations,~~ or orders of the supervisor shall,
24 so far as it is practicable to do so, afford the owner of each property in a
25 pool the opportunity to produce his just and equitable share of the oil ~~and~~
26 OR gas in the pool, being an amount, so far as can be practicably determined
27 and obtained without waste, and without reducing the bottom hole pressure

1 materially below the average for the pool, substantially in the proportion
2 that the quantity of the recoverable oil ~~and~~ OR gas under such property bears
3 to the total recoverable oil ~~and~~ OR gas in the pool, and for this purpose to
4 use his just and equitable share of the reservoir energy. ~~+ Provided, That a~~
5 A well in a pool producing from an average depth of 1,000 feet or less, shall,
6 on the basis of a full drilling unit as may be established under this section,
7 be given a base allowable production of at least 100 barrels of oil per
8 well per week; for a well in a pool producing from an average depth greater
9 than 1,000 feet, the base allowable production shall be increased 10 barrels
10 per well per week for each addition 100 feet of depth greater than 1,000 feet.
11 ~~: Provided further, That such~~ SUCH allowable production is or can be made
12 without surface or underground waste, ~~as defined herein.~~

13 To prevent the drilling of unnecessary wells the supervisor, after con-
14 ference with and recommendation by the board, may fix a drilling unit for each
15 pool. A drilling unit, as contemplated herein, means the maximum area which
16 may be efficiently and economically drained by 1 well and such unit shall con-
17 stitute a developed area as long as a well is located thereon which is capable
18 of producing the economically recoverable oil OR GAS thereunder. Each well
19 permitted to be drilled upon any drilling unit shall be located in the approxi-
20 mate center thereof, or at such other location thereon as may be necessary to
21 conform to a uniform well spacing pattern as adopted and promulgated by the
22 supervisor after due notice and public hearing, as provided in this act.

23 The drilling of unnecessary wells is hereby declared waste as such wells
24 create fire and other hazards conducive to waste, and unnecessarily increase
25 the production cost of oil and gas to the operator, and thus also unnecessarily
26 increase the cost of the products to the ultimate consumer.

27 The pooling of properties or parts thereof shall be permitted, and, if not

1 agreed upon, the supervisor after conference with and recommendations by the
2 board, may require such pooling in any case when and to the extent that the
3 smallness or shape of a separately owned tract or tracts would, under the en-
4 forcement of a uniform spacing plan or proration or drilling unit, otherwise
5 deprive or tend to deprive the owner of such tract of the opportunity to re-
6 cover or receive his just and equitable share of the oil ~~and~~ OR gas and gas
7 energy in the pool. ~~Provided, That the~~ THE owner of any tract that is
8 smaller than the drilling unit established for the field, shall not be deprived
9 of the right to drill on and produce from such tract, if same can be done with-
10 out waste, but in such case, the allowable production therefrom as compared
11 with the allowable production if such tract were a full unit, shall be in the
12 ratio of the area of such tract to the area of a full unit, except as a smaller
13 ratio may be required to maintain average bottom hole pressures in the pool,
14 to reduce the production of salt water, or to reduce an excessive gas-oil ratio.
15 All orders requiring such pooling shall be upon terms and conditions that are
16 just and reasonable, and will afford to the owner of each tract in the pooling
17 plan the opportunity to recover or receive his just and equitable share of the
18 oil ~~and~~ OR gas and gas energy in the pool as above provided, and without unnec-
19 essary expense, and will prevent or minimize reasonably avoidable drainage
20 from each developed tract which is not equalized by counter drainage. The
21 portion of the production allocated to the owner of each tract included in a
22 drilling unit formed by voluntary agreement or by a pooling order shall, when
23 produced, be considered as if it had been produced from such tract by a well
24 drilled thereon.

25 Each well permitted to be drilled upon any drilling unit or tract shall be
26 drilled at a location which conforms to the uniform well spacing pattern with
27 such exception as may be reasonably necessary where it is shown, after notice

1 and upon hearing and the supervisor finds that the unit is partly outside the
2 pool, or for some other reason, a well at such location would be unproductive,
3 or that the owner or owners of a tract or tracts covering that part of the
4 drilling unit or tract on which said well would be located if it conformed to
5 the uniform well spacing pattern refuses to permit drilling at the regular
6 location, or where topographical or other conditions are such as to make
7 drilling at the regular location unduly burdensome or imminently threatening
8 to water or other natural resources, or property or life.

