



Ohio Oil and Gas Association
Interested Party Testimony
House Bill 33

House Finance Subcommittee on Agriculture, Development, and Natural Resources
Chairman Don Jones
March 21, 2023

Chairman Jones, Ranking Member Troy, and members of the House Finance Subcommittee on Agriculture, Development and Natural Resources, thank you for the opportunity to provide Interested Party Testimony regarding House Bill 33, the state operating budget for Fiscal Years 2024 and 2025.

My name is Stephanie Kromer, and I am the Director of Legislative & Regulatory Affairs at the Ohio Oil and Gas Association (OOGA). OOGA is a 75-year-old statewide trade association representing both independent conventional producers and large independent horizontal operators exploring Ohio's shale play. OOGA membership also consists of midstream companies, large-scale transmission line companies, contractors, oilfield service and supply providers, manufacturers, gas utilities and various other professional entities.

House Bill 33, the state operating budget provides funding for Ohio's many services needed and used by all Ohioans. The members of OOGA are no different. OOGA works closely with a variety of state agencies to ensure the industry safely and efficiently provides clean and affordable energy to Ohio.

Our organization focuses on the areas where industry intersects with government and we appreciate the opportunity to outline several concerns with House Bill 33.

Cash Transfer from the Oil and Gas Well Fund to the All Ohio Future Fund

OOGA finds great merit in the creation of "The All Ohio Future Fund," which will be administered by the Ohio Department of Development. We believe overarching goals of the fund, to prepare sites across Ohio for "mega-projects" and other economic development have the potential to take advantage of Ohio's energy edge. However, OOGA is concerned about and opposes using the Oil and Gas Well Fund as a source of future funding for the Fund. As drafted, the bill allows the Director of OBM to transfer "excess" funds from the Oil and Gas Well Fund to the All Ohio Future Fund, in future years. The Oil and Gas Well Fund is supported by the industry's severance tax dollars, which support the state's vitally important Orphan Well Plugging Program, one of only three states to have such a program.

Industry research suggests Ohio has more than 40,000 orphan wells, the vast majority from the first half of the 20th century. Plugging these wells is a long-term play. As the Director pointed out, Ohio continues to plug more and more wells each year and we are hopeful to double what was done in past biennium, and the state should be recognized for the progress that has been made in the past couple of years. However, even with the one-time money from the federal government to plug wells, the industry remains concerned that there will not be enough money plug all the state's abandoned wells if continued attempts to redirect money in the Oil and Gas Well Fund to projects and issues outside its intended purpose. Simply put, there is no "excess."

While we support the purpose of the All Ohio Future Fund, we want to ensure that the Oil and Gas Well Fund remains strong so we can protect the health and safety of all Ohioans, and would ask the legislature to remove the language from the bill allowing for that future transfer.

ODNR's Cash Transfer from the Oil and Gas Well Fund

Similar to our concerns with transferring money to the All Ohio Future Fund from the Oil and Gas Well Fund, we caution against transferring \$16 million for the purchase of ODNR park vehicles and \$9.4 million for the Parks and Watercraft Federal Grants Fund.

Prior to the announcement of the unfettered transfer from the Oil and Gas Well Fund to the All Ohio Future Fund, the Association was amenable to ODNR's request for the \$9.4 million federal matching fund request. However, with the uncertainty of the amount of funds that can be transferred out of the Oil and Gas Well Fund for the All Ohio Future Fund, OOGA cannot support or consider supporting other requests until that issue is resolved.

Permitting of Stratigraphic Wells

House Bill 33 establishes ODNR's regulatory authority over stratigraphic wells, wells that are drilled to conduct research on the subsurface geology. OOGA is supportive of that regulatory oversight.

Nonetheless, we do have two concerns with the bill as drafted. First, while we agree with regulatory oversight on stratigraphic wells, there is a concern that the current language could impact any future regulation of Class VI injection wells. Class VI was developed in 2010 for the injection of carbon dioxide into deep rock formations for long-term geologic sequestration as a means of mitigating climate change. These Class VI wells are extremely important for the potential of widespread commercial hydrogen power, and should not necessarily be regulated in the same manner as stratigraphic wells. Second, we are concerned about the limitations imposed by the draft language on the use of stratigraphic wells and the substantial costs that they can have on Ohio's producers.

We want to ensure that opportunities exist for long term success for stratigraphic wells and look to work with the agency on clarification to ensure any regulatory scheme is workable for the companies doing the research.

Enforcement of Oil and Gas Law

Finally, the bill also broadens the ability for ODNR to enforce oil and gas laws by allowing violation and enforcement actions against any person that violates the oil and gas laws, not just well owners. OOGA is supportive of the intent of the change, however we think the current language is broader than intended and would like to work with the agency on a solution that would prevent any unintended consequences.

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to offer interested party testimony on House Bill 33. I or our legal counsel who is with me today would be happy to try and answer questions from the committee.