

CRUDE OIL AND PETROLEUM

Act 16 of 1929

AN ACT to regulate the business of carrying or transporting, buying, selling or dealing in crude oil or petroleum or its products, through pipe lines; to authorize the use of public highways and the condemnation of private property; to regulate the purchase and storage of crude oil or petroleum; to provide for the control and regulation of all corporations, associations and persons engaged in such business, by the Michigan public utilities commission; to define the powers and duties of the commission in relation thereto; and to prescribe penalties for violations of the provisions hereof.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929.

The People of the State of Michigan enact:

483.1 Crude oil or petroleum; buying, selling or transporting.

Sec. 1. Every corporation, association or person now or hereafter exercising or claiming the right to carry or transport crude oil or petroleum, or any of the products thereof, by or through pipe line or lines, for hire, compensation or otherwise, or now or hereafter exercising or claiming the right to engage in the business of piping, transporting or storing crude oil or petroleum, or any of the products thereof, or now or hereafter engaging in the business of buying, selling or dealing in crude oil or petroleum, within the limits of this state, shall not have or possess the right to conduct or engage in said business or operations, in whole or in part, as above described, or have or possess the right to locate, maintain, or operate the necessary pipe lines, fixtures, and equipment thereunto belonging, or used in connection therewith, concerning the said business of carrying, transporting or storing crude oil or petroleum as aforesaid, on, over, along, across, through, in or under any present or future highway, or part thereof, or elsewhere, within this state, or have or possess the right of eminent domain, or any other right or rights, concerning said business or operations, in whole or in part except as authorized by and subject to the provisions of this act, except, further, and only such right or rights as may already exist which are valid, vested, and incapable of revocation by any law of this state or of the United States.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11652;—CL 1948, 483.1.

483.2 Condemnation for acquisition of right-of-ways; use of highways.

Sec. 2. For the purpose of acquiring necessary right-of-ways, every such corporation, association or person is hereby granted the right of condemnation by eminent domain, and the use of the highways in this state, for the purpose of transporting petroleum by pipe lines, and the location, laying, constructing, maintaining and operations thereof; and such condemnation proceedings shall be conducted in accordance with the same procedure and in the same manner as is provided by the laws of this state for the condemnation of right-of-ways by railroad companies.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11653;—CL 1948, 483.2.

483.2a “Person” and “pipeline” defined; notice to property owners; offer of easement.

Sec. 2a. (1) As used in this section and section 2b:

(a) “Person” means an individual, partnership, corporation, association, governmental entity, or other legal entity.

(b) “Pipeline” means a pipeline used or to be used to transport crude oil or petroleum.

(2) A person who is conducting survey work for a proposed pipeline under this act shall notify all affected property owners in writing before a survey crew enters the owner's property.

(3) Any offer to a landowner for an easement for the purpose of locating, constructing, maintaining, operating, and transporting crude oil or petroleum pipelines on agricultural property in this state shall include all of the following information:

(a) The anticipated physical impact of pipeline construction on the landowner's property.

(b) Written assurance that any agricultural drainage tile that is damaged or removed during the construction or repair of a pipeline will be repaired or replaced to preconstruction working condition. As used in this subdivision, “drainage tile” includes any surface or subsurface system by which the movement of water is redirected.

(c) Written assurance that topsoil that is disturbed due to construction or repair of a pipeline is properly separated and replaced. As used in this subdivision, “topsoil” means surface soil that is presumed to be fertile as distinguished from subsoil.

(d) The method by which property will be appraised.

(e) For property used to produce crops prior to construction of a pipeline, an estimate of the value of the loss of the productivity based on the historic yield of the site before construction of a pipeline. The agricultural property owner shall provide historic crop yield values upon request.

(f) That payment will be made for all damages incurred after construction of the pipeline due to the pipeline owner's or operator's entry upon the property to exercise easement rights, except that the owner or operator of the pipeline is allowed to maintain a clear right-of-way without further compensation being due to the landowner.

(g) That the landowner has rights under the uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to 213.77, and a copy of the act to the landowner.

History: Add. 1997, Act 125, Imd. Eff. Nov. 5, 1997.

483.2b Minimizing physical impact and economic damage; good faith effort by pipeline company.

Sec. 2b. A pipeline company shall make a good-faith effort to minimize the physical impact and economic damage that result from the construction and repair of a pipeline.

History: Add. 1997, Act 125, Imd. Eff. Nov. 5, 1997.

483.3 Control by public utilities commission; private business excepted.

Sec. 3. There is hereby granted to and vested in the Michigan public utilities commission, hereinafter styled the "commission," the power to control, investigate and regulate every corporation, association or person, now or hereafter exercising or claiming the right to carry or transport crude oil or petroleum, or any of the products thereof, by or through pipe line or lines, for hire, compensation or otherwise, or now or hereafter exercising or claiming the right to engage in the business of piping, transporting or storing crude oil or petroleum, or any of the products thereof, or now or hereafter engaging in the business of buying, selling or dealing in crude oil or petroleum within the limits of this state: Provided, however, That all corporations, associations, or persons who are producers, or refiners of crude oil, or petroleum, or operators of private trunk or gathering lines or other methods of conveying such products, where the nature and extent of their business is private, and where in the conduct thereof no public interest is involved, are hereby specifically excepted and excluded from the terms of this act.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11654;—CL 1948, 483.3.

Compiler's note: The public utilities commission, referred to in this section, was abolished and its powers and duties transferred to the public service commission by MCL 460.4.

483.4 Common purchaser; definition, purchase without discrimination.

Sec. 4. Every corporation, association or person, now or hereafter claiming or exercising the right to carry or transport crude oil or petroleum or any of the products thereof, by pipe line or pipe lines, for hire, compensation, or otherwise, within the limits of this state, as owner, lessee, licensee, or by virtue of any other right or claim, or now engaged or hereafter engaging in the business of purchasing or storing crude oil or petroleum, shall be a common purchaser thereof, and shall purchase all the petroleum in the vicinity of, or which may be reasonably reached by its pipe lines, or gathering branches, without discrimination in favor of 1 producer or 1 person as against another, and shall fully perform all the duties of a common purchaser; but if it shall be unable to perform the same, or be legally excused from purchasing, transporting or storing all of the petroleum produced, then it shall purchase, transport or store petroleum from each person and producer ratably, in proportion to the average daily production, and such common purchasers are hereby expressly prohibited from discriminating in price or amount for like grades of oil or facilities as between producers or persons; and in the event it is likewise a producer, it is hereby prohibited from discriminating in favor of its own production, or storage, or production or storage in which it may be interested directly or indirectly in whole or in part, and its own production and storage shall be treated as that of any other person or producer.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11655;—CL 1948, 483.4.

483.5 Common carrier; definition, carrier without discrimination.

Sec. 5. Every corporation, association or person, now or hereafter engaged in the business of carrying or transporting crude oil or petroleum, or any of the products thereof, for hire or compensation or otherwise, by pipe line or lines, within this state, shall be a common carrier thereof as at common law, and no such common carrier shall allow or be guilty of any unjust or unlawful discrimination, directly or indirectly, in favor of the carriage, transportation, storage or delivery of any crude, stock or storage oil, or any products thereof, in its possession or control, or in which it may be interested, directly or indirectly.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11656;—CL 1948, 483.5.

483.6 Acceptance of act; plat, filing.

Sec. 6. Before any corporation, association or person shall have, possess, enjoy or exercise the right of eminent domain, right-of-way, right to locate, maintain, or operate pipe lines, fixtures or equipment appurtenant thereto, or used in connection therewith, as authorized by the provisions of this act, or shall have, possess, enjoy or exercise any right conferred by this act, every such corporation, association or person, shall file in the office of the Michigan public utilities commission, an explicit authorized acceptance of the provisions of this act; and in cases of pipe lines a plat showing in detail the points within this state between which, and the route along which, the trunk line or trunk lines are proposed to be constructed, the intended size and capacity thereof, and the location and capacity of all pumping stations, gate valves, check valves and connections and appliances of all kinds used, or to be used, on said trunk line or lines; and upon demand of the commission the proper party or parties, as required by said commission, shall promptly file a plat showing in detail all the lines owned and operated by them respectively, with full and explicit information as to their capacity, size and location, and the valves and connections, of all kinds, respectively required or used in the operation thereof.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11657;—CL 1948, 483.6.

483.7 Penalties; civil liability.

Sec. 7. Any corporation, association or person, violating any provision of this act or any order or regulation of the commission made pursuant thereto, shall be deemed guilty of an unlawful act and shall be liable to a penalty of not less than 100 dollars, nor more than 20,000 dollars. Any officer, agent, representative, employee or servant of any corporation or association or any person who causes, aids or assists, or participates in any such illegal act shall be deemed guilty of a misdemeanor, and on conviction thereof shall be liable to a fine of not less than 100 dollars nor more than 1,000 dollars, or to imprisonment in the county jail not less than 30 days, nor more than 1 year, or to both such fine and imprisonment in the discretion of the court. Said penalty shall be exclusive of civil liability.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11658;—CL 1948, 483.7.

483.8 Public utilities commission; rules and orders.

Sec. 8. The commission is hereby authorized and empowered to make all rules, regulations, and orders, necessary to give effect to and enforce the provisions of this act.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11659;—CL 1948, 483.8.

483.9 Public utilities commission; employment of assistants.

Sec. 9. The commission is hereby authorized and empowered to employ such clerks, inspectors, and experts as may be necessary to carry out and administer the provisions of this act.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11660;—CL 1948, 483.9.

483.11 Immediate effect.

Sec. 11. An emergency is hereby declared, by reason whereof it is necessary for the immediate preservation of the public peace, safety, convenience and welfare that this act take immediate effect.

History: 1929, Act 16, Imd. Eff. Mar. 27, 1929;—CL 1929, 11662;—CL 1948, 483.11.