

As Introduced

132nd General Assembly

Regular Session

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H. B. No. 105

Representatives Cera, Hill

**Cosponsors: Representatives Rogers, O'Brien, Antonio, Fedor, Brenner, Smith,
K., Sheehy, Lepore-Hagan, Craig, Miller**

A BILL

To amend sections 1509.02, 1509.071, 1509.11, and 1
5749.02 and to enact sections 321.50, 321.51, 2
321.52, 505.96, 1509.075, 3737.15, and 3745.60 3
of the Revised Code to limit the amount of 4
revenue that may be credited to the Oil and Gas 5
Well Fund and to allocate funds in excess of 6
that amount to local governments, fire 7
departments, and a grant program to encourage 8
compressed natural gas as a motor vehicle fuel. 9

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1509.02, 1509.071, 1509.11, and 10
5749.02 be amended and sections 321.50, 321.51, 321.52, 505.96, 11
1509.075, 3737.15, and 3745.60 of the Revised Code be enacted to 12
read as follows: 13

Sec. 321.50. (A) As used in this section: 14

(1) "Eligible county" means a county appearing on the most 15
recent determination certified by the chief of the division of 16
oil and gas resources management under division (C) of section 17

1509.11 of the Revised Code. 18

(2) "Cost of capital improvement projects" has the same 19
meaning as in section 164.01 of the Revised Code. 20

(B) The county treasurer of each eligible county shall 21
create in the county treasury an oil and gas infrastructure 22
fund. The treasurer shall deposit any money received by the 23
treasurer under section 1509.02 of the Revised Code into the 24
fund. 25

Not later than twenty days following the deposit of money 26
into the fund, the treasurer shall distribute the money to 27
subdivisions in proportion to the amount the subdivision would 28
receive from the county's undivided local government fund 29
according to the formula used by the county to distribute money 30
from that fund under section 5747.51 or 5747.53 of the Revised 31
Code. 32

A subdivision shall use money received from the oil and 33
gas infrastructure fund exclusively for the purpose of paying 34
the cost of capital improvement projects. 35

Sec. 321.51. The county treasurer of each eligible county 36
shall create in the county treasury a township road maintenance 37
fund. The treasurer shall deposit any money received by the 38
treasurer under section 1509.02 of the Revised Code into the 39
fund. The treasurer shall notify the chair of the county's 40
township road maintenance committee whenever the treasurer 41
deposits money into the fund. The treasurer shall distribute 42
money from the fund into the township road funds of townships in 43
the county as prescribed in an order of the township road 44
maintenance committee under section 505.96 of the Revised Code. 45
As used in this section, "eligible county" has the same meaning 46

as in section 321.50 of the Revised Code. 47

Sec. 321.52. (A) As used in this section: 48

(1) "Eligible injection well county" means a county 49
appearing on the most recent determination certified by the 50
chief of the division of oil and gas resources management under 51
division (D)(1) of section 1509.11 of the Revised Code. 52

(2) "Cost of capital improvement projects" has the same 53
meaning as in section 164.01 of the Revised Code. 54

(B) The county treasurer of each eligible injection well 55
county shall create in the county treasury an injection well 56
infrastructure fund. The treasurer shall deposit any money 57
received by the treasurer under section 1509.02 of the Revised 58
Code into the fund. 59

Not later than twenty days following the deposit of money 60
into the fund, the treasurer shall distribute the money to 61
subdivisions in proportion to the amount the subdivision would 62
receive from the county's undivided local government fund 63
according to the formula used by the county to distribute money 64
from that fund under section 5747.51 or 5747.53 of the Revised 65
Code. 66

A subdivision shall use money received from the injection 67
well infrastructure fund exclusively for the purpose of paying 68
the cost of capital improvement projects. 69

Sec. 505.96. (A) There is hereby created in each county 70
that is or has been an eligible county, as that term is defined 71
in section 321.50 of the Revised Code, the township road 72
maintenance committee, which shall consist of one trustee of 73
each township located in the county appointed by the board of 74
trustees of each township. A member of the committee may be 75

removed by the member's appointing board. Members shall be 76
appointed on or before the first day of June of each year and 77
shall serve one-year terms. Members may be reappointed to the 78
committee. 79

Any member appointed to the committee under this section 80
shall continue as a member until the later of the end of the 81
term for which the member is appointed or the date the member's 82
successor joins the committee. A vacancy occurring among the 83
members shall be filled in the same manner as the original 84
appointment. Members of the committee shall not be compensated 85
or reimbursed for members' expenses. 86

(B) At the first meeting of the committee, which shall 87
occur not later than the fifteenth day of June of each year, 88
members of the committee shall elect a chair and notify the 89
county treasurer of the result of the committee's election. The 90
committee shall meet at the call of the chair. A majority of the 91
committee constitutes a quorum. The committee is a public body 92
for the purposes of section 121.22 of the Revised Code. Records 93
of the committee are public records for the purposes of section 94
149.43 of the Revised Code. 95

(C) On or before the thirty-first day of September of each 96
year, the committee shall issue an order and certify that order 97
to the county treasurer distributing money in the county's 98
township road maintenance fund to the township road funds of 99
townships in the county in the proportions prescribed by the 100
committee. In prescribing the proportion to be distributed to 101
each township, the committee shall consider the following 102
factors: 103

