

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT (EXCERPT)
Act 451 of 1994
Part 621
INTERSTATE OIL AND GAS COMPACT

324.62101 Interstate compact for conservation of oil and gas; extension agreements; withdrawal.

Sec. 62101.

So that the state of Michigan can cooperate with other states in fostering and encouraging the production of oil and gas without waste, the governor of the state of Michigan is hereby authorized and empowered, for and in the name of the state of Michigan, now a member of the interstate oil and gas compact commission, to execute agreements for the extension of the interstate compact to conserve oil and gas, originally executed at Dallas, Texas, on the sixteenth day of February 1935, and now deposited with the department of state of the United States, and which expires by its terms on September 1, 1947. The governor is further authorized and empowered to execute any necessary agreements for the further extension of the expiration date of said interstate compact to conserve oil and gas, and to determine if and when it shall be for the best interest of the state of Michigan to withdraw from the compact upon 60 days' notice as provided by its terms. In the event he or she shall determine that the state should withdraw, he or she shall have full power and authority to give notice and take any and all steps necessary and proper to effect the withdrawal of the state of Michigan from the compact.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995

Popular Name: Act 451

Popular Name: NREPA

324.62102 Interstate oil and gas compact; agreement.

Sec. 62102.

The interstate compact to conserve oil and gas referred to in the above section, and which it is hereby proposed to extend by agreement reads as follows:

"AN INTERSTATE COMPACT TO CONSERVE OIL AND GAS"

"ARTICLE I.

This agreement may become effective within any compacting state at any time as prescribed by that state, and shall become effective within those states ratifying it whenever any 3 of the states of Texas, Oklahoma, California, Kansas, and New Mexico have ratified and congress has given its consent. Any oil-producing state may become a party hereto as hereinafter provided.

ARTICLE II.

The purpose of this compact is to conserve oil and gas by the prevention of physical waste thereof from any cause.

ARTICLE III.

Each state bound hereby agrees that within a reasonable time it will enact laws, or if laws have been enacted, then it agrees to continue the same in force, to accomplish within reasonable limits the prevention of:

- (a) The operation of any oil well with an inefficient gas-oil ratio.
- (b) The drowning with water of any stratum capable of producing oil or gas, or both oil and gas in paying quantities.
- (c) The avoidable escape into the open air or the wasteful burning of gas from a natural gas well.
- (d) The creation of unnecessary fire hazards.
- (e) The drilling, equipping, locating, spacing, or operating of a well or wells so as to bring about physical waste of oil or gas or loss in the ultimate recovery thereof.
- (f) The inefficient, excessive, or improper use of the reservoir energy in producing any well.

The enumeration of the foregoing subjects shall not limit the scope of the authority of any state.

ARTICLE IV.

Each state bound hereby agrees that it will, within a reasonable time, enact statutes, or if such statutes have been enacted, then that it will continue the same in force, providing in effect that oil produced in violation of its valid oil and/or gas conservation statutes or any valid rule, order, or regulation promulgated thereunder, shall be denied access to commerce; and providing for stringent penalties for the waste of either oil or gas.

ARTICLE V.

It is not the purpose of this compact to authorize the states joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

ARTICLE VI.

Each state joining herein shall appoint 1 representative to a commission hereby constituted and designated as the interstate oil compact commission, the duty of which said commission shall be to make inquiry and ascertain from time to time such methods, practices, circumstances, and conditions as may be disclosed for bringing about conservation and the prevention of physical waste of oil and gas, and at such intervals as said commission deems beneficial, it shall report its findings and recommendations to the several states for adoption or rejection.

The commission shall have power to recommend the coordination of the exercise of the police powers of the several states within their several jurisdictions to promote the maximum ultimate recovery from the petroleum reserves of said states and to recommend measures for the maximum ultimate recovery of oil and gas. Said commission shall organize and adopt suitable rules and regulations for the conduct of its business.

No action shall be taken by the commission except: (1) By the affirmative votes of the majority of the whole number of the compacting states, represented at any meeting, and (2) by a concurring vote of majority in interest of the compacting states at said meeting, such interest to be determined as follows: Such vote of each state shall be in the decimal proportion fixed by the ratio of its daily average production during the preceding calendar half-year to the daily average production of the compacting states during said period.

ARTICLE VII.

No state by joining herein shall become financially obligated to any other state, nor shall the breach of the terms hereof by any state subject such state to financial responsibility to the other states joining herein.

ARTICLE VIII.

This compact shall expire September 1, 1947, but any state joining herein may, upon 60 days' notice, withdraw herefrom.

The representatives of the signatory states have signed this agreement in a single original which shall be deposited in the archives of the department of state of the United States, and a duly certified copy shall be forwarded to the governor of each of the signatory states.

This compact shall become effective when ratified and approved as provided in Article I. Any oil-producing state may become a party hereto by affixing its signature to a counterpart to be similarly deposited, certified, and ratified.

Done in the city of Dallas, Texas, this sixteenth day of February, 1935.

(Originally signed by the representatives of the following states: Oklahoma, Texas, New Mexico, Colorado, Illinois, Michigan, California, Arkansas, and Kansas.)"

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995

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324.62103 Interstate oil and gas compact commission; governor as representative of state; powers and duties; assistant representatives.

Sec. 62103.

The governor shall be the official representative of the state of Michigan on "the interstate oil and gas compact commission," provided for in the compact to conserve oil and gas, and shall exercise and perform for the state of Michigan all the powers and duties as a member of "the interstate oil and gas compact commission": However, he or she may appoint assistant representatives who shall act in his or her stead as the official representatives of the state of Michigan as a member of the commission. The assistant representatives shall take the oath of office prescribed by the constitution, which shall be filed with the secretary of state.

History: Add. 1995, Act 57, Imd. Eff. May 24, 1995

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