9 ~~Whenever~~ WHEN any exception is granted the supervisor shall take such
10 action as will offset any advantage which the person securing the exception
11 may have over other producers in the pool by reason of the drilling of the
12 well as an exception, and so that drainage from the developed areas to the
13 tract with respect to the exception granted will be prevented or minimized
14 and the producer of the well drilled as an exception will be allowed to produce
15 no more than his just and equitable share of the oil ~~and~~ OR gas in the pool
16 as such share is set forth herein, and to that end the rules, ~~regulations~~ and
17 orders of the supervisor shall be such as will prevent or minimize reasonably
18 avoidable drainage from each developed area which is not equalized by counter
19 drainage and will give to each producer the opportunity to use his just and
20 equitable share of the reservoir energy.

21 Minimum allowable for some wells and pools may be advisable from time to
22 time, especially with respect to wells and pools already drilled when this
23 act takes effect, to the end that the production will repay reasonable lifting
24 costs and thus prevent premature abandonment of wells and resulting wastes.

25 After the effective date of any rule, ~~regulation~~ or order made by the
26 supervisor in accordance with and under the provisions of this act fixing the
27 allowable production, no person shall produce more than the allowable

1 production applicable to him, his wells, leases or properties, and the
 2 allowable production shall be produced in accordance with such applicable
 3 rules, ~~regulations~~ or orders.

4 Sec. 15. It shall be unlawful for any person to sell, purchase, acquire,
 5 transport, refine, process or otherwise handle or dispose of any illegal oil
 6 OR GAS in whole or in part, or any illegal product of oil OR GAS. ~~; Provided,~~
 7 ~~That no~~ A penalty ~~nor~~ OR forfeiture shall NOT be imposed on account of any
 8 such act until certificates of clearance or tenders have been required by the
 9 supervisor as provided in section 14 hereof.

10 Sec. 18. The supervisor ~~shall have power to bring proceedings~~ MAY PROCEED
 11 at law or ~~in equity~~ for the enforcement ~~of the provisions~~ of this act and all
 12 rules ~~and regulations~~ promulgated thereunder or for the prevention of the viola-
 13 tion thereof, and the attorney general shall represent the supervisor in all
 14 actions brought under this act. ~~The circuit court of Ingham county shall have~~
 15 ~~concurrent jurisdiction thereof.~~ THE SUPERVISOR OR ANY ASSISTANT APPOINTED BY
 16 HIM MAY MAKE COMPLAINT AND CAUSE PROCEEDINGS TO BE COMMENCED AGAINST ANY
 17 PERSON FOR ANY VIOLATION OF ANY PROVISION OF THIS ACT WITHOUT THE SANCTION OF
 18 THE PROSECUTING ATTORNEY OF THE COUNTY IN WHICH SUCH PROCEEDINGS ARE COMMENCED.
 19 THE SUPERVISOR OR ANY OF HIS ASSISTANTS MAY APPEAR FOR THE PEOPLE IN ANY COURT
 20 OF COMPETENT JURISDICTION IN ANY CASE FOR A VIOLATION OF THIS ACT OR RULES
 21 PROMULGATED PURSUANT TO THIS ACT, AND PROSECUTE THE SAME IN THE SAME MANNER
 22 AND WITH THE SAME AUTHORITY AS THE PROSECUTING ATTORNEY OF ANY COUNTY IN WHICH
 23 THE PROCEEDINGS ARE COMMENCED, AND MAY SIGN VOUCHERS FOR THE PAYMENT OF FEES
 24 AND DO ALL OTHER THINGS REQUIRED IN SUCH CASES IN THE SAME MANNER AND WITH THE
 25 SAME AUTHORITY AS THE PROSECUTING ATTORNEY.

