

# SENATE BILL NO. 1131

November 14, 2024, Introduced by Senator MCCANN and referred to the Committee on Energy and Environment.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 1301 (MCL 324.1301), as amended by 2018 PA 451, and by adding subchapter 6 to chapter 3 of article III.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1301. As used in this part:

2       (a) "Application period" means the period beginning when an  
3 application for a permit is received by the state and ending when  
4 the application is considered to be administratively complete under

1 section 1305 and any applicable fee has been paid.

2 (b) "Department" means the department, agency, or officer  
3 authorized by this act to approve or deny an application for a  
4 particular permit. As used in sections 1315 to 1317, "department"  
5 means the department of environmental quality.

6 (c) "Director" means the director of the state department  
7 authorized under this act to approve or deny an application for a  
8 particular permit or the director's designee. As used in sections  
9 1313 to 1317, "director" means the director of the department of  
10 environmental quality.

11 (d) "Environmental permit review commission" or "commission"  
12 means the environmental permit review commission established under  
13 section 1313(1).

14 (e) "Environmental permit panel" or "panel" means a panel of  
15 the environmental permit review commission, appointed under section  
16 1315(2).

17 (f) "Permit", except as provided in subdivision (g), means a  
18 permit, operating license, or registration required by any of the  
19 following sections or by rules promulgated thereunder, or, in the  
20 case of section 9112, by an ordinance referred to in that section:

- 21 (i) Section 3104, floodplain alteration permit.  
22 (ii) Section 3503, permit for use of water in mining iron ore.  
23 (iii) Section 4105, sewerage system construction permit.  
24 (iv) Section 6516, vehicle testing license.  
25 (v) Section 6521, motor vehicle fleet testing permit.  
26 (vi) Section 8310, restricted use pesticide dealer license.  
27 (vii) Section 8310a, agricultural pesticide dealer license.  
28 (viii) Section 8504, license to manufacture or distribute  
29 fertilizer.

1           (ix) Section 9112, local soil erosion and sedimentation control  
2 permit.

3           (x) Section 11509, solid waste disposal area construction  
4 permit.

5           (xi) Section 11512, solid waste disposal area operating  
6 license.

7           (xii) Section 11542, municipal solid waste incinerator ash  
8 landfill operating license amendment.

9           (xiii) Section 11702, septage waste servicing license or septage  
10 waste vehicle license.

11           (xiv) Section 11709, septage waste site permit.

12           (xv) Section 30104, inland lakes and streams project permit.

13           (xvi) Section 30304, state permit for dredging, filling, or  
14 other activity in wetland. Permit includes an authorization for a  
15 specific project to proceed under a general permit issued under  
16 section 30312.

17           (xvii) Section 31509, dam construction, repair, or removal  
18 permit.

19           (xviii) Section 32312, flood risk, high risk, or environmental  
20 area permit.

21           (xix) Section 32512, permit for dredging and filling  
22 bottomland.

23           (xx) Section 32603, permit for submerged log removal from Great  
24 Lakes bottomlands.

25           (xxi) Section 35304, department permit for critical dune area  
26 use.

27           (xxii) Section 36505, endangered species permit.

28           (xxiii) Section 41329, nonnative aquatic species sales

1 registration.

2 (xxiv) Section 41702, game bird hunting preserve license.

3 (xxv) Section 42101, dog training area permit.

4 (xxvi) Section 42501, fur dealer's license.

5 (xxvii) Section 42702, game dealer's license.

6 (xxviii) Section 44513, charter boat operating permit under  
7 reciprocal agreement.

8 (xxix) Section 44516, boat livery operating permit.

9 (xxx) Section 45902, game fish propagation license.

10 (xxxi) Section 45906, game fish import license.

11 (xxxii) Section 48705, permit to take amphibians and reptiles  
12 for scientific or educational use.

13 (xxxiii) Section 61525, oil or gas well drilling permit.

14 (xxxiv) Section 62509, brine, storage, or waste disposal well  
15 drilling or conversion permit or test well drilling permit.

16 (xxxv) Section 63103a, ferrous mineral mining permit.

17 (xxxvi) Section 63514 or 63525, surface coal mining and  
18 reclamation permit or revision of the permit, respectively.

19 (xxxvii) Section 63704, sand dune mining permit.

20 **(xxxviii) Section 65102, carbon sequestration project operating**  
21 **permit.**

22 **(xxxix)** ~~(xxxviii)~~ Section 72108, use permits for a Pure Michigan  
23 Trail.

24 **(xxxx)** ~~(xxxix)~~ Section 76109, sunken aircraft or watercraft  
25 abandoned property recovery permit.

26 **(xxxxi)** ~~(xxx)~~ Section 76504, Mackinac Island ~~motor vehicle and~~  
27 land use permits.

28 **(xxxvii)** ~~(xxxv)~~ Section 80159, buoy or beacon permit.

