



OEC [Action Fund]

**House Bill 225
Proponent Testimony
Melanie Houston, Director of Oil and Gas
Ohio Environmental Council Action Fund
Ohio House Committee on Energy and Natural Resources
June 6, 2017**

Chairman Landis, Vice Chairwoman Hagan, Ranking Member O'Brien and Members of the Committee: Thank you for this opportunity to provide proponent testimony on HB 225. The importance of this bill cannot be overstated as it requires Ohio Department of Natural Resources (ODNR) to better protect Ohioans by locating, prioritizing, and plugging orphaned and abandoned oil and gas wells in a timely manner.

Orphaned wells are improperly abandoned oil or gas wells. They are wells that are no longer in production and are often several decades old. Most were drilled before Ohio adopted its first oil and gas well regulations in the 1960s. Regulators, the industry, and academics agree that there are likely thousands of undiscovered orphan wells dotting Ohio's landscape.

Orphan wells pose a hazard to the environment and to human health and safety. Until they are located and properly plugged, they are pathways to pollution. Risks include fire, overflow of oil or brine into ecologically sensitive areas like streams, and groundwater contamination. Orphan wells have been found under buildings, houses and streets, and even in lawns and recreation areas in both rural and urban areas.

In 1977, ODNR established an Orphan Well Program to plug improperly abandoned oil and gas wells. Funded by a portion of the state tax on oil and gas production, Ohio's program has already plugged more than two thousand wells.

The program oversees confirming an orphan well's location; searching for any remaining responsible parties to fund the plugging of the well; bidding and contracting with private plugging companies; and inspecting the plugging process. Yet progress toward the goal of plugging all of Ohio's orphaned wells has been slow given resource limits and the cost of plugging abandoned wells. ODNR estimates that the average cost of plugging an orphaned or abandoned well is 20,000 to 25,000.

HB 225 gives ODNR Division of Oil and Gas clear guidance and funding allocation to speed up the efficient plugging of abandoned and orphaned wells. Three highlights from this bill of which the OEC is particularly supportive include:

1. The bill triggers ODNR, Division of Oil and Gas to adopt rules establishing high priority, medium priority and low priority categories for action on abandoned and orphaned wells. These rules will provide the agency staff as well as the public with clear guidance. The rules also tackle the problem of orphaned wells in a strategic way by addressing the most urgent wells first.
2. The bill requires that ODNR respond in a timely way to landowner reports of orphaned wells and plug high priority abandoned and orphaned wells first. Specifically, the bill requires the Division of Oil and Gas to inspect wells reported by landowners within 30 days and to provide a follow up report to the landowner within 60 days. The bill also requires the Division to begin plugging each high priority well within six months after issuing the landowner a written report.
3. HB 225 provides ODNR Division of Oil and Gas with the resources to do this work by changing the allocation of revenue in the existing Oil and Gas Well Fund from 14% to 45%. (The bill further specifies that the intent of the spending is for proper and lawful plugging of historic oil and gas wells for which there is no responsible owner).

Finally, the bill would require ODNR Division of Oil and Gas to report annually to the Ohio General Assembly and the Technical Advisory Council on Oil and Gas on a variety of metrics which demonstrate progress toward locating, plugging, and funding abandoned and orphaned oil and gas wells.

We commend Representative Andy Thompson and cosponsors for a bill that is certainly in the interest of the public and Ohio's natural environment. Thank you and I would be happy to answer questions at this time.