



*Forging a partnership between farmers and consumers.
•Working together for Ohio's farmers•*

**House Energy and Natural Resources Committee
H.B. 225 Proponent Testimony
Jenna Beadle, Director of State Policy
June 6, 2017**

Chairman Landis, Vice Chair Hagan, Ranking Member O'Brien, and members of the House Energy and Natural Resources Committee, thank you for the opportunity to provide testimony in support of H.B. 225 and to Representative Thompson for carrying this legislation to address idle and orphaned or abandoned wells.

Ohio has been home to oil and gas exploration since the late 1800s. Including both traditional vertical and new horizontal drilling technologies, over 250,000 wells have been drilled throughout the state. Farm fields, woodlands, suburbs, and subdivisions accommodate all types of drilling infrastructure that a few short years ago were open country.

Over the decades drillers have gone bankrupt, companies have merged, leases have expired, production assets have changed hands, and developers are lost to history. Current ownership of some infrastructure still on the land is untraceable. Some

landowners are left to address deteriorating well casings that expose adjoining soil and water resources to pollution. Many landowners rely on the Ohio Department of Natural Resource's (ODNR) Orphan Well Program for assistance to have abandoned wells decommissioned, casings sealed, and infrastructure removed from their property.

This bill would strengthen the rules governing orphan wells by creating a schedule for plugging the wells based on the level of urgency associated with the well site. Some of these wells are capped fairly well and do not need to be addressed right away. There are many though that pose a great risk to the environment and safety of surrounding wildlife, waterways, and farm fields. ODNR would be able to perform a risk assessment, develop a strategy to plug the .25 million orphan wells in the state, and begin addressing those that have been designated a high priority by the department.

Furthermore, the bill would make any funds received by a landowner from ODNR for the purpose of plugging an orphan well tax exempt. Currently it costs about \$30,000 to plug a well, and the state views that money from ODNR as taxable income to the owner of the well. At a time when farmers have incurred an average property tax increase of 300%, they cannot be further burdened by the current taxes associated with plugging a well. Exempting these funds would encourage more landowners to report the existence of orphan wells on their property, create additional financial resources for communities to

address this issue, and would create collaboration between ODNR, local governments, and rural residents.

Thank you again for the opportunity to voice our members' concerns, and I will take any questions you may have at this time.