1 (g) "Permit", as used in sections 1313 to 1317, means any  
 2 permit or operating license that meets both of the following  
 3 conditions:

4 (i) The applicant for the permit or operating license is not  
 5 this state or a political subdivision of this state.

6 (ii) The permit or operating license is issued by the  
 7 department of environmental quality under this act or the rules  
 8 promulgated under this act.

9 (h) "Processing deadline" means the last day of the processing  
 10 period.

11 (i) "Processing period", subject to section 1307(2) and (3),  
 12 means the following time period after the close of the application  
 13 period, for the following permit, as applicable:

14 (i) Twenty days for a permit under section 61525 or 62509.

15 (ii) Thirty days for a permit under section 9112 or 44516.

16 (iii) Thirty days after the department consults with the  
 17 underwater salvage and preserve committee created under section  
 18 76103, for a permit under section 76109.

19 (iv) Sixty days, for a permit under section 30104 **or 32512** for  
 20 a **project in a** minor project **category** established under section  
 21 30105(7) or 32512a(1), ~~or~~ **respectively, for** an authorization for a  
 22 specific project to proceed under a general permit issued under  
 23 section 30105(8) or 32512a(2), or for a permit under section 32312  
 24 or 41329.

25 (v) Sixty days or, if a hearing is held, 90 days for a permit  
 26 under section 35304.

27 (vi) Sixty days or, if a hearing is held, 120 days for a permit  
 28 under section 30104, other than a permit or authorization described  
 29 in subparagraph ~~(ii) or (iv)~~, or for a permit under section 31509.

1 (vii) Ninety days for a permit under section 11512, a revision  
2 of a surface coal mining and reclamation permit under section  
3 63525, or a permit under section 72108.

4 (viii) Ninety days or, if a hearing is held, 150 days for a  
5 permit under section 3104 or 30304, or a permit under section 32512  
6 other than a permit described in subparagraph (iv).

7 (ix) Ninety days after the close of the review or comment  
8 period under section ~~32604~~, **32605**, or if a public hearing is held,  
9 90 days after the date of the public hearing for a permit under  
10 section 32603.

11 (x) One hundred twenty days for a permit under section 11509,  
12 11542, 63103a, 63514, or 63704.

13 (xi) One hundred fifty days for a permit under section 36505.  
14 However, if a site inspection or federal approval is required, the  
15 150-day period is tolled pending completion of the inspection or  
16 receipt of the federal approval.

17 (xii) **Two hundred days for a permit under section 65102.**

18 (xiii) For any other permit, 150 days or, if a hearing is held,  
19 90 days after the hearing, whichever is later.

## 20 Subchapter 6

### 21 CARBON SEQUESTRATION

#### 22 Part 651

#### 23 CARBON SEQUESTRATION REGULATION

24 **Sec. 65101. As used in this part:**

25 (a) "Carbon dioxide" means carbon dioxide that is produced by  
26 anthropogenic sources and is of such purity and quality that it  
27 will not compromise the safety of geologic storage and will not  
28 compromise those properties of a storage reservoir that allow the  
29 reservoir to effectively enclose and contain a stored gas.

1 (b) "Carbon sequestration project" means 1 or more  
2 nonexperimental injection wells, a storage reservoir, and  
3 underground and surface facilities and equipment used or proposed  
4 to be used in geologic storage. Carbon sequestration project does  
5 not include an enhanced oil recovery well or pipelines used to  
6 transport carbon dioxide to a carbon sequestration project.

7 (c) "Carbon sequestration project operator" means a person  
8 that holds or is an applicant for a permit.

9 (d) "Division" means the oil, gas, and minerals division of  
10 the department of environment, Great Lakes, and energy.

11 (e) "Director" means the director of the department of  
12 environment, Great Lakes, and energy.

13 (f) "Federal regulations" means any regulatory requirement  
14 applicable to a carbon sequestration well project under the United  
15 States Environmental Protection Agency underground injection  
16 control program for class VI wells provided for in 40 CFR part 145.

17 (g) "Geologic storage" means the permanent or short-term  
18 underground storage of carbon dioxide in a storage reservoir.

19 (h) "Permit", unless the context indicates otherwise, means a  
20 permit issued under this part authorizing a person to operate a  
21 carbon sequestration project.

22 (i) "Reservoir" means a subsurface sedimentary stratum,  
23 formation, aquifer, cavity, or void, whether natural or  
24 artificially created, including, but not limited to, oil and gas  
25 reservoirs, saline formations, and coal seams, suitable for or  
26 capable of being made suitable for injecting and storing carbon  
27 dioxide.

28 (j) "Storage reservoir" means a reservoir proposed,  
29 authorized, or used for storing carbon dioxide beneath the

1 lowermost formation containing an underground source of drinking  
2 water as part of a carbon sequestration project. Storage reservoir  
3 includes the proposed and actual subsurface 3-dimensional extent of  
4 the carbon dioxide plume, associated area of elevated pressure, and  
5 displaced fluids.

6 (k) "Unit area" means the pore space and surface lands  
7 included in a carbon sequestration project.

