

Testimony of David and Sherrie Stalder before the Ohio House Energy and Natural Resources Committee

Chairman Vitale, Vice Chair Kick, Ranking Member Denson and members of the House Energy and Natural Resources Committee, thank you for the opportunity to speak with you today and share our story concerning the effects of the recent developments in Ohio oil and gas law as it pertains to our farm.

My husband and I are dairy farmers and have been for the past 35 years. My husband Dave has actually been a dairy farmer his entire life. We own approximately 550 acres of real estate located in Monroe County, Ohio. As you might guess, our line of work requires a large amount of hard work and determination. Our family has owned property in Monroe County, Ohio for over 106 years. As a result, our family has paid all real estate taxes associated with our farm since that time.

Around 2006, an oil and gas company who had conducted its own due diligence approached us about signing an oil and gas lease on the farm. We were very excited about the opportunity to benefit from all of the hard work that we have put in over the years. Unfortunately, it was ultimately determined that clear back in 1946, an oil and gas reservation was made on a portion of our farm. Upon receiving this news, we sought our own legal advice in hopes that we would be able to fix the apparent issue and reunite the oil and gas rights with our farm.

Upon discussing our situation with our legal counsel, we were advised that there were a few options available to landowners that could be utilized to get rid of old reservations of oil and gas. Specifically, we were advised that, based upon the way the laws were interpreted at that time, we would be able to eliminate the reservation on our property using the 1989 DMA and Ohio's Marketable Title Act. It seemed like a relatively straightforward process, so we followed our attorney's advice and initiated a lawsuit in 2013 to clear up our farm using both of these options. Little did we realize that we would be riding a "legal rollercoaster" over the next 6 years.

Initially, we were successful at the trial court level. There the court decided in our favor based solely on the 1989 DMA. The defendants involved in our case decided to appeal the trial court's decision to the 7th District Court of Appeals, which was stayed pending decisions from the Supreme Court of Ohio in the numerous other oil and gas that had come before the court. In June of 2016, the Ohio Supreme Court decided that after 2006, only the 2006 DMA could be used. Since we were one of the many landowners who had used the 1989 DMA, the Court of Appeals reversed the lower court's decision. However, because the trial court did not consider our argument under the Ohio MTA, the Court of Appeals remanded our case back to the trial court for a determination on the issue.

On our second go, we were once again successful. This time, however, the trial court decided in our favor based upon the Ohio MTA. Similar to our first run, the opposing party appealed the trial court's decision to the Court of Appeals. Unfortunately, the Court of Appeals once again reversed the trial court's decision.

As you can assume, it is very difficult for you to be told that you won only to later find out that you lost. That situation happened to us twice. The experience of the highs and lows certainly has taken its toll on our family.

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As I said earlier, we have lived and worked on this farm for over 35 years. We have paid taxes on this farm over that same period. To say that someone who has no connection to our farm in over 73 years gets to benefit from our hard work is frustrating would certainly be an understatement. Unfortunately, based upon the way Ohio courts have interpreted these laws, we have ran out of options.

We do not appear before you today seeking sympathy. That is certainly not who we are and we know that there are many others who are in a similar position. We are simply hard working residents much like the rest of the people from Southeastern Ohio. Instead, we have come today to share our story in order to emphasize the need for this committee to take action with respect to clarifying Ohio's oil and gas laws. We urge this Committee to support H.B. 100.

Thank you all for your time and consideration.