



Ohio Oil and Gas Association  
Interested Party Testimony  
House Bill 33

Senate Agriculture and Natural Resources Committee  
Senator Tim Schaffer, Chairman

Chairman Schaffer and members of the committee, thank you for the opportunity to provide Interested Party Testimony regarding House Bill 33.

My name is Rob Brundrett, and I am the President of 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 provides funding for many of the necessary services that are 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 appreciates the work done by both the Governor's administration and the House of Representatives on the bill. We are generally supportive of a variety of the bill's proposals that impact the industry, but there are a few concerns and requested changes that we would like to bring to the committee's attention today.

### **Oil and Gas Well Fund**

The Oil and Gas Well Fund consists of severance tax dollars paid by the industry. The fund supports the state's vitally important Orphan Well Plugging Program, historically one of only three state sponsored programs in the nation.

Industry research suggests Ohio has more than 40,000 orphan wells, the vast majority of which are from the first half of the 20th century, prior to any regulation. It is critically important that the money set aside for the program is used for its intended purpose of plugging these wells. The administration should be commended for increasing the amount of wells that have been plugged in the past few years. We think with the changes made in the past year by the legislature, Ohio's state program for plugging wells has the chance to double or even triple before the next budget cycle.

We would ask the Senate to remove a \$12 million earmark from the Oil and Gas Well Fund that was included in the House version of the bill for a roads grant program. Siphoning away money from the fund jeopardizes Ohio's lone environmental program focused on orphan wells and designed to reduce methane emissions and protect groundwater.

When the budget bill was in the House, OOGA joined API, the Nature Conservancy, and the Ohio Environmental Council Action Fund in working to eliminate all earmarks from the Oil and Gas Well Fund to ensure that Ohio's orphan well program remained funded to plug as many of these long dormant wells as possible.

In an attempt to reduce future earmarks, an oil and gas well custodial fund to preserve money for the plugging of orphan wells is something our organization would ask the Senate to consider. A custodial fund would maximize the current dollars and provide flexibility to the agency.

### **Pollution Control Facility Fees**

The House-passed version of the budget includes additional new fees for the disposal of oil and gas brine at pollution control facilities. Currently fees are capped at 500,000 barrels. The amendment would increase fees over the current cap. The fee was originally designed for regulatory purposes, any new fees would be counter to that purpose. We would ask the Senate to eliminate this change and stay with the current law and fee structure.

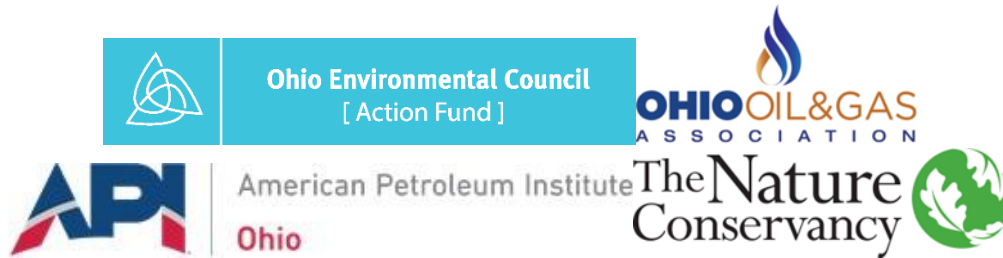
### **Permitting of Stratigraphic Wells**

House Bill 33 establishes ODNR's regulatory authority over stratigraphic wells, which are boreholes that are drilled to conduct research. OOGA is generally supportive of this regulatory