8 Sec. 65102. (1) A person shall not engage in geologic storage  
9 or construct or operate a carbon sequestration project except  
10 pursuant to a permit issued by the division pursuant to part 13 or  
11 by the United States Environmental Protection Agency. Any owner or  
12 operator of the carbon sequestration project may apply for a  
13 permit.

14 (2) Before the submission of an application for a permit, a  
15 permit applicant shall submit to the division the information  
16 required by federal regulations.

17 (3) If an electric provider or independent power producer  
18 submits an application for a permit to the department, the electric  
19 provider or independent power producer shall simultaneously submit  
20 a copy of the application to the Michigan public service commission  
21 for informational purposes.

22 (4) The owner of a carbon sequestration project or a carbon  
23 sequestration project operator is exempt from obtaining a permit  
24 under part 625, but is not exempt from obtaining any other permit  
25 or approval required under this act. The part does not exempt an  
26 electric provider or independent power producer to which a permit  
27 is issued from obtaining any other permit, a license, or an  
28 authorization for the recovery of costs that is required by federal  
29 law, by this act or any other law of this state, or by a rule



1 promulgated under a law of this state.

2 (5) A permit applicant or a carbon sequestration project  
3 operator may claim information submitted to the department under  
4 this part as confidential business information. Any such claims  
5 must be asserted at the time of submission in the manner prescribed  
6 on the application form or instructions or, in the case of other  
7 submissions to the department, by placing the words "confidential  
8 business information" on each page containing the information. The  
9 department shall deny a claim of confidential business information  
10 if confidentiality is prohibited by federal regulations or state  
11 law.

12 (6) A permit applicant shall provide all of the names and  
13 addresses of record for all of the following persons that are  
14 within the portion of the storage reservoir underlying the area  
15 covered by the carbon sequestration project and within 1/2 mile of  
16 the boundaries of such portion of the storage reservoir:

- 17 (a) Oil, gas, and mineral lessees.  
18 (b) Oil, gas, and mineral owner.  
19 (c) Holders of permits to drill and operate under part 615.  
20 (d) Pore space owners.

21 (7) The department may enter into cooperative agreements with  
22 other governments or government entities to regulate carbon  
23 sequestration projects that extend beyond this state's regulatory  
24 authority.

25 Sec. 65103. The division may charge a fee for a permit  
26 application in an amount that does not exceed the actual reasonable  
27 cost of processing the application.

28 Sec. 65104. (1) The division shall hold a public hearing on a  
29 permit application within 60 days after the application is

1 considered to be administratively complete under section 1305. The  
2 division may prepare a draft permit under federal regulations.

3 (2) The division shall provide notice of the purpose, time,  
4 and location of a public hearing under subsection (1) at least 30  
5 days before the public hearing as follows:

6 (a) By publication in 1 or more newspapers of general  
7 circulation in each county in which all or part of the proposed  
8 carbon sequestration project is to be located.

9 (b) By posting the notice on the division's website.

10 (c) By first class mail with proof of delivery to each of the  
11 following:

12 (i) Persons that are within the portion of the storage  
13 reservoir underlying the area covered by the carbon sequestration  
14 project and within 1/2 mile of the boundaries of that portion of  
15 the storage reservoir, using information provided by the applicant  
16 in section 65102(6):

17 (A) Oil, gas, and mineral lessees.

18 (B) Oil, gas, and mineral owners.

19 (C) Holders of permits to drill and operate under part 615.

20 (D) Pore space owners.

21 (E) Owners and lessees of subsurface geological formations and  
22 cap rock.

23 (ii) Surface owners of land overlying the portion of the  
24 storage reservoir underlying the area covered by the applicable  
25 carbon sequestration project and within 1/2 mile of the boundaries  
26 of that portion of the storage reservoir.

27 (3) If substantial compliance with the notice requirements in  
28 this section is achieved, inadvertent mistakes in compliance are  
29 not a bar to processing the permit.

1 (4) A person with an interest associated with the mineral  
2 estate may request a hearing with the department during the permit  
3 processing period to present evidence that the mineral interest  
4 would be damaged by the project as proposed in the permit  
5 application. The department shall attempt to mediate the dispute,  
6 request modifications to drilling and construction plans as  
7 necessary to ensure the mineral interest is not damaged, and  
8 consider the evidence presented when making the final permit  
9 decision.

10 Sec. 65105. (1) The division shall issue a permit if the  
11 division determines all of the following:

12 (a) The carbon sequestration project operator has complied  
13 with this part in relation to the application, subject to section  
14 65104(4).

15 (b) The carbon sequestration project operator has submitted to  
16 the division all information required under federal regulations.

17 (c) The carbon sequestration project will comply with federal  
18 regulations, including, but not limited to, requirements to protect  
19 underground sources of drinking water.

