

Ohio House Energy and Natural Resources Committee

The Honorable Thomas Hall, Chairman

Proponent Testimony

House Bill 358

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Chairman Hall, Vice Chairman Lear, Ranking Member Rogers, and members of the Ohio House Energy & Natural Resources Committee, thank you for the opportunity to provide proponent testimony on HB 358.

API Ohio is a state affiliate office of the American Petroleum Institute. The American Petroleum Institute (API) represents all segments of America's oil and natural gas industry. Its nearly 600 members produce, process, and distribute most of the nation's energy, and many of API's members are investors, operators, and developers of carbon capture and sequestration (CCS) projects and technologies.

As a refresher from the first hearing on this bill in June, CCS technologies capture carbon dioxide (CO₂) emissions directly from industrial sources or from the atmosphere and geologically store them safely and securely deep underground in extensively regulated geologic formations. These formations are approximately 8,000 to 12,000 feet below the surface and well below Ohio's average water table depth. Currently, CCS wells, known as Class VI wells, are regulated by the U.S. Environmental Protection Agency (EPA) in Ohio; however, the state is in the process of seeking regulatory primacy over Class VI wells as directed by the 134th General Assembly.

Regardless of these efforts, leasing for Class VI wells is already happening in Ohio, and it's important to establish a predictable and defined regulatory structure to streamline project development, mitigate potential environmental risks, and build public confidence in CCS projects by demonstrating that appropriate safeguards are in place. This legislation seeks to ensure efficient and responsible deployment of the technology by establishing pore space ownership, statutory consolidation, and liability for CCS projects.

Pore space ownership in this bill states that the surface owner owns the rights of the pore space, subject to clear and predictable standards and exceptions. CCS operators will execute leasing agreements with the surface owner; however, notification to mineral owners will be part of the well application process.

The legislation outlines a process for statutory consolidation allowing for coordinated development across property boundaries. If 70 percent of owners in a proposed storage facility agree to lease storage space for CCS, an application for consolidation may be filed with the chief of the division of oil and gas resources management.

Finally, the bill assigns responsibility for short- and long-term monitoring with the CCS facility operator for the duration of the well's operation and extending beyond cessation for 50 years. Upon meeting all requirements for closure, the long-term liability will shift to the state. Fees outlined in the bill will be bifurcated into two buckets: the first bucket will go towards regulating the industry, and the second bucket will go towards a trust fund the state may use if needed for long-term liability.

The sub-bill before the committee reflects months of work with affected parties, under the guidance of Representative Blasdel, with the Ohio Department of Natural Resources, the Ohio Oil and Gas Association, the Ohio Farm Bureau, Encino Energy, the Ohio Coal Association, and the ARCH2 Hydrogen Hub. However, we fully recognize that there is more work to be done, and we are committed to continuing to work on the policies outlined within the sub-bill in the 136th General Assembly.

In conclusion, carbon capture and storage offers a promising pathway for Ohio to continue to take advantage of, and even grow, Ohio's vast oil and natural gas resources and its manufacturing industry, while at the same time leading the country in reducing CO2 emissions. Thank you for allowing API Ohio to present to this Committee and at this time, I will be happy to answer any questions you may have.