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### *I. Introduction*

There was minimal activity regarding Michigan oil and gas law for the period of August 1, 2021, to July 31, 2022. However, several legislative measures were proposed during this time that, if enacted, could substantially impact oil and gas development.

### *II. Statutory Law*

#### *A. Proposed Michigan Senate Bill Would Increase the Assessed Fee for Oil and Gas Produced to 2%*

Senate Bill No. 724 of the Michigan Legislature was introduced and referred to the Committee on Natural Resources on November 10, 2021.<sup>1</sup> It proposes to amend the Natural Resources and Environmental Protection Act, (“NREPA”)<sup>2</sup> by amending MCL 324.61524, which currently imposes the fees for the Michigan Department of Environmental Quality’s (“DEQ”) monitoring, administration, and enforcement over the oil and gas produced in the state. This bill proposes to increase the assessment fee cap from 1% to no more than 2%, based upon gross cash market value of the oil and gas produced in the state.<sup>3</sup> This increase would allow the DEQ to more closely surveil the oil and gas produced in the state, and ensure that well inspections and regulation enforcement continue to efficiently and effectively protect Michigan from any contamination risks associated with hydraulic fracturing. Further, the bill's proposed fee increase also aims to accumulate the gas fund to \$7,000,000 by the end of the fiscal year.<sup>4</sup>

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1. S.B. 724, 2021 Leg., Reg. Sess. (MI. 2021).

2. 1994 PA 451.

3. S.B. 724, 2021 Leg., Reg. Sess.

4. *Id.*

*B. Proposed Michigan Senate Bill Hopes to Reduce Methane Emissions from Oil and Gas Wells*

Senate Bill No. 823 of the Michigan Legislature was introduced and referred to the Committee on Environmental Quality on January 19, 2022.<sup>5</sup> This Bill proposes to add Section 61506e to the NREPA, which would prohibit oil and gas well operations unless there is a methane control or capture system capable to reduce fugitive methane emissions by 99%.<sup>6</sup> If enacted, violators will be fined \$100,000 and potentially lose the well's operator permit. This Bill excludes permits issued under Section 61525 prior to rules promulgated under this Bill. However, flaring—the process of burning excess natural gas at the production well to turn it into carbon dioxide—would be excluded as a method of controlling methane emissions.<sup>7</sup>

*C. Proposed Michigan House Bill Seeks to Prohibit Fracking Fluid Disposal Within its Borders*

House Bill No. 6312 of the Michigan Legislature was introduced and referred to the Committee on Energy on June 30, 2022.<sup>8</sup> This Bill proposes to add Section 11131 to the NREPA, which would prohibit disposal of foam or fluids that were used to hydraulically fracture a well, or any water contaminated with foam or fluids used for hydraulic fracturing. However, this bill excludes disposal facilities more than one hundred (100) miles from a residence within the state of Michigan.

*III. Administrative Law*

No new developments for the period searched.

*IV. Common Law*

No new developments for the period searched.

*V. Conclusion*

Although there were no significant developments to Michigan's oil and gas law during the period searched, the proposed legislative measures

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5. S.B. 823, 2022 Leg., Reg. Sess. (MI. 2022).

6. *Id.*

7. *Id.*

8. H.B. 6312, 2022 Leg., Reg. Sess. (MI. 2022).

discussed above could have a substantial impact on oil and gas development in Michigan.