20 (d) If the drilling and installation of a well and subsequent  
21 injection of carbon dioxide into the storage reservoir will  
22 endanger or damage any oil, gas, or other mineral resource or  
23 formation in any material respect, the endangerment or damage is  
24 addressed in an arrangement between the applicant and the mineral  
25 lessee or mineral owners within the unit area.

26 (e) The carbon sequestration project operator has obtained all  
27 legal rights or authorizations associated with the proposed carbon  
28 sequestration project that are necessary to operate the carbon  
29 sequestration project, as demonstrated by 1 or more of the

1 following:

2 (i) Documentation that the carbon sequestration project  
3 operator owns some or all of the property necessary to operate the  
4 proposed carbon sequestration project.

5 (ii) Written approval of the persons holding some or all of the  
6 legal rights in the property necessary to operate the proposed  
7 carbon sequestration project.

8 (iii) An order for unit operations under part 653. However, the  
9 division may issue a permit contingent on the applicant obtaining  
10 an order for unit operations under part 653.

11 (f) The carbon sequestration project operator has submitted to  
12 the division information to demonstrate that the project operator  
13 will comply with federal regulations necessary to receive tax  
14 credits for carbon oxide sequestration as provided by section 45Q  
15 of the internal revenue code of 1986, 26 USC 45Q.

16 (2) The division shall incorporate in a permit conditions  
17 required by federal regulations, including, but not limited to, the  
18 following:

19 (a) Financial responsibility requirements

20 (b) Requirements to record and report monitoring results.

21 (3) The division may include in a permit a schedule of  
22 compliance or alternative schedule of compliance permitted under  
23 federal regulations.

24 (4) An applicant shall maintain records of all data used to  
25 complete permit applications and any supplemental information  
26 submitted under federal regulations for a period of at least 10  
27 years after the division issues a certificate of project completion  
28 under section 65109.

29 (5) All permit applications, reports, or changes to

1 authorization shall be signed in the manner required under federal  
2 regulations. A person that signs an application or report shall  
3 include the certification required under federal regulations.

4 (6) The duration of a permit issued under this part shall  
5 comply with federal regulations.

6 Sec. 65106. When the division issues a permit, it shall also  
7 issue a certificate stating that the permit has been issued. The  
8 certificate shall describe the area covered and include other  
9 information the division considers appropriate. The carbon  
10 sequestration project operator shall file a copy of the certificate  
11 with the county register of deeds of each county where the storage  
12 facility is located.

13 Sec. 65107. (1) Unless otherwise expressly provided by  
14 contract, bill of sale, deed, mortgage, deed of trust, or other  
15 legally binding document or by other applicable law, a carbon  
16 sequestration project operator holds title to or control of the  
17 carbon dioxide injected into and stored in a storage reservoir  
18 until the division issues a certificate of project completion under  
19 section 65109.

20 (2) A carbon sequestration project operator is not liable for  
21 the presence of or pressure from injected carbon dioxide substances  
22 if this state has assumed any potential liability associated with  
23 the carbon dioxide under section 65110(c). Otherwise, a carbon  
24 sequestration project operator is not liable for the presence of or  
25 pressure from injected carbon dioxide substances unless the person  
26 asserting that the carbon sequestration project operator is liable  
27 establishes that the carbon dioxide substance has caused any of the  
28 following:

29 (a) A substantial interference with the reasonable use of the

1 person's real property.

2 (b) A direct physical injury to the person or the person's  
3 tangible property.

4 (c) A substantial interference with the recovery of oil or gas  
5 from the person's producing oil and gas reservoir.

6 (3) A permit may be transferred to a new carbon sequestration  
7 project operator or owner only if the permit has been modified or  
8 revoked and reissued, or a minor modification made, to identify  
9 that new carbon sequestration project operator and incorporate  
10 other requirements as may be necessary under this part.

11 Sec. 65108. (1) The division shall review a permit issued  
12 under this part as required by federal regulations.

13 (2) Pursuant to federal regulations, a permit may be modified,  
14 revoked and reissued, or terminated at the request of the permittee  
15 or upon the division's initiative.

16 Sec. 65109. (1) A carbon sequestration project operator may  
17 submit to the division an application for a certificate of project  
18 completion.

19 (2) If the division determines that the application for a  
20 certificate of project completion is incomplete or inaccurate, the  
21 division shall return the application to the carbon sequestration  
22 project operator with a written statement of the deficiencies of  
23 the application and the right to submit a corrected application  
24 with the department.

25 (3) The division shall hold a public hearing on an application  
26 for a certificate of project completion within 60 days after  
27 receiving a complete and accurate application. The division shall  
28 provide notice of the purpose, time, and location of the public  
29 hearing in compliance with section 65104(2).

1           (4) Within 180 days after receiving a complete and accurate  
2 application, the division shall issue or deny a certificate of  
3 project completion and notify the carbon sequestration project  
4 operator of the reasons for denial. The division shall issue a  
5 certificate of project completion if the division determines all of  
6 the following:

7           (a) The carbon sequestration project operator is in compliance  
8 with all laws governing the carbon sequestration project.

