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The 2019 Survey on Oil & Gas

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I. Introduction

This year, the Michigan Legislature established a new authority to oversee the construction of a new pipeline tunnel in the Mackinac Straits. The Public Service Commission approved changes to requirements for operating wells in a vacuum. Michigan saw no notable developments regarding oil and gas common law.

II. Legislation

A. Creation of the Mackinac Straits Corridor Authority

Former Governor Rick Snyder signed Senate Bill 1197 into law as Public Act 359 of 2018, creating the Mackinac Straits Corridor Authority to oversee the construction and management of a utility tunnel to modernize the oil and gas pipeline through the Straits of Mackinac.¹ The concrete-walled tunnel is to be placed nearly one-hundred feet below the lake bed, with the intent of reducing the risk of a spill to zero, and will house Enbridge Energy's Line 5.²

B. Pending Legislation

Two bipartisan bills, S.B. 130 and S.B. 131, have been introduced in the State Senate with the intention of restricting oil and gas drilling in Michigan's most-populated counties and requiring state agencies to comply with local ordinances when issuing drilling permits.³ Collectively, the bills would prohibit the Michigan Department of Environmental Quality (MDEQ) from issuing a drilling permit in a county with a population of 750,000 people or more, unless: (1) the proposed well is at least 2,000 feet from a residential building; (2) the location and operation of the proposed complies with applicable local ordinances; and (3) the MDEQ has hosted a public hearing in the city, village or township in which the proposed well will be located and has considered the public's input from that hearing.⁴

1. S.B. 1197, 99th Leg., Reg. Sess. (Mich. 2018).

2. Michael Cornelius, *Senate Bill 1197 Signed by the Governor*, MICH. OIL & GAS ASS'N: NEWS (Dec. 12, 2018), http://www.michiganoilandgas.org/senate_bill_1197_now_on_its_way_to_the_governor_s_desk.

3. S.B. No. 130, 100th Leg., Reg. Sess. (Mich. 2019); S.B. No. 131, 100th Leg., Reg. Sess. (Mich. 2019).

4. *Id.*

III. Administrative Law

A. New Rules for Operating Wells in a Vacuum

The Michigan Public Service Commission (MPSC) approved changes in requirements for operating wells in a vacuum. Under the new rules, gas well operators in the Antrim Shale development in northern Lower Michigan will be able to monitor and record vacuum pressures of natural gas wells monthly rather than weekly.⁵ Among the revisions approved, companies must notify the Commission of planned installation of equipment to apply a vacuum, rather than installation for any purpose; report an economic analysis of fuel consumption versus the estimated incremental production in the first twelve months of operations, rather than annually; and submit one report for multiple facilities, rather than individual reports for each field or project.⁶ The rules came into effect May 23, 2019.

IV. Conclusion

This year saw minimal developments in oil and gas law.

5. *In re* Appropriate Regulatory Response to Proposals by Various Producers of Nat. Gas from Antrim Shale Formation to Operate Their Wells Under A Vacuum, No. U-16230, 2019 WL 2271292 (Mich. P.S.C. May 23, 2019).

6. *Id.*