26 Sec. 18a. ~~Whenever~~ WHEN the supervisor ~~of wells shall determine~~
 27 DETERMINES that the owner or operator of ~~any oil well or test hole shall have~~

1 A WELL SUBJECT TO THIS ACT HAS failed or neglected to properly OBTAIN A PERMIT,
 2 CONSTRUCT, OPERATE, MAINTAIN, case, plug, or repair the same in accordance
 3 with the provisions of this act or the rules ~~and regulations~~ promulgated there-
 4 under, the supervisor ~~of wells~~ shall give notice of such determination, in
 5 writing, to the ~~said~~ owner, ~~or~~ operator and to the surety executing the bond
 6 filed with the ~~said~~ supervisor ~~of wells~~ by ~~such~~ THE owner or operator in
 7 connection with the issuance of the permit authorizing the drilling of ~~said~~
 8 ~~oil~~ A well ~~or test hole~~. This notice of determination may be served upon
 9 ~~said~~ THE owner or operator and surety in person or by registered mail. If the
 10 owner or operator cannot be found in the state ~~of Michigan~~, the mailing of the
 11 notice of determination to ~~such~~ THE owner or operator at his last known post
 12 office address by registered mail shall constitute service of same. If the
 13 ~~said~~ owner or operator, or surety, ~~shall fail or neglect~~ FAILS OR NEGLECTS to
 14 properly case, plug, or repair the ~~oil~~ well ~~or test hole~~ described in the
 15 notice of determination herein provided for within 30 days of the date of serv-
 16 ice or mailing of ~~such~~ THE notice, the supervisor ~~of wells~~ may enter into and
 17 upon any private or public property on which the ~~oil~~ well ~~or test hole~~ is
 18 located and upon and across any private or public property necessary to reach
 19 ~~same~~ THE WELL, and case, plug, or repair ~~said oil~~ THE well ~~or test hole~~, and
 20 the owner or operator and surety shall be jointly and severally liable for all
 21 expenses incurred by the supervisor ~~of wells~~ in doing same. The supervisor
 22 ~~of wells~~, acting for and in behalf of the state ~~of Michigan~~, shall certify in
 23 writing to the ~~said~~ owner or operator and surety the claim of the state in the
 24 same manner herein provided for the service of the notice of determination, and
 25 shall list thereon the items of expense incurred in casing, plugging, or re-
 26 pairing the ~~said oil~~ well ~~or test hole~~. ~~Such~~ THE claim shall be paid by the
 27 owner or operator, or surety, within 30 days, and if not paid within that time

1 the supervisor of ~~wells~~, acting for and in behalf of the state, may bring suit
 2 against ~~such~~ THE owner or operator, or surety, jointly or severally, for the
 3 collection of same in any court of competent jurisdiction in the county of
 4 Ingham.

5 Sec. 18b. ~~Any~~ A person who ~~shall abandon any oil~~ ABANDONS A well or test
 6 ~~hole~~ without properly plugging the same in accordance with this act or the
 7 rules ~~and regulations~~ promulgated thereunder, OR ANY PERSON WHO VIOLATES ANY
 8 OTHER PROVISIONS OF THIS ACT OR ANY RULE PROMULGATED THEREUNDER, whether as
 9 principal, agent, servant, or employee, ~~shall be~~ IS guilty of a misdemeanor
 10 and ~~upon conviction thereof shall be punished by a fine of \$100.00 and costs~~
 11 ~~of prosecution, or imprisonment in the county jail for a period not exceeding~~
 12 FINED NOT MORE THAN \$1,000.00 AND COSTS OF PROSECUTION, OR IMPRISONED FOR NOT
 13 MORE THAN 90 days, or both. ~~such fine and imprisonment in the discretion of~~
 14 ~~the court.~~ Nothing herein contained shall be construed as imposing any
 15 liability upon the owner of ~~any~~ land upon which ~~any oil~~ A well or test hole
 16 is located, unless he ~~be~~ IS the owner or part owner of the ~~said well or test~~
 17 ~~hole.~~ The words "owner or operator" as used in section 18a ~~of this act~~
 18 ~~shall refer to the~~ MEANS A person or persons who, by the terms of this act
 19 and the rules ~~and regulations~~ promulgated thereunder, ~~are made~~ IS responsible
 20 for the plugging of ~~any~~ A well or test hole.