9           (b) The carbon sequestration project operator has done all of  
10 the following:

11           (i) Submitted to the division a well plugging plan and notice  
12 of intent to plug required under federal regulations.

13           (ii) Plugged the wells, removed equipment and facilities, and  
14 completed any reclamation work required by the division

15           (iii) Within 60 days after plugging, submitted to the division a  
16 plugging report required under federal regulations.

17           (iv) Prepared, maintained, and complied with a plan for post-  
18 injection site care and site closure required under federal  
19 regulations.

20           (v) Submitted to the division all other notices and reports  
21 required under federal regulations.

22           (vi) Complied with any other federal regulations regarding  
23 post-injection site care and site closure.

24           (vii) Submitted to the division all other notices and reports  
25 required under federal regulations.

26           (5) A carbon sequestration project operator that is denied a  
27 certificate of project completion may submit a new application for  
28 a certificate of project completion under subsection (1).

29           Sec. 65110. When a certificate of project completion is issued

1 under section 65109, all of the following apply:

2 (a) This state assumes title to and ownership of and  
3 responsibility for the carbon sequestration project and carbon  
4 dioxide injected into the storage reservoir.

5 (b) This state assumes responsibility for all regulatory  
6 requirements associated with the carbon sequestration project, and  
7 the carbon sequestration project operator and the owner of the  
8 carbon sequestration project are released from responsibility for  
9 all regulatory requirements associated with the carbon  
10 sequestration project.

11 (c) This state assumes any potential liability associated with  
12 the carbon sequestration project and carbon dioxide injected into  
13 the storage reservoir, and the carbon sequestration project  
14 operator, the owner of the carbon sequestration project, and the  
15 owner of the carbon dioxide injected into the storage reservoir are  
16 released from all liability associated with the carbon  
17 sequestration project and the carbon dioxide.

18 (d) If a performance bond or other form of financial  
19 responsibility required to be provided by the carbon sequestration  
20 project operator or the owner of the carbon dioxide injected into  
21 the storage reservoir has a duration that extends beyond the date  
22 of the issuance of the certificate of completion, that performance  
23 bond or other form of financial responsibility is no longer  
24 required and shall be released.

25 Sec. 65111. (1) The division may request the attorney general  
26 to commence a civil action for appropriate relief, including a  
27 permanent or temporary injunction, for a violation of this part or  
28 a permit or order issued or rule promulgated under this part. An  
29 action under this subsection may be brought in the circuit court



1 for the county of Ingham or for the county in which the defendant  
2 is located, resides, or is doing business. The court has  
3 jurisdiction to restrain the violation and to require compliance.  
4 In addition to any other relief granted under this subsection, the  
5 court may impose a civil fine of not less than \$2,500.00 for each  
6 instance of violation and, if the violation is continuous, not more  
7 than \$2,500.00 for each day of violation.

8 (2) A person who willfully violates this part or a permit or  
9 order issued or rule promulgated under this part is guilty of a  
10 misdemeanor punishable by a fine of not less than \$5,000.00 for  
11 each instance of violation and, if the violation is continuous, not  
12 more than \$5,000.00 for each day of violation.

13 Sec. 65112. (1) Within 1 year after the effective date of the  
14 amendatory act that added this section, the division shall submit  
15 to the United States Environmental Protection Agency administrator  
16 an application to administer a class VI well program. The  
17 application shall include a complete program description, a letter  
18 from the governor, and a statement from the attorney general, to  
19 the United States Environmental Protection Agency administrator  
20 under federal regulations.

21 (2) The division may enter into a memorandum of agreement with  
22 the regional administrator of the United States Environmental  
23 Protection Agency as permitted by federal regulations.

24 Sec. 65113. (1) The division shall implement this part in a  
25 manner that complies with federal regulations.

26 (2) To comply with federal regulations or otherwise implement  
27 this part, the division may promulgate rules pursuant to the  
28 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
29 24.328.

1           Sec. 65114. This part does not prohibit an oil, gas, or  
2 mineral owner or lessee, or a prospective carbon sequestration  
3 project operator from drilling through or near a storage reservoir,  
4 a disposal well project, or an oil and gas producing reservoir, or  
5 through an enhanced oil recovery project, to explore for and  
6 develop minerals if the drilling activities, including, but not  
7 limited to, completion activities on previously drilled wells, meet  
8 both of the following requirements:

9           (a) Comply with the requirements of this act for drilling to  
10 strata beneath gas storage reservoirs, disposal well projects, or  
11 oil and gas producing reservoirs, or drilling through existing  
12 enhanced recovery projects.

13           (b) Preserve the integrity of any storage reservoir.

14           Sec. 65115. (1) Each calendar year, by a date specified by the  
15 division, a carbon sequestration project operator shall pay the  
16 division a fee set by the division for each ton of carbon dioxide  
17 injected for storage in the preceding calendar year. The fee shall  
18 be based on the department's anticipated expenses associated with  
19 long-term monitoring and management of the carbon sequestration  
20 project after issuance of a certificate of project completion under  
21 section 65109.