(1) The number of centerline miles within the boundaries 104
of the township as determined under division (A) (5) (b) of 105

<u>section 5735.27 of the Revised Code;</u>	106
<u>(2) The amount of money received by the township from the</u>	107
<u>county's oil and gas infrastructure fund in that year;</u>	108
<u>(3) The number and locations of producing oil and gas</u>	109
<u>wells located in the township.</u>	110
<u>(D) A township shall use money received from the township</u>	111
<u>maintenance fund exclusively for the purposes of maintaining and</u>	112
<u>constructing roads and purchasing road maintenance equipment.</u>	113
Sec. 1509.02. (A) There is hereby created in the	114
department of natural resources the division of oil and gas	115
resources management, which shall be administered by the chief	116
of the division of oil and gas resources management. The	117
division has sole and exclusive authority to regulate the	118
permitting, location, and spacing of oil and gas wells and	119
production operations within the state, excepting only those	120
activities regulated under federal laws for which oversight has	121
been delegated to the environmental protection agency and	122
activities regulated under sections 6111.02 to 6111.028 of the	123
Revised Code. The regulation of oil and gas activities is a	124
matter of general statewide interest that requires uniform	125
statewide regulation, and this chapter and rules adopted under	126
it constitute a comprehensive plan with respect to all aspects	127
of the locating, drilling, well stimulation, completing, and	128
operating of oil and gas wells within this state, including site	129
construction and restoration, permitting related to those	130
activities, and the disposal of wastes from those wells. In	131
order to assist the division in the furtherance of its sole and	132
exclusive authority as established in this section, the chief	133
may enter into cooperative agreements with other state agencies	134
for advice and consultation, including visitations at the	135

surface location of a well on behalf of the division. Such 136
cooperative agreements do not confer on other state agencies any 137
authority to administer or enforce this chapter and rules 138
adopted under it. In addition, such cooperative agreements shall 139
not be construed to dilute or diminish the division's sole and 140
exclusive authority as established in this section. Nothing in 141
this section affects the authority granted to the director of 142
transportation and local authorities in section 723.01 or 143
4513.34 of the Revised Code, provided that the authority granted 144
under those sections shall not be exercised in a manner that 145
discriminates against, unfairly impedes, or obstructs oil and 146
gas activities and operations regulated under this chapter. 147

The chief shall not hold any other public office, nor 148
shall the chief be engaged in any occupation or business that 149
might interfere with or be inconsistent with the duties as 150
chief. 151

All moneys collected by the chief pursuant to sections 152
1509.06, 1509.061, 1509.062, 1509.071, 1509.13, 1509.22, 153
1509.222, 1509.28, 1509.34, and 1509.50 of the Revised Code, 154
ninety per cent of moneys received by the treasurer of state 155
from the tax levied in divisions (A) (5) and (6) of section 156
5749.02 of the Revised Code, all civil penalties paid under 157
section 1509.33 of the Revised Code, and, notwithstanding any 158
section of the Revised Code relating to the distribution or 159
crediting of fines for violations of the Revised Code, all fines 160
imposed under divisions (A) and (B) of section 1509.99 of the 161
Revised Code and fines imposed under divisions (C) and (D) of 162
section 1509.99 of the Revised Code for all violations 163
prosecuted by the attorney general and for violations prosecuted 164
by prosecuting attorneys that do not involve the transportation 165
of brine by vehicle shall be deposited into the state treasury 166

to the credit of the oil and gas well fund, which is hereby 167
created. Fines imposed under divisions (C) and (D) of section 168
1509.99 of the Revised Code for violations prosecuted by 169
prosecuting attorneys that involve the transportation of brine 170
by vehicle and penalties associated with a compliance agreement 171
entered into pursuant to this chapter shall be paid to the 172
county treasury of the county where the violation occurred. 173

The fund shall be used solely and exclusively for the 174
purposes enumerated in division (B) of section 1509.071 of the 175
Revised Code, for the expenses of the division associated with 176
the administration of this chapter and Chapter 1571. of the 177
Revised Code and rules adopted under them, and for expenses that 178
are critical and necessary for the protection of human health 179
and safety and the environment related to oil and gas production 180
in this state. The expenses of the division in excess of the 181
moneys available in the fund shall be paid from general revenue 182
fund appropriations to the department. 183

(B) Not more than eighteen million dollars of the total 184
amount credited to the oil and gas well fund in any fiscal year 185
may be used or transferred as described in division (A) or (C) 186
of this section. The director of budget and management shall, by 187
the last day of each fiscal year, transfer or pay any revenue 188
credited to the fund in excess of that amount as follows: 189

(1) Fifty per cent to the oil and gas infrastructure fund 190
of each eligible county, as that term is defined in section 191
321.50 of the Revised Code, in the county's proportion most 192
recently certified to the director by the chief of the division 193
of oil and gas resources under division (C) of section 1509.11 194
of the Revised Code; 195

(2) Fifteen per cent to the township road maintenance fund 196

of each eligible county in the proportion certified to the 197
director by the chief under division (C) of section 1509.11 of 198
the Revised Code; 199

(3) Ten per cent to the injection well infrastructure fund 200
of each eligible injection well county, as that term is defined 201
in section 321.52 of the Revised Code, in the county's 202
proportion most recently certified to the director by the chief 203
under division (D) (1) of section 1509.11 of the Revised Code; 204