21 Sec. 19. Any person who, for the purpose of evading this act, or of
 22 evading any rule, ~~regulation~~ or order made hereunder, shall intentionally make,
 23 or cause to be made, false entry or statement of fact in any report required
 24 by this act or by any rule, ~~regulation~~ or order made hereunder, or who, for
 25 such purpose, shall make or cause to be made false entry in any account, record,
 26 or memorandum kept by any person in connection with the provisions of this act,
 27 or of any rule, ~~regulation~~ or order made thereunder; or who, for such purpose,

1 shall omit to make, or cause to be omitted, full, true, and correct entries in
 2 such accounts, records, or memoranda, of all facts and transactions pertaining
 3 to the interest or activities in the petroleum industry of such person as may be
 4 required by the supervisor under authority given in this act or by any rule,
 5 ~~regulation~~ or order made hereunder; or, who, for such purpose, shall remove
 6 out of the jurisdiction of the state, or who shall mutilate, alter, or by any
 7 other means falsify any book, record, or other paper pertaining to the trans-
 8 actions regulated by this act, or by any rule, ~~regulation~~ or order made here-
 9 under; ~~shall be deemed~~ IS guilty of a felony and shall be ~~subject, upon convic-~~
 10 ~~tion in any court of competent jurisdiction, to a fine of~~ FINED not more than
 11 ~~\$1,000.00~~ \$3,000.00, or ~~imprisonment~~ IMPRISONED for ~~a term of~~ not more than
 12 3 years, or ~~to both such fine and imprisonment.~~

13 Sec. 21. All illegal oil OR GAS and products derived from illegal oil
 14 OR GAS and conveyances used in the transportation thereof and containers used
 15 in the storage thereof except railroad tank cars and ~~oil~~ pipe lines shall be
 16 subject to confiscation and the supervisor is hereby empowered and authorized
 17 to seize such illegal oil OR GAS, ~~illegal~~ oil OR GAS products, conveyances
 18 and containers. The supervisor shall immediately upon such seizure institute a
 19 proceeding in rem to confiscate ~~said illegal~~ THE oil OR GAS, ~~illegal~~ oil OR
 20 GAS products, conveyances and containers in the circuit court of the county in
 21 which ~~such~~ THE seizure was made or in the circuit court of Ingham county.
 22 Upon commencement of such proceedings ~~such~~ THE notice shall be given to all
 23 known interested persons in ~~such~~ THE manner as the court shall direct. The
 24 court, upon finding that ~~said~~ THE oil or GAS OR ~~said oil~~ THE products or ~~said~~
 25 THE conveyances or containers so seized are illegal as herein defined, shall
 26 order the same to be sold under such terms and conditions as it may direct.
 27 Any person claiming an interest in any oil OR GAS or ~~oil~~ product or conveyance

1 or container so seized shall have the right to intervene in ~~said~~ THE proceedings
 2 and the rights of such person shall be determined by the court as justice may
 3 require.

4 Sec. 22. FOR THE PURPOSE OF ADMINISTRATION OF THIS ACT A privilege fee
 5 ~~of 1/8 of 1 cent per barrel~~ BASED ON THE GROSS CASH MARKET VALUE, BUT NOT
 6 EXCEEDING 2% OF THE GROSS CASH MARKET VALUE, shall be paid upon oil AND GAS
 7 produced in Michigan and sold. This fee shall be levied and collected by the
 8 department of ~~revenue~~ TREASURY in the same manner and subject to the same pro-
 9 visions as the tax levied under the provisions of Act No. 48 of the Public Acts
 10 of 1929, as amended, being sections 205.301 to 205.317 of the MICHIGAN Compiled
 11 Laws, ~~of 1948. All moneys received from this source shall be credited to the~~
 12 ~~general fund.~~ THE SUPERVISOR, ON OR BEFORE MARCH 15 OF EACH YEAR, SHALL DETER-
 13 MINE THE COST OF ADMINISTRATION OF THE ACT FOR THE ENSUING FISCAL YEAR AND SO
 14 CERTIFY TO THE DEPARTMENT OF TREASURY. ON OR BEFORE APRIL 15 OF EACH YEAR THE
 15 DEPARTMENT OF TREASURY SHALL DETERMINE A FEE PERCENTAGE, BASED ON THE PREVIOUS
 16 CALENDAR YEAR'S GROSS CASH MARKET VALUE FROM PRODUCTION OF OIL AND GAS, THAT
 17 WILL PRODUCE AN AMOUNT EQUAL TO THE PROJECTED COST OF ADMINISTRATION OF THE
 18 ACT. THE FEE SHALL BE IMPOSED ON JULY 1 OF EACH YEAR. THE PROCEEDS OF THE FEE
 19 SHALL BE CREDITED TO THE GENERAL FUND AND APPROPRIATED ANNUALLY FOR THE ADMIN-
 20 ISTRATION OF THE ACT.

