



OEC [Action Fund]

**House Bill 225
Proponent Testimony
Sarah Spence, Director of Government Affairs
Ohio Environmental Council Action Fund
Senate Energy and Natural Resources Committee
February 28, 2018**

Chairman Balderson, Vice Chairman Jordan, Ranking Member O'Brien and Members of the Committee: Thank you for this opportunity to provide proponent testimony on HB 225 (Thompson). The importance of this legislation 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 methane leaks, explosion, and fire; overflow of oil or brine into ecologically sensitive areas like streams; and groundwater contamination. Orphan wells have been found under homes, schools, buildings and streets, and even in farm fields 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.

HB 225 gives ODNR Division of Oil and Gas clear guidance and authority to speed up the efficient plugging of abandoned and orphaned wells. For example, the bill will streamline much of the historical title and landowner research that the agency must conduct and giving the chief of oil and gas more discretion to act. Specifically, the bill eliminates the requirement that the chief must review records that are older than 40 years from the point at which the well was determined orphaned.

The bill will also better protect communities by requiring contractors hired by a landowner to be bonded and insured. And the bill will help residents dealing with abandoned wells on their private property by allowing the chief of oil and gas to directly pay the contractor plugging the well instead of reimbursing the landowner after the resident covers costs out of his or her own pocket.

Finally, the bill makes the well plugging program accountable to the General Assembly by requiring the chief to use a matrix for prioritizing well plugging and by requiring ODNR 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.

ODNR estimates that under this new bill, they will be able to plug some 80 wells in FY 2018 and that the program should speed up after this because they will be tackling the hardest wells first.

We know that there are concerns over the specified 45% of funding to be directed to the program under the bill. We stand ready to work with the sponsor of the bill and committee members to find a solution that will allow the program to fully function as intended to fix these environmental hazards.

We commend Representative 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.