(4) Ten per cent to the general fund of each municipal 205
corporation or the township general fund of each township in the 206
municipal corporation's or township's proportion most recently 207
certified to the director by the chief under division (D) (2) of 208
section 1509.11 of the Revised Code. Money received by a 209
municipal corporation or township under division (B) (4) of this 210
section may be used for any lawful purpose; 211

(5) Ten per cent to the gaseous fuel vehicle conversion 212
fund created in section 3745.60 of the Revised Code; 213

(6) Five per cent to the shale region firefighting 214
equipment fund created in section 3737.15 of the Revised Code. 215

(C) By the last day of each fiscal year, the director of 216
budget and management shall transfer not less than fourteen per 217
cent of the revenue credited to the oil and gas well fund, 218
except any revenue transferred or paid in accordance with 219
division (B) of this section, to the well plugging fund created 220
in section 1509.075 of the Revised Code. 221

Sec. 1509.071. (A) When the chief of the division of oil 222
and gas resources management finds that an owner has failed to 223
comply with a final nonappealable order issued or compliance 224
agreement entered into under section 1509.04, the restoration 225

requirements of section 1509.072, plugging requirements of 226
section 1509.12, or permit provisions of section 1509.13 of the 227
Revised Code, or rules and orders relating thereto, the chief 228
shall make a finding of that fact and declare any surety bond 229
filed to ensure compliance with those sections and rules 230
forfeited in the amount set by rule of the chief. The chief 231
thereupon shall certify the total forfeiture to the attorney 232
general, who shall proceed to collect the amount of the 233
forfeiture. In addition, the chief may require an owner, 234
operator, producer, or other person who forfeited a surety bond 235
to post a new surety bond in the amount of fifteen thousand 236
dollars for a single well, thirty thousand dollars for two 237
wells, or fifty thousand dollars for three or more wells. 238

In lieu of total forfeiture, the surety or owner, at the 239
surety's or owner's option, may cause the well to be properly 240
plugged and abandoned and the area properly restored or pay to 241
the treasurer of state the cost of plugging and abandonment. 242

(B) All moneys collected because of forfeitures of bonds 243
as provided in this section shall be deposited in the state 244
treasury to the credit of the oil and gas well fund created in 245
section 1509.02 of the Revised Code. 246

The chief ~~annually shall~~ may spend ~~not less than fourteen~~ 247
~~per cent of the~~ revenue credited to the oil and gas well fund 248
~~during the previous fiscal year~~ for the following purposes: 249

(1) In accordance with division (D) of this section, to 250
plug idle and orphaned wells or to restore the land surface 251
properly as required in section 1509.072 of the Revised Code; 252

(2) In accordance with division (E) of this section, to 253
correct conditions that the chief reasonably has determined are 254

causing imminent health or safety risks at an idle and orphaned 255
well or a well for which the owner cannot be contacted in order 256
to initiate a corrective action within a reasonable period of 257
time as determined by the chief. 258

Expenditures from the fund shall be made only for lawful 259
purposes. In addition, expenditures from the fund shall not be 260
made to purchase real property or to remove a dwelling in order 261
to access a well. 262

(C) (1) Upon determining that the owner of a well has 263
failed to properly plug and abandon it or to properly restore 264
the land surface at the well site in compliance with the 265
applicable requirements of this chapter and applicable rules 266
adopted and orders issued under it or that a well is an 267
abandoned well for which no funds are available to plug the well 268
in accordance with this chapter, the chief shall do all of the 269
following: 270

(a) Determine from the records in the office of the county 271
recorder of the county in which the well is located the identity 272
of the owner of the land on which the well is located, the 273
identity of the owner of the oil or gas lease under which the 274
well was drilled or the identity of each person owning an 275
interest in the lease, and the identities of the persons having 276
legal title to, or a lien upon, any of the equipment appurtenant 277
to the well; 278

(b) Mail notice to the owner of the land on which the well 279
is located informing the landowner that the well is to be 280
plugged. If the owner of the oil or gas lease under which the 281
well was drilled is different from the owner of the well or if 282
any persons other than the owner of the well own interests in 283
the lease, the chief also shall mail notice that the well is to 284

be plugged to the owner of the lease or to each person owning an interest in the lease, as appropriate.

(c) Mail notice to each person having legal title to, or a lien upon, any equipment appurtenant to the well, informing the person that the well is to be plugged and offering the person the opportunity to plug the well and restore the land surface at the well site at the person's own expense in order to avoid forfeiture of the equipment to this state.

(2) If none of the persons described in division (C) (1) (c) of this section plugs the well within sixty days after the mailing of the notice required by that division, all equipment appurtenant to the well is hereby declared to be forfeited to this state without compensation and without the necessity for any action by the state for use to defray the cost of plugging and abandoning the well and restoring the land surface at the well site.