21 Sec. 23. ~~No~~ A person shall NOT drill or begin the drilling of any well
 22 for oil ~~and~~ OR gas, ~~geological information, key well~~ for secondary recovery,
 23 or a well for the disposal of salt water, OR brine PRODUCED IN ASSOCIATION WITH
 24 OIL OR GAS OPERATIONS or other oil field wastes, ~~or wells for the storage of~~
 25 ~~dry natural gas or casinghead gas,~~ or wells for the development of reservoirs
 26 for the storage of liquid ~~petroleum gas~~ OR GASEOUS HYDRO CARBONS, until the
 27 owner directly or through his authorized representatives shall have first made

1 a written application to drill any such well and filed with the supervisor a
 2 ~~satisfactory surety~~ bond as provided in section 6 ~~of this act~~, and received
 3 and posted in a conspicuous place at the location of the well a permit in
 4 accordance with the rules, ~~regulations~~ and requirements or orders made and
 5 promulgated by the supervisor. A fee of ~~\$25.00~~ \$100.00 shall be charged for
 6 a permit to drill ~~wells for oil and gas, wells for the storage of dry natural~~
 7 ~~gas or casinghead gas, or wells for the development of reservoirs for the~~
 8 ~~storage of liquid petroleum gas, and a fee of \$1.00 shall be charged for a~~
 9 ~~permit to drill a well for geological information, a key well for secondary~~
 10 ~~recovery, and wells for the disposal of salt water, brine or other oil field~~
 11 ~~wastes~~ A WELL SUBJECT TO THIS ACT. Upon receiving such AND ACCEPTING A
 12 written application and payment of the fee required, the supervisor shall
 13 within ~~5~~ 10 days thereafter issue to any owner or his authorized representa-
 14 tive, a permit to drill. ~~such well: Provided, however, That no~~ A permit
 15 to drill ~~a well~~ shall NOT be issued to any owner or his authorized representa-
 16 tive who does not comply with the rules, ~~regulations~~ and requirements or orders
 17 made and promulgated by the supervisor. ~~And provided further, That no~~ A
 18 permit shall NOT be issued to any owner or his authorized representative who has
 19 has not complied with or is in violation of this act, or any of the rules,
 20 ~~regulations~~, requirements or orders issued by the supervisor, or the department
 21 of ~~conservation~~ NATURAL RESOURCES.

22 The supervisor shall thereupon pay such permit fee into the state treasury
 23 and it shall there be credited to the general fund of the state.

24 ~~All information and records with reference to the issuance of permits for~~
 25 ~~the drilling of any core or test well or for geological information including~~
 26 ~~the permit, shall be held confidential for 6 months after completion of such~~
 27 ~~well, and shall not be open for public inspection during that time.~~

1 Sec. 24. This act shall be cumulative of all existing laws on the subject
2 matter, but, in case of conflict, this act shall control and shall repeal such
3 conflicting provisions, ~~Act No. 15 of the Public Acts of 1929, as amended,~~
4 ~~being sections 5696 to 5712, inclusive, of the Compiled Laws of 1929, is hereby~~
5 ~~repealed~~ EXCEPT FOR THE AUTHORITY GIVEN THE PUBLIC SERVICE COMMISSION IN
6 SECTIONS 7 AND 8 OF ACT NO. 9 OF THE PUBLIC ACTS OF 1929, AS AMENDED, BEING
7 SECTIONS 483.107 AND 483.108 OF THE MICHIGAN COMPILED LAWS.

8 Section 2. Act No. 326 of the Public Acts of 1937, being sections 319.51
9 to 319.82 of the Compiled Laws of 1970, is repealed.

10 2876 '73