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May 7, 1981

FOR IMMEDIATE RELEASE

CONTACT: Ken Sikkema, Executive Director, 616/451-3051

OIL & GAS BILL PUTS STRICT CONTROLS ON PUBLIC LAND DEVELOPMENT

Statewide application of the Pigeon River Agreement, use of alternative leasing methods, and prioritizing public land for development are three key elements of a comprehensive oil and gas development bill to be introduced soon in the Michigan Senate.

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The legislation, called the Comprehensive Hydrocarbon Management Act of 1981, was developed by the West Michigan Environmental Action Council and will be introduced by State Senator Stephen V. Monsma, D-Grand Rapids. The bill intends to provide more profitable and orderly development of oil and gas reserves on Michigan's public land.

"The long and bitter court battle over drilling in the Pigeon River Country State Forest highlighted the need for developing a better process for managing public oil and gas reserves," said Ken Sikkema, Executive Director of the West Michigan Environmental Action Council. "It was this dispute which caused people to begin raising serious questions about state policy--questions about how and when lands get leased; questions about which lands get leased; questions about the state's share of the revenue generated; and

questions about the adequacy of environmental protections."

"Until these issues are successfully resolved, with both environmentally and economically sound solutions, controversy after controversy over oil drilling on public land will continue in this state," Sikkema added. "This bill sets up a process that will go a long way toward solving these problems."

Under the bill, the state will:

- be required to prioritize public land so that less valuable and less sensitive land will be developed before drilling is permitted on land of greater value and sensitivity;
- be required to use alternative leasing methods designed to maximize economic return to the state;
- require a minimum royalty of 25 percent on all oil and gas produced on public land (the current royalty is 16.6 percent);
- apply key elements of the Pigeon River Agreement (designed to minimize the environmental impact of development) to all state-owned land subject to oil and gas development;
- limit the leasing of oil and gas rights to specific depths;
- require oil companies to release to the state certain information which the state needs in order to maximize its economic return on publicly-owned oil and gas.

"Public land and the oil and gas found beneath these lands are vital natural resources belonging to the people of Michigan," Sikkema concluded. "This legislation will protect the public's interest as it provides for orderly development of our valuable oil and gas resources, protects the environmental

and recreational values of public land, and maximizes the economic return to the owner of these resources--the people of Michigan."

COMPREHENSIVE HYDROCARBON MANAGEMENT ACT OF 1981

A SUMMARY

Requires the Michigan Department of Natural Resources to develop a comprehensive plan for the conservation and development of publicly owned oil and gas resources. This plan would prioritize public land so that unique, sensitive, or specially designated lands are developed last in a sequence of development.

Requires the use of alternative leasing methods designed to maximize economic return to the state. The bill specifies that 50 percent of all public land leased through 1985 shall be leased by a system other than the current bonus bid/fixed royalty system, such as a royalty bid system. In addition, the bill establishes a minimum royalty of 25 percent on all oil and gas produced on public land. (The current rate applied to all public land is 1/6 or 16.66 percent.)

3. Requires that key elements of the Pigeon River Agreement be applied statewide to all public land. This includes requiring, in a given area:
 - a. sequential development to ensure compliance with environmental restrictions
 - b. unification of all leaseholders to minimize disruption
 - c. no well sites, facility sites, or roads in wetlands, or within 1/4 mile of rivers, lakes and streams
 - d. stringent standards related to brine disposal, sour gas, noise, the building of roads, laying of pipelines, and stream crossings
 - e. a plan to control use of off-road vehicles

Comprehensive Hydrocarbon Management Act of 1981

Summary

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- f. limitations on the rights-of-way for flowlines, pipelines and roads
 - g. the assignment of an on-site environmental enforcement officer to monitor the hydrocarbon development
 - h. establishment of a citizen's advisory council to assist in the oil and gas development
- 4. Limits the leasing of hydrocarbon rights to specific depths, and requires oil companies to renegotiate a lease if they wish to develop oil and gas at a different depth.
- 5. Requires oil companies to release to the state certain information which the state needs in order to maximize its economic return on publicly owned oil and gas. Information such as seismic data, bottomhole targets and estimates of hydrocarbon reserves would be kept confidential by the state until drilling begins.



WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL

1324 Lake Drive, S.E. • Grand Rapids, Michigan 49506 • 616-451-3051

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Translating concern
into action

February 9, 1981

FOR IMMEDIATE RELEASE

CONTACT: Ken Sikkema, Executive Director, 616/451-3051

ENVIRONMENTALISTS ANNOUNCE 1981-82 LEGISLATIVE PRIORITIES

A ban on Great Lakes oil drilling and statewide application of Pigeon River Forest oil drilling standards are among the legislative priorities announced today by Ken Sikkema, executive director of the West Michigan Environmental Action Council (WMEAC).

In addition to comprehensive oil and gas development legislation, other items on WMEAC's legislative agenda include a trust fund for royalties from oil drilling in the Pigeon River Forest and other public lands, amendments to the Sand Dune Protection and Management Act, a non-motorized recreation fund, and funding for solid and hazardous waste disposal issues. (See attached summary.)

In establishing these priorities, Sikkema said WMEAC recognized the need to find economically sound solutions to environmental problems.

"Our country has never made significant environmental progress without a sound economy," Sikkema said. "Environmentalists must realize they share the responsibility of solving the economic problems

facing all of us.