(D) Expenditures from the fund for the purpose of division (B) (1) of this section shall be made in accordance with either of the following:

(1) The expenditures may be made pursuant to contracts entered into by the chief with persons who agree to furnish all of the materials, equipment, work, and labor as specified and provided in such a contract for activities associated with the restoration or plugging of a well as determined by the chief. The activities may include excavation to uncover a well, geophysical methods to locate a buried well when clear evidence of leakage from the well exists, cleanout of wellbores to remove material from a failed plugging of a well, plugging operations, installation of vault and vent systems, including associated engineering certifications and permits, restoration of property,

and repair of damage to property that is caused by such 315
activities. Expenditures shall not be used for salaries, 316
maintenance, equipment, or other administrative purposes, except 317
for costs directly attributed to the plugging of an idle and 318
orphaned well. Agents or employees of persons contracting with 319
the chief for a restoration or plugging project may enter upon 320
any land, public or private, on which the well is located for 321
the purpose of performing the work. Prior to such entry, the 322
chief shall give to the following persons written notice of the 323
existence of a contract for a project to restore or plug a well, 324
the names of the persons with whom the contract is made, and the 325
date that the project will commence: the owner of the well, the 326
owner of the land upon which the well is located, the owner or 327
agents of adjoining land, and, if the well is located in the 328
same township as or in a township adjacent to the excavations 329
and workings of a mine and the owner or lessee of that mine has 330
provided written notice identifying those townships to the chief 331
at any time during the immediately preceding three years, the 332
owner or lessee of the mine. 333

(2) (a) The owner of the land on which a well is located 334
who has received notice under division (C) (1) (b) of this section 335
may plug the well and be reimbursed by the division of oil and 336
gas resources management for the reasonable cost of plugging the 337
well. In order to plug the well, the landowner shall submit an 338
application to the chief on a form prescribed by the chief and 339
approved by the technical advisory council on oil and gas 340
created in section 1509.38 of the Revised Code. The application, 341
at a minimum, shall require the landowner to provide the same 342
information as is required to be included in the application for 343
a permit to plug and abandon under section 1509.13 of the 344
Revised Code. The application shall be accompanied by a copy of 345

a proposed contract to plug the well prepared by a contractor 346
regularly engaged in the business of plugging oil and gas wells. 347
The proposed contract shall require the contractor to furnish 348
all of the materials, equipment, work, and labor necessary to 349
plug the well properly and shall specify the price for doing the 350
work, including a credit for the equipment appurtenant to the 351
well that was forfeited to the state through the operation of 352
division (C) (2) of this section. Expenditures under division (D) 353
(2) (a) of this section shall be consistent with the expenditures 354
for activities described in division (D) (1) of this section. The 355
application also shall be accompanied by the permit fee required 356
by section 1509.13 of the Revised Code unless the chief, in the 357
chief's discretion, waives payment of the permit fee. The 358
application constitutes an application for a permit to plug and 359
abandon the well for the purposes of section 1509.13 of the 360
Revised Code. 361

(b) Within thirty days after receiving an application and 362
accompanying proposed contract under division (D) (2) (a) of this 363
section, the chief shall determine whether the plugging would 364
comply with the applicable requirements of this chapter and 365
applicable rules adopted and orders issued under it and whether 366
the cost of the plugging under the proposed contract is 367
reasonable. If the chief determines that the proposed plugging 368
would comply with those requirements and that the proposed cost 369
of the plugging is reasonable, the chief shall notify the 370
landowner of that determination and issue to the landowner a 371
permit to plug and abandon the well under section 1509.13 of the 372
Revised Code. Upon approval of the application and proposed 373
contract, the chief shall transfer ownership of the equipment 374
appurtenant to the well to the landowner. The chief may 375
disapprove an application submitted under division (D) (2) (a) of 376

this section if the chief determines that the proposed plugging 377
would not comply with the applicable requirements of this 378
chapter and applicable rules adopted and orders issued under it, 379
that the cost of the plugging under the proposed contract is 380
unreasonable, or that the proposed contract is not a bona fide, 381
arm's length contract. 382

(c) After receiving the chief's notice of the approval of 383
the application and permit to plug and abandon a well under 384
division (D) (2) (b) of this section, the landowner shall enter 385
into the proposed contract to plug the well. 386

(d) Upon determining that the plugging has been completed 387
in compliance with the applicable requirements of this chapter 388
and applicable rules adopted and orders issued under it, the 389
chief shall reimburse the landowner for the cost of the plugging 390
as set forth in the proposed contract approved by the chief. The 391
reimbursement shall be paid from the oil and gas well fund. If 392
the chief determines that the plugging was not completed in 393
accordance with the applicable requirements, the chief shall not 394
reimburse the landowner for the cost of the plugging, and the 395
landowner or the contractor, as applicable, promptly shall 396
transfer back to this state title to and possession of the 397
equipment appurtenant to the well that previously was 398
transferred to the landowner under division (D) (2) (b) of this 399
section. If any such equipment was removed from the well during 400
the plugging and sold, the landowner shall pay to the chief the 401
proceeds from the sale of the equipment, and the chief promptly 402
shall pay the moneys so received to the treasurer of state for 403
deposit into the oil and gas well fund. 404

The chief may establish an annual limit on the number of 405
wells that may be plugged under division (D) (2) of this section 406

or an annual limit on the expenditures to be made under that 407
division. 408

As used in division (D) (2) of this section, "plug" and 409
"plugging" include the plugging of the well and the restoration 410
of the land surface disturbed by the plugging. 411

(E) Expenditures from the oil and gas well fund for the 412
purpose of division (B) (2) of this section may be made pursuant 413
to contracts entered into by the chief with persons who agree to 414
furnish all of the materials, equipment, work, and labor as 415
specified and provided in such a contract. The competitive 416
bidding requirements of Chapter 153. of the Revised Code do not 417
apply if the chief reasonably determines that an emergency 418
situation exists requiring immediate action for the correction 419
of the applicable health or safety risk. A contract or purchase 420
of materials for purposes of addressing the emergency situation 421
is not subject to division (B) of section 127.16 of the Revised 422
Code. The chief, designated representatives of the chief, and 423
agents or employees of persons contracting with the chief under 424
this division may enter upon any land, public or private, for 425
the purpose of performing the work. 426

(F) Contracts entered into by the chief under this section 427
are not subject to any of the following: 428

(1) Chapter 4115. of the Revised Code; 429

(2) Section 153.54 of the Revised Code, except that the 430
contractor shall obtain and provide to the chief as a bid 431
guaranty a surety bond or letter of credit in an amount equal to 432
ten per cent of the amount of the contract; 433

(3) Section 4733.17 of the Revised Code. 434

(G) The owner of land on which a well is located who has 435

received notice under division (C) (1) (b) of this section, in 436
lieu of plugging the well in accordance with division (D) (2) of 437
this section, may cause ownership of the well to be transferred 438
to an owner who is lawfully doing business in this state and who 439
has met the financial responsibility requirements established 440
under section 1509.07 of the Revised Code, subject to the 441
approval of the chief. The transfer of ownership also shall be 442
subject to the landowner's filing the appropriate forms required 443
under section 1509.31 of the Revised Code and providing to the 444
chief sufficient information to demonstrate the landowner's or 445
owner's right to produce a formation or formations. That 446
information may include a deed, a lease, or other documentation 447
of ownership or property rights. 448

The chief shall approve or disapprove the transfer of 449
ownership of the well. If the chief approves the transfer, the 450
owner is responsible for operating the well in accordance with 451
this chapter and rules adopted under it, including, without 452
limitation, all of the following: 453

(1) Filing an application with the chief under section 454
1509.06 of the Revised Code if the owner intends to drill deeper 455
or produce a formation that is not listed in the records of the 456
division for that well; 457

(2) Taking title to and possession of the equipment 458
appurtenant to the well that has been identified by the chief as 459
having been abandoned by the former owner; 460

(3) Complying with all applicable requirements that are 461
necessary to drill deeper, plug the well, or plug back the well. 462

(H) The chief shall issue an order that requires the owner 463
of a well to pay the actual documented costs of a corrective 464

action that is described in division (B) (2) of this section 465
concerning the well. The chief shall transmit the money so 466
recovered to the treasurer of state who shall deposit the money 467
in the state treasury to the credit of the oil and gas well 468
fund. 469

(I) The chief may engage in cooperative projects under 470
this section with any agency of this state, another state, or 471
the United States; any other governmental agencies; or any state 472
university or college as defined in section 3345.27 of the 473
Revised Code. A contract entered into for purposes of a 474
cooperative project is not subject to division (B) of section 475
127.16 of the Revised Code. 476

(J) On or before the last day of June of each year, the 477
chief shall deliver to the speaker of the house of 478
representatives and the president of the senate a report listing 479
the projected amount of money to be spent from the oil or gas 480
well fund or the well plugging fund to plug each idle or 481
orphaned well that the chief estimates will begin to be plugged 482
in the following fiscal year and the locations of such wells, 483
and the number and location of all idle or orphaned wells 484
plugged in the preceding fiscal year using money from the oil or 485
gas well fund or the well plugging fund and the amount spent 486
from each fund to plug such wells. 487

Sec. 1509.075. (A) There is hereby created in the division 488
of oil and gas resources management the idle and orphaned well 489
program. The chief shall provide staff for the program 490
sufficient to identify, locate, and plug idle and orphaned wells 491
located in this state and perform the duties required under this 492
section. 493

(B) Subject to the supervision of the chief, the idle and 494

orphaned well program shall do both of the following: 495

(1) Develop and maintain an inventory of all known and 496
suspected idle and orphaned wells located in this state; 497

(2) Prioritize the plugging of idle and orphaned wells 498
identified in that inventory based on the relative risk of those 499
wells to public health and safety. 500

(C) There is hereby created in the state treasury the well 501
plugging fund, which shall consist of money transferred to it 502
from the oil and gas well fund under division (C) section 503
1509.02 of the Revised Code. The chief shall use the money in 504
the well plugging fund exclusively for the purposes described in 505
division (B) of section 1509.071 of the Revised Code and subject 506
to the requirements and limitations imposed by that section 507
related to the expenditure of funds for those purposes. 508

Expenditures from the fund shall be made only for lawful 509
purposes and shall not be made to purchase real property or to 510
remove a dwelling in order to access a well. 511

Sec. 1509.11. (A) (1) The owner of any well, except a 512
horizontal well, that is producing or capable of producing oil 513
or gas shall file with the chief of the division of oil and gas 514
resources management, on or before the thirty-first day of 515
March, a statement of production of oil, gas, and brine for the 516
last preceding calendar year in such form as the chief may 517
prescribe. An owner that has more than one hundred such wells in 518
this state shall submit electronically the statement of 519
production in a format that is approved by the chief. 520

(2) The owner of any horizontal well that is producing or 521
capable of producing oil or gas shall file with the chief, on 522
the forty-fifth day following the close of each calendar 523

quarter, a statement of production of oil, gas, and brine for 524
the preceding calendar quarter in a form that the chief 525
prescribes. An owner that has more than one hundred horizontal 526
wells in this state shall submit electronically the statement of 527
production in a format that is approved by the chief. 528

(B) The chief shall not disclose information received from 529
the department of taxation under division (C) (12) of section 530
5703.21 of the Revised Code until the related statement of 531
production required by division (A) of this section is filed 532
with the chief. 533

(C) Not later than the fifteenth day of June of each year, 534
the chief shall calculate and certify to the director of budget 535
and management and the fire marshal, for each county in which 536
one or more wells producing oil or gas in the Utica or Marcellus 537
formation were located in the preceding calendar year, the 538
number of wells producing oil or gas in the Utica or Marcellus 539
formation located in that county in the preceding calendar year 540
divided by the total number of wells producing oil or gas in the 541
Utica or Marcellus formation located in the state in that 542
calendar year. 543

(D) Not later than the fifteenth day of June of each year, 544
the chief shall calculate and certify to the director of budget 545
and management both of the following: 546

(1) For each county in which one or more injection wells 547
whose owner has been issued a permit under division (D) of 548
section 1509.22 of the Revised Code were located in the 549
preceding calendar year, the number of barrels of substance 550
delivered to be injected into each such well located in the 551
county in the preceding calendar year divided by the total 552
number of barrels of substance delivered to be injected into 553

each such well located in the state in the preceding calendar 554
year; 555

(2) For each municipal corporation and township in which 556
one or more injection wells whose owner has been issued a permit 557
under division (D) of section 1509.22 of the Revised Code were 558
located in the preceding calendar year, the number of barrels of 559
substance delivered to be injected into each such well located 560
in the municipal corporation or township in the preceding 561
calendar year divided by the total number of barrels of 562
substance delivered to be injected into each such well located 563
in the state in the preceding calendar year. For the purposes of 564
division (D) (2) of this section, an injection well is located in 565
a township only if the well is located in the unincorporated 566
territory of that township. 567

(E) The chief, through the idle and orphaned well program, 568
shall investigate a well to determine if it is an idle or 569
orphaned well if either of the following occurs, unless the well 570
is under temporary inactive well status pursuant to section 571
1509.062 of the Revised Code: 572

(1) If the well is not a horizontal well, the owner of the 573
well does not submit a statement of production required under 574
division (A) (1) of this section for two consecutive years. 575

(2) If the well is a horizontal well, the owner of the 576
well does not submit a statement of production required under 577
division (A) (2) of this section for eight consecutive calendar 578
quarters. 579

Sec. 3737.15. (A) As used in this section: 580

(1) "Fire department" means a fire department of a 581
municipal corporation or township, a township fire district, a 582

joint township fire district, a private fire company or 583
volunteer fire company that has entered into an agreement for 584
the use and operation of firefighting equipment with a municipal 585
corporation, township, township fire district, or joint township 586
fire district or, in a municipal corporation or township where 587
no such fire department or district exists and no such agreement 588
is in effect, the fire prevention officer of the municipal 589
corporation or township. 590

(2) "Eligible fire department" means a fire department 591
serving territory that coexists wholly or partly with an 592
eligible subdivision. 593

(3) "Eligible subdivision" means an eligible county or a 594
township or municipal corporation that is wholly or partly 595
located in an eligible county. 596

(4) "Eligible county" has the same meaning as in section 597
321.50 of the Revised Code. 598

(5) "Firefighter" means any regular, paid or volunteer, 599
member of a lawfully constituted fire department. 600

(6) "Emergency medical technician" means an EMT-basic, 601
EMT-I, or paramedic as defined in section 4765.01 of the Revised 602
Code. 603

(7) "Firefighting equipment" means equipment and vehicles 604
used by firefighters or emergency medical technicians in the 605
performance of their duties. 606

(B) There is hereby created in the state treasury the 607
shale region firefighting equipment fund, which shall consist of 608
money transferred to it from the oil and gas well fund under 609
section 1509.02 of the Revised Code. The fire marshal shall use 610
money in the fund exclusively to award grants under this section 611

to eligible fire departments to purchase or acquire firefighting 612
equipment in accordance with this section. 613

(C) One or more eligible fire departments may apply to the 614
fire marshal, on forms prescribed by the fire marshal, for a 615
grant from the shale region firefighting equipment fund. In 616
approving applications and in determining the amount of the 617
grant to be awarded, the fire marshal shall specifically 618
consider all of the following factors: 619

(1) The regional distribution and availability of similar 620
firefighting equipment; 621

(2) The importance of the firefighting equipment to the 622
health and safety of the firefighters and residents of the 623
subdivision; 624

(3) The availability of federal, local, or other state 625
funds for the purchase; 626

(4) The extent to which the firefighting equipment is 627
necessary to prepare for or respond to emergencies caused by the 628
presence of oil and gas wells; 629

(5) Any other relevant factors prescribed by the fire 630
marshal. 631

The fire marshal shall not approve a grant application if 632
the amount of the grant requested by the eligible fire 633
department exceeds the amount of money available in the shale 634
region firefighting equipment fund. A county emergency 635
management agency may file a joint application for a grant under 636
this division on behalf of two or more eligible fire departments 637
with territory in that county. 638

