



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 141 (as introduced 3-12-25)
Sponsor: Senator Jeff Irwin
Committee: Natural Resources and Agriculture

Date Completed: 10-27-25

CONTENT

The bill would add Section 61506e to Part 615 (Supervisor of Wells) of the Natural Resources and Environmental Protection Act to do the following:

- **Require an operator of an oil or gas well to reduce fugitive methane and volatile organic compound (VOC) emissions by at least 95% by using control and capture techniques or by flaring (see BACKGROUND).**
- **Prohibit wells that produced more than 40 tons per year of fugitive methane and VOCs from flaring unless other allowable methods were not technically feasible.**
- **Prescribe civil fines and licensure revocation for specific violations of the bill's requirement.**
- **Require the Department of Environment, Great Lakes, and Energy (EGLE) to promulgate rules to implement the bill's provisions.**

The bill would take effect 90 days after its enactment.

Reduction of VOC Emissions by 95%

Part 615 generally establishes EGLE's authority to regulate oil and gas wells in the State. It prescribes a drilling permit process, the requirements to obtain a permit, and prohibits a person from creating waste in the development, production, handling, or use of oil or gas.¹

The bill would add Section 61506e to Part 615 to require the operator of a well to reduce fugitive methane and VOC emissions by at least 95% by using one or more of the following methods:

- Routing captured gas to a sales line.
- Using captured gas as an on-site fuel source.
- Using captured gas for another purpose.
- Reinjecting captured gas into a well.
- Flaring or another method approved by EGLE.

"Well" would mean an oil or gas well but would not include an oil or gas well that consists only of a wellhead.²

The provision above concerning flaring would not apply to a well that produced more than 40 tons per year of fugitive methane and VOC emissions unless one of the following applied:

¹ Generally, "waste" includes underground waste, such as unreasonable damage to underground waters, and surface waste, such as unnecessary damage to soils, animals, fish, or property. For more details, see MCL 324.61501.

² A wellhead is the portion of the well at the surface that contains the pressure and flow of oil or gas.

- The operator demonstrated to EGLE that the first four methods above were technically infeasible for the well by evaluating each of those methods and explaining why it was technically infeasible; this demonstration would have to be certified by a qualified professional engineer or other qualified individual.
- A temporary situation beyond the operator's control made the first four methods above unsafe or technically infeasible.

The provisions above would apply beginning on the date rules were promulgated as described below; however, if a permit were issued for a well before the date that rules were promulgated, the provisions above would apply to that well according to the schedule described below.

Rule Promulgation

Within 180 days after the bill's effective date, EGLE would have to promulgate rules to implement the bill. At a minimum, the rules would have to provide for the following:

- The specific types of fugitive methane and VOC capture and control systems that could be used to comply with the bill.
- A schedule for the operator of a well to comply with the bill and the rules if a permit were issued for the well before the date the rules were promulgated.
- Procedures and schedules for inspections by the supervisor to verify compliance with these provisions and the rules.
- Procedures for operators to report compliance with these provisions and the rules.
- Procedures and schedules for maintenance and performance testing of a fugitive methane and VOC control or capture system required by the bill.
- Requirements for the prompt repair of a malfunctioning fugitive methane and VOC control or capture system required by the bill.

Violations

If an operator violated the bill's requirement to reduce fugitive methane and VOC emissions by at least 95% by using one of the allowable methods, the following would apply:

- The operator would be ordered to pay a civil fine of \$100,000.
- If the operator failed to first comply with the bill's requirement within 180 days after the requirement first applied to the well, EGLE would have to revoke the operator's permit for the well.

If an operator used flaring in violation of the bill's requirement, the operator would have to be ordered to pay a civil fine of \$100,000 and EGLE would have to revoke the operator's permit for the well.

The bill specifies that the provisions concerning violations would not apply if the fugitive methane and VOC control or capture system malfunctioned and the operator promptly repaired the system.

Proposed MCL 324.61506e

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is a reintroduction of Senate Bill 966 from the 2023-2024 Legislative Session.

BACKGROUND

Oil and gas wells dispose of waste gases in numerous ways. The method of disposing of waste gases that requires the least amount of infrastructure is a process called venting, or the release of the waste gases directly into the air. Venting releases methane directly into the air and so is generally considered to be the disposal method of waste gases that causes the most environmental harm. A more sustainable substitute for venting is a process called flaring, which burns many of the waste gases and converts them into carbon dioxide as they are released into the air. Venting and flaring natural gas in production and processing is not common in the United States, with the rate of natural gas vented or flared in 2023 only being 0.5% of all natural gas.³ There is no reported data for venting or flaring of natural gas in Michigan from 2019 - 2023.⁴

Additionally, venting and flaring release VOCs, which are any compound with a high vapor pressure and low water solubility that can escape from solids or liquids as gases.⁵ Oil and gas extraction commonly produces a group of VOCs referred to as BTEX compounds – benzene, toluene, ethylbenzene, and xylene.⁶ These compounds can harm bone marrow, the central nervous system, and the immune system. Mild symptoms of exposure to BTEX compounds include coughing, wheezing, shortness of breath, and irritation of the eyes, nose, and throat while more severe symptoms of exposure to BTEX compounds include liver and kidney damage, falling into a coma, leukemia (blood cancer), and death.⁷ Control and capture techniques prevent exposure to BTEX compounds and other VOCs by harvesting the compounds before they are released into the air. Some of these control and capture methods would be required under the bill.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bill would have a minor but likely negative fiscal impact on EGLE and no fiscal impact on local units of government. The bill would create new administrative costs for EGLE related to rule promulgation, as well as costs to enforce the statutory amendments contained in the bill as well as the rules the bill would require EGLE to promulgate. Costs for rule promulgation are generally minor and not ongoing in nature; however enforcement costs would be ongoing, and could vary considerably depending on how EGLE might opt to conduct enforcement. For example, investigating only alleged violations would likely be less expensive than proactively inspecting all gas and oil wells for compliance.

Finally, the bill would establish a civil fine of \$100,000 for gas and/or oil well operators who violate the provisions of the bill or associated administrative rules, as well as a civil fine of \$100,000 for operators who inappropriately flare-off methane and/or VOC. It is unknown how many violations could occur, but any revenue collected from these fines would be credited to the State General Fund.

Fiscal Analysts: Cory Savino, PhD; Josh Sefton; Michael Siracuse

³ Energy Information Administration (EIA), "Our estimated rate of U.S. natural gas vented or flared declined in 2023", June 2024.

⁴ EIA, "Summary Statistics for Natural Gas – Michigan, 2019-2023".

⁵ United States Environmental Protection Agency, "What are volatile organic compounds?", February 2025.

⁶ Pennsylvania Department of Health, "Benzene, Toluene, Ethylbenzene & Xylenes – BTEX", August 2023.

⁷ *Id.*