22           (2) The fee under this section shall not exceed 8 cents per  
23 ton of carbon dioxide injected. The state treasurer shall adjust  
24 this maximum amount annually by the inflation rate as that term is  
25 defined in section 34d of the general property tax act, 1893 PA  
26 206, MCL 211.34d.

27           (3) Fees collected pursuant to this section shall be remitted  
28 to the state treasurer for deposit in the carbon sequestration fund  
29 created in section 65116.



1 pore space act, except that pore space does not include subsurface  
2 space used for purposes other than storage of carbon dioxide  
3 substances or used to produce hydrocarbons.

4 (f) "Storage reservoir" means that term as defined in section  
5 65101.

6 (g) "Unit area" means that term as defined in section 65101.

7 Sec. 65302. Subject to the limitations of this part, the  
8 division shall make and enforce such orders, rules, and regulations  
9 and do such things as may be necessary or proper to carry out the  
10 purposes of this part. This duty includes the adoption of a  
11 schedule of fees to be paid upon the filing of petitions,  
12 amendments to petitions, and other instruments in connection with  
13 petitions that bear reasonable relation to the cost of examination,  
14 inspection, and supervision required under this part.

15 Sec. 65303. Any applicant or prospective applicant for a  
16 permit under part 651 may file with the division a verified  
17 petition requesting an order for unit operations of the carbon  
18 sequestration project or parts of the carbon sequestration project  
19 and for pooling of interests in pore space in the applicable  
20 portion of the storage reservoir. The petition shall contain all of  
21 the following:

22 (a) A copy of any permit, draft permit, or application for a  
23 permit under part 651 for the carbon sequestration project or any  
24 part thereof.

25 (b) A description of the proposed unit area.

26 (c) The names, as disclosed by the records in the office of  
27 the register of deeds for each county in which the proposed unit  
28 area is located, of the following:

29 (i) Each person that owns or has an interest in the surface

1 estate or pore space within the proposed unit area, including  
2 mortgagees and the owners of other liens or encumbrances.

3 (ii) Each person that owns or has an interest in the surface  
4 estate or pore space not within but immediately adjoining the  
5 proposed unit area.

6 (iii) Each oil, gas, and mineral owner and lessee within the  
7 areas identified in subparagraphs (i) and (ii).

8 (d) The address of each person identified in subdivision (c) (i)  
9 and (ii), if known. If the name and address of any person is  
10 unknown, the petition shall so indicate.

11 (e) A statement of the type of operations proposed to comply  
12 with this part and part 651.

13 (f) A proposed plan for unitization applicable to the proposed  
14 unit area that the petitioner considers fair, reasonable, and  
15 equitable. The proposed plan shall include provisions for  
16 determining all of the following:

17 (i) The pore space to be used within the unit area.

18 (ii) The quantity of pore space storage capacity that will be  
19 assigned to each separately owned parcel within the unit area.

20 (iii) The appointment of a unit operator.

21 (iv) The effective date of the plan for unitization.

22 (v) The manner in which the unit area will be supervised and  
23 managed.

24 (g) A verified statement indicating in detail what action the  
25 petitioner has taken to contact and obtain the approval of each  
26 person of record that owns or has an interest in the proposed unit  
27 area and that has not approved the proposed plan for unitization.  
28 If the plan for unitization will be considered at a supplemental  
29 hearing before the supervisor, the verified statement may be filed

1 separately before the supplemental hearing rather than as part of  
2 the petition.

3 (h) An appraisal setting forth the proposed compensation to be  
4 paid to a person that owns or otherwise has an interest in pore  
5 space and that has not approved the proposed plan for unitization.

6 (i) A copy of any written agreements between the applicant and  
7 owners of pore space within the portion of the storage reservoir  
8 proposed to be included in a carbon sequestration project.

9 Sec. 65304. (1) Upon the filing of a petition for unitization  
10 under this part, the petitioner shall provide notice by first class  
11 mail, with proof of delivery, to the following persons at their  
12 last known address:

13 (a) The last owner of record of the pore space interests  
14 underlying the lands or areas directly affected by the proposed  
15 action; the surface owners; oil, gas, and mineral owners and  
16 lessees; and the owners and lessees of the subsurface geological  
17 formations and cap rock included under the subsurface pore space  
18 act.

19 (b) The last owner of record of the pore space interests  
20 underlying the lands or areas immediately adjacent to, and  
21 contiguous to, the lands or areas directly affected by the proposed  
22 action, and the surface owners.

23 (2) The notice under subsection (1) shall include all of the  
24 following:

25 (a) The procedure required to file a protest against the  
26 petition.

27 (b) The name, address, and phone number of a representative of  
28 the petitioner who is available to discuss the petition.

29 (c) A statement that the division may issue an order approving

1 the petition without a hearing if a protest is not received in the  
2 time period provided in subsection (4).