"We believe our legislative priorities are good, not only for Michigan's environment, but also for Michigan's economy," he added.

Sikkema noted that the Pigeon River controversy has made it clear that Michigan needs comprehensive legislation dealing with oil and gas development on public lands.

"Controversy after controversy over oil drilling on public lands will continue until the state has a policy which both prioritizes public lands for development and mandates standards which protect environmental values," he said.

Explaining the need for a statutory ban on oil drilling in the Great Lakes, Sikkema noted that the Natural Resources Commission currently has the authority to lease bottomlands of the Great Lakes for oil and gas development.

"One result of the decontrol of oil prices will be renewed pressure to drill in the Great Lakes. Although the current Commission remains opposed to drilling, this might not be true in the future," he said.

"A ban on oil drilling in the Great Lakes could well be the most important step the Legislature takes during this session," Sikkema said.

Sikkema also pointed out that the State of Michigan will receive several hundred million dollars in oil and gas royalties during the years ahead. Sikkema said these royalties belong to all state citizens, and they should benefit as broad a cross-section of the state's population as possible.

"These royalties should be put aside in a new trust fund, the interest of which could be used for projects which both rebuild our economy and make future generations less reliant upon non-renewable energy resources," he said.

In concluding his remarks, Sikkema said some people have suggested that environmentalists should be content to merely protect past gains.

"We will certainly be vigilant to protect past achievements," he said.
"But that is not enough. We cannot, in good conscience, say to some future

generation that back in the early 1980s we didn't do everything possible to protect the Great Lakes, to regulate oil and gas development on the public's land, or assure their energy security.

"This agenda is ambitious," Sikkema added. "But it contains those items which we believe this legislature can and must take to fulfill its responsibility to protect our state's natural heritage."

WEST MICHIGAN ENVIRONMENTAL ACTION COUNCIL:

1981-82 LEGISLATIVE PRIORITIES TO PROTECT MICHIGAN'S ENVIRONMENT

1. Comprehensive oil and gas development legislation.

The Pigeon River controversy has made it clear that Michigan needs comprehensive legislation dealing with oil and gas development on public land. WMEAC will propose legislation which will:

- a. prioritize public land so that unique, sensitive, or specially designated lands are developed last in a sequence of development;
- b. establish standards for hydrocarbon development on public lands, protecting environmental and recreational values of the areas. The stringent standards agreed to by the industry in the Pigeon River Country State Forest should be applied statewide. Such standards would deal with stream protections, brine disposal, sour gas emissions, off-road vehicle (ORV) use, among others;
- c. require the use of alternative leasing methods designed to maximize economic returns to the state;
- d. allow local units of government to zone various hydrocarbon activities in their land use planning and tax the value of oil and gas in order to pay for increased governmental services;
- e. protect legitimate rights of surface owners in cases where someone else owns sub-surface mineral rights.

2. Statutory ban on oil drilling in the Great Lakes.

This could well be the most important step the Legislature takes during this session. The Natural Resources Commission, a group appointed by Gov. Milliken, currently has the authority to lease bottomlands of the Great Lakes for oil and gas development. And although the current Commission and the current Governor remain opposed to oil drilling in the Great Lakes, who is to say that a future Governor and a future Commission would continue

that policy.

This issue is simply too important to leave to an appointed commission. WMEAC will, therefore, ask the Legislature to prohibit Great Lakes oil drilling by statute.

3. Oil and Gas Royalties - A New Trust Fund

State royalties from the Pigeon River Forest and other public lands could reach as high as one billion dollars over a period of just a few years. These royalties belong to all the state's citizens, and they should benefit as broad a cross-section of the state's population as possible. They should also benefit future generations, for they are the ones who will be deprived of the oil and gas extracted for use by this generation.

These royalties should be put aside in a trust fund, with its interest used for projects which both rebuild our economy and make us less reliant upon non-renewable energy sources.

For example, this trust fund could provide grants for making our homes more energy-efficient or for the use of renewable energy technology. This would help stimulate Michigan's economy, provide private sector jobs for Michigan citizens, and make future generations less reliant upon oil.

4. The Sand Dune Protection and Management Act

The Act, passed in 1976, applies only to industrial sand mining. The dunes remain threatened by other activities, such as residential and commercial development. We will seek amendments to the Sand Dune Protection and Management Act which will:

- a. protect the dunes from other earth change activities;
- b. require the establishment of a "stabilization and reclamation fund" to repair damaged areas;
- c. increase the surveillance fee to pay for administration of the Act.

5. Non-motorized Recreation Fund

Among the first programs cut from the DNR's budget last year was the maintenance of non-motorized recreation areas, such as cross-country ski trails, hiking trails and similar services. Other states have successfully established a mechanism allowing individuals to designate a portion of their state income tax refund to develop and maintain those services. WMEAC will seek similar legislation this year.

6. Solid and Hazardous Wastes

No listing of environmental priorities, even if devoted to new initiatives, can be made without including solid and hazardous waste disposal. The issue here is money--funds to do long-range planning, funds to construct disposal facilities, funds to clean up contaminated sites. We will aggressively support the Governor's proposal as outlined in the State-of-the-State:

- a. \$6 million for solid waste management capital expenditures;
- b. \$750,000 for solid waste planning grants;
- c. an unspecified amount of state money to qualify for federal funds to clean up contaminated sites ("superfund" legislation recently passed by Congress).