(D) The fire marshal shall notify the director of budget 639

and management of the amount of any grant awarded by the fire marshal under this section. The director of budget and management shall release appropriations from the shale region firefighting equipment fund for the purpose of awarding a grant to one or more eligible fire departments on the presentation of a request to do so by the fire marshal. 640
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(E) The fire marshal may adopt rules in accordance with Chapter 119. of the Revised Code as are necessary to administer the grant program created in this section, including the procedures and manner in which applications may be submitted under division (C) of this section. 646
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Sec. 3745.60. (A) As used in this section: 651

(1) "Gaseous fuel" means compressed natural gas, liquefied natural gas, or liquid petroleum gas. 652
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(2) "Compressed natural gas" means a clear, odorless, and noncorrosive natural gas that is compressed to a pressure of at least three thousand eight hundred pounds per square inch but less than four thousand five hundred pounds per square inch. 654
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(3) "Liquefied natural gas" means natural gas that is cooled to negative two hundred sixty degrees fahrenheit and is in a liquefied state. 658
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(4) "Liquid petroleum gas" means a material with a vapor pressure not exceeding that of commercial propane which is composed predominately of the following hydrocarbons or mixtures: propane, propylene, butane (normal butane or isobutane), and butylene. 661
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(5) "Incremental cost" means the excess cost associated with the purchase of a vehicle originally equipped by the manufacturer to operate on gaseous fuel as compared to the 666
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purchase of an equivalent vehicle that operates on gasoline or 669
diesel fuel. 670

(6) "Nonprofit corporation" has the same meaning as in 671
section 1702.01 of the Revised Code. 672

(7) "Public transportation system" means a county transit 673
system operated in accordance with sections 306.01 to 306.13 of 674
the Revised Code, a regional transit authority operated in 675
accordance with sections 306.30 to 306.71 of the Revised Code, 676
or a regional transit commission operated in accordance with 677
sections 306.80 to 306.90 of the Revised Code. 678

(8) "School district" means any of the school districts 679
described in section 3311.02, 3311.03, 3311.04, 3311.18, or 680
3311.52 of the Revised Code. 681

(B) For the purpose of promoting the conversion of public 682
fleets to operate on cleaner fuels, the director of 683
environmental protection shall administer a gaseous fuel vehicle 684
conversion program under which the director may make grants to a 685
state agency, a political subdivision of the state, a school 686
district, a public transportation system, or a nonprofit 687
corporation for the conversion of a vehicle to operate on 688
gaseous fuel or for the incremental cost associated with the 689
purchase of a vehicle originally equipped by the manufacturer to 690
operate on gaseous fuel. 691

(C) The director shall adopt rules in accordance with 692
Chapter 119. of the Revised Code that are necessary for the 693
administration of the gaseous fuel vehicle conversion program. 694
The rules shall establish all of the following: 695

(1) An application form and procedures governing the 696
process for applying to receive a grant under the program; 697

<u>(2) Grant eligibility requirements;</u>	698
<u>(3) A maximum grant amount of five hundred thousand dollars per applicant;</u>	699 700
<u>(4) Any other procedures, criteria, or grant terms that the director determines necessary to administer the program.</u>	701 702
<u>(D) There is hereby created in the state treasury the gaseous fuel vehicle conversion fund, which shall consist of money transferred to it from the oil and gas well fund under section 1509.02 of the Revised Code. Money in the gaseous fuel vehicle conversion fund shall be used solely to make grants under the gaseous fuel vehicle conversion program. Any interest earned from money in the fund shall be credited to the fund and used by the director to pay expenses of administering the gaseous fuel vehicle conversion program.</u>	703 704 705 706 707 708 709 710 711
Sec. 5749.02. (A) For the purpose of providing revenue to administer the state's coal mining and reclamation regulatory program <u>and oil and gas regulatory program</u> , to meet the environmental and resource management needs of this state, <u>to provide revenue for local governments and fire departments</u> , and to reclaim land affected by mining, an excise tax is hereby levied on the privilege of engaging in the severance of natural resources from the soil or water of this state. The tax shall be imposed upon the severer at the rates prescribed by divisions (A) (1) to (9) of this section:	712 713 714 715 716 717 718 719 720 721
(1) Ten cents per ton of coal;	722
(2) Four cents per ton of salt;	723
(3) Two cents per ton of limestone or dolomite;	724
(4) Two cents per ton of sand and gravel;	725

(5) Ten cents per barrel of oil;	726
(6) Two and one-half cents per thousand cubic feet of natural gas;	727 728
(7) One cent per ton of clay, sandstone or conglomerate, shale, gypsum, or quartzite;	729 730
(8) Except as otherwise provided in this division or in rules adopted by the reclamation forfeiture fund advisory board under section 1513.182 of the Revised Code, an additional fourteen cents per ton of coal produced from an area under a coal mining and reclamation permit issued under Chapter 1513. of the Revised Code for which the performance security is provided under division (C) (2) of section 1513.08 of the Revised Code. Beginning July 1, 2007, if at the end of a fiscal biennium the balance of the reclamation forfeiture fund created in section 1513.18 of the Revised Code is equal to or greater than ten million dollars, the rate levied shall be twelve cents per ton. Beginning July 1, 2007, if at the end of a fiscal biennium the balance of the fund is at least five million dollars, but less than ten million dollars, the rate levied shall be fourteen cents per ton. Beginning July 1, 2007, if at the end of a fiscal biennium the balance of the fund is less than five million dollars, the rate levied shall be sixteen cents per ton. Beginning July 1, 2009, not later than thirty days after the close of a fiscal biennium, the chief of the division of mineral resources management shall certify to the tax commissioner the amount of the balance of the reclamation forfeiture fund as of the close of the fiscal biennium. Any necessary adjustment of the rate levied shall take effect on the first day of the following January and shall remain in effect during the calendar biennium that begins on that date.	731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755

(9) An additional one and two-tenths cents per ton of coal mined by surface mining methods.	756 757
(B) After the director of budget and management transfers money from the severance tax receipts fund as required in division (H) of section 5749.06 of the Revised Code, money remaining in the severance tax receipts fund, except for money in the fund from the amounts due under section 1509.50 of the Revised Code, shall be credited as follows:	758 759 760 761 762 763
(1) Of the moneys in the fund from the tax levied in division (A)(1) of this section, four and seventy-six-hundredths per cent shall be credited to the geological mapping fund created in section 1505.09 of the Revised Code, eighty and ninety-five-hundredths per cent shall be credited to the coal mining administration and reclamation reserve fund created in section 1513.181 of the Revised Code, and fourteen and twenty-nine-hundredths per cent shall be credited to the unreclaimed lands fund created in section 1513.30 of the Revised Code.	764 765 766 767 768 769 770 771 772
(2) The money in the fund from the tax levied in division (A)(2) of this section shall be credited to the geological mapping fund.	773 774 775
(3) Of the moneys in the fund from the tax levied in divisions (A)(3) and (4) of this section, seven and five-tenths per cent shall be credited to the geological mapping fund, forty-two and five-tenths per cent shall be credited to the unreclaimed lands fund, and the remainder shall be credited to the surface mining fund created in section 1514.06 of the Revised Code.	776 777 778 779 780 781 782
(4) Of the moneys in the fund from the tax levied in divisions (A)(5) and (6) of this section, ninety per cent shall	783 784

be credited to the oil and gas well fund created in section 785
1509.02 of the Revised Code and ten per cent shall be credited 786
to the geological mapping fund. All of the moneys in the fund 787
from the tax levied in division (A) (7) of this section shall be 788
credited to the surface mining fund. 789

(5) All of the moneys in the fund from the tax levied in 790
division (A) (8) of this section shall be credited to the 791
reclamation forfeiture fund. 792

(6) All of the moneys in the fund from the tax levied in 793
division (A) (9) of this section shall be credited to the 794
unreclaimed lands fund. 795

(C) When, at the close of any fiscal year, the chief finds 796
that the balance of the reclamation forfeiture fund, plus 797
estimated transfers to it from the coal mining administration 798
and reclamation reserve fund under section 1513.181 of the 799
Revised Code, plus the estimated revenues from the tax levied by 800
division (A) (8) of this section for the remainder of the 801
calendar year that includes the close of the fiscal year, are 802
sufficient to complete the reclamation of all lands for which 803
the performance security has been provided under division (C) (2) 804
of section 1513.08 of the Revised Code, the purposes for which 805
the tax under division (A) (8) of this section is levied shall be 806
deemed accomplished at the end of that calendar year. The chief, 807
within thirty days after the close of the fiscal year, shall 808
certify those findings to the tax commissioner, and the tax 809
levied under division (A) (8) of this section shall cease to be 810
imposed for the subsequent calendar year after the last day of 811
that calendar year on coal produced under a coal mining and 812
reclamation permit issued under Chapter 1513. of the Revised 813
Code if the permittee has made tax payments under division (A) 814

(8) of this section during each of the preceding five full 815
calendar years. Not later than thirty days after the close of a 816
fiscal year, the chief shall certify to the tax commissioner the 817
identity of any permittees who accordingly no longer are 818
required to pay the tax levied under division (A) (8) of this 819
section for the subsequent calendar year. 820

Section 2. That existing sections 1509.02, 1509.071, 821
1509.11, and 5749.02 of the Revised Code are hereby repealed. 822

Section 3. On or before the effective date of this act, 823
the Chief of the Division of Oil and Gas Resources Management 824
shall prepare a plan for the development of the inventory 825
described in division (B) of section 1509.075 of the Revised 826
Code and deliver that plan to the Speaker of the House of 827
Representatives and the President of the Senate. The plan shall 828
include the amount of time and the internal or external 829
resources that the Chief believes are necessary to complete that 830
inventory. 831

Section 4. The Director of Budget and Management shall 832
make the first transfers and payments required under divisions 833
(B) and (C) of section 1509.02 of the Revised Code, as amended 834
by this act, on or before June 30, 2018. For fiscal year 2018, 835
the amount the Director of Budget and Management shall transfer 836
or pay as required under division (B) of section 1509.02 of the 837
Revised Code, as amended by this act, equals the sum of the 838
balance of the Oil and Gas Well Fund as of June 30, 2017, plus 839
the revenue in excess of eighteen million dollars credited to 840
the Oil and Gas Well Fund in fiscal year 2018. 841