3 (d) For the notice to pore space and surface owners who have  
4 not approved the plan for unitization, a copy of the petition,  
5 except that the petitioner may omit from the notice parts of the  
6 petition referred to in section 65303(c) and (d).

7 (3) The failure of a petitioner to give notice under  
8 subsections (1) and (2) to a person entitled to notice is not a bar  
9 to holding a hearing or issuing an order under this part if the  
10 petitioner substantially complied with the notice requirements of  
11 this part.

12 (4) To protest the petition, a person shall submit to the  
13 division a written notice of the protest and the reason or reasons  
14 for the protest not more than 15 days after the completion of the  
15 publication of notice under section 65316. If such a notice of  
16 protest is timely submitted, the division shall hold a hearing on  
17 the petition. If such a notice of protest is not timely submitted,  
18 the division may issue an order for unit operations without holding  
19 a hearing.

20 (5) The division shall issue an order for unit operations of  
21 the carbon sequestration project or parts of the carbon  
22 sequestration project and for pooling of interests in pore space in  
23 the applicable portion of the storage reservoir if the division  
24 finds all of the following:

25 (a) That the material representations contained in the  
26 verified petition are substantially true.

27 (b) That the unitization requested will facilitate the  
28 operation of a carbon sequestration project under part 651.

29 (c) That the type of operations contemplated by the proposed

1 plan for unitization is feasible and the injection of carbon  
2 dioxide into the storage reservoir for the unit will not endanger  
3 or injure any oil, gas, or other mineral formation in any material  
4 respect unless otherwise addressed in an arrangement between the  
5 applicant and the oil, gas, or mineral owner or lessee within the  
6 unit area.

7 (d) That the application outlines operations that will comply  
8 with part 651.

9 Sec. 65305. An order for unit operations under section  
10 63504(5) shall include terms and conditions that are fair,  
11 reasonable, and equitable. The order shall prescribe a plan for  
12 unit operations that includes all of the following:

13 (a) A description of the unit area, including any part of the  
14 surface estate within the unit area that will be used as part of  
15 the carbon sequestration project. This part does not authorize the  
16 location of any monitoring well on the surface estate of any tract.  
17 Any monitoring well location and facilities will be determined  
18 through negotiation between the applicant and owners of the surface  
19 estate.

20 (b) A statement in reasonable detail of the operations  
21 contemplated.

22 (c) The quantity of pore space capacity allocated to each  
23 separately owned tract within the unit area, representing each  
24 tract's actual share of pore space being used in the carbon  
25 sequestration project, and the method used to make that allocation.

26 (d) The general manner in which the unit and the further  
27 development and operation of the unit area shall or may be  
28 conducted.

29 (e) Provisions, based upon appraisals submitted by the



1 applicant and pore space owners whose interests have not been  
2 acquired for use in unit operations, for compensation for the fair  
3 market value of the pore space.

4 (f) Provisions for supervision and management of the unit  
5 operations.

6 (g) The effective date of the plan of unitization and the date  
7 when unit operations may commence.

8 (h) The time when, conditions under which, and method by which  
9 the unit shall be dissolved and its affairs wound up.

10 (i) A requirement that the carbon sequestration project  
11 comprising the unit area obtain a permit under part 651.

12 (j) Findings by the division that the injection of carbon  
13 dioxide into the carbon sequestration project for the unit will not  
14 endanger or injure any oil, gas, or other mineral formation in any  
15 material respect, or that any such endangerment or injury has been  
16 addressed in an arrangement between the petitioner and the mineral  
17 lessee or mineral owners within the unit area.

18 (k) Any additional provisions that the division finds are  
19 appropriate for carrying on the unit operations.

20 Sec. 65306. An order for unit operations under section  
21 63504(5) does not take effect until the division makes a finding,  
22 either in the order for unit operations or in a supplemental order,  
23 that the plan for unit operations has been approved in writing by  
24 persons owning at least 60% of the pore space storage capacity  
25 within the unit area. For purposes of this part, any unknown or  
26 unlocatable pore space owners shall be considered to have approved  
27 the plan of unit operations and are subject to a proposed unit if  
28 the petitioner complied with the notice requirements set forth in  
29 section 65304(1) and (2).

1           Sec. 65307. If persons owning at least 60% of the pore space  
2 storage capacity within the unit area have not approved the plan  
3 for unit operations when the division issues the order for unit  
4 operations, the division on its own motion or the motion of any  
5 interested person shall, after providing notice, hold 1 or more  
6 supplemental hearings to determine if the plan for unit operations  
7 has been approved under section 65306. If the division finds that  
8 the plan has been approved, the division shall issue a supplemental  
9 order declaring the plan effective and setting forth the date for  
10 the commencement of unit operations. If, within 180 days from the  
11 date on which the order for unit operations is issued, the division  
12 does not find that the plan has been approved, the order for unit  
13 operations is ineffective and shall be revoked by the division  
14 unless for good cause shown the division extends the time for an  
15 additional period not to exceed 1 year.

16           Sec. 65308. An order for unit operations may be amended by an  
17 order issued by the division in the same manner and subject to the  
18 same conditions as apply to the issuance of an original order for  
19 unit operations. The division, upon its own motion or upon  
20 application, and with notice and hearing, may modify an order for  
21 unit operations regarding the operation, size, or other  
22 characteristics of the unit area to prevent or assist in preventing  
23 a substantial inequity resulting from operation of the unit.

24           Sec. 65309. Operations conducted pursuant to an order for unit  
25 operations constitute a fulfillment of all the express and implied  
26 obligations of each lease or contract covering the lands in the  
27 unit area to the extent that compliance with the obligations is  
28 prevented by the order for unit operations.

29           Sec. 65310. Except to the extent that the parties affected

1 agree otherwise, an order for unit operations does not result in a  
2 transfer of all or part of the title of any person's pore space  
3 rights in any tract within the unit area.

4       Sec. 65311. If the plan for unit operations under section  
5 65305 so provides, a unit created under this part may, through its  
6 operator, sue, be sued, and contract as a unit in its own right.  
7 The operator of the unit, on behalf and for the account of all  
8 owners of interest within the unit area, may supervise, manage, and  
9 conduct further development and operations for the carbon  
10 sequestration project within the unit area under the authority and  
11 limitations of the order for unit operations.

12       Sec. 65312. After the effective date of an order for unit  
13 operations, the unit area defined in the order shall not be  
14 operated by persons other than the unit operator or persons acting  
15 under the unit operator's authority, or operated other than in the  
16 manner and to the extent provided in the plan for unitization.

17       Sec. 65313. Property rights, leases, contracts, and all other  
18 rights and obligations shall be considered to be amended and  
19 modified to the extent necessary to conform to this part and to any  
20 valid and applicable plan for unitization or order of the division  
21 made pursuant to this part.

22       Sec. 65314. (1) If the division or a board or officer of this  
23 state or of any agency or political subdivision of this state has  
24 control and management of land or pore space, that person may, on  
25 behalf of this state or the agency or political subdivision,  
26 consent to or participate in any plan for or program of unitization  
27 initiated or adopted under this part.

28       (2) Land or pore space subject to the control and management  
29 of a board or officer of this state or a political subdivision of

1 this state is subject to any plan for unit operations under this  
2 part and proposed unit that has been approved under this part.

3 Sec. 65315. (1) The department may promulgate rules to  
4 implement this part pursuant to the administrative procedures act  
5 of 1969, 1969 PA 306, MCL 24.201 to 24.328.

6 (2) Except as provided under section 65304, the division shall  
7 not issue, put into effect, revoke, change, renew, or extend an  
8 order under this part, unless the division has held a public  
9 hearing. The public hearing shall be held at such time, place, and  
10 manner as provided for in this part or by rules promulgated under  
11 this part, including notice as provided in section 65316.

12 Sec. 65316. (1) Except as provided under section 65304, the  
13 division shall not issue, put into effect, revoke, change, renew,  
14 or extend an order under this part, unless the division has held a  
15 public hearing on the proposal. The public hearing shall be held at  
16 such time, place, and manner as provided for in this part or by  
17 rules promulgated under this part, including notice as provided in  
18 section 65316.

19 (2) Jurisdictional requirements of notice for all hearings  
20 required by this part, except proceedings for criminal or civil  
21 enforcement of this part, are satisfied by publication of the time,  
22 place, and issues involved in the hearing as provided in either of  
23 the following:

24 (a) Publication once each week for 2 weeks consecutively in a  
25 newspaper of general circulation in the county in which the unit  
26 area or any portion of the unit area is located with the date of  
27 last publication at least 20 days before the date set for the  
28 hearing.

29 (b) Publication at least 20 days before the date set for the

1 hearing in a trade journal, periodical, newsletter, or paper, or  
2 commercially available scout report, in general circulation within  
3 appropriate industries as determined by the supervisor.

4       Sec. 65317. The rules, procedures, penalties, and other  
5 provisions set forth in MCL 324.61709 and MCL 324.61728 through  
6 324.61737 governing the process employed by the division for the  
7 unitization of oil and gas drilling units apply to a petition filed  
8 for unitization of pore space interests within a unit area under  
9 this part and any order under this part. However, to the extent  
10 that the provisions set forth in MCL 324.61709 and MCL 324.61728  
11 through 324.61737 conflict with this part, the provisions of this  
12 part control.

13       Sec. 65319. A certified copy of an order of the division  
14 issued under this part may be recorded in the office of the  
15 register of deeds for each county where all or any portion of the  
16 unit area is located, and such recordation constitutes notice to  
17 all persons in interest and their heirs, successors, and assigns.

18       Enacting section 1. This amendatory act does not take effect  
19 unless all of the following bills of the 102nd Legislature are  
20 enacted into law:

21       (a) Senate Bill No. 1132.

22

23       (b) Senate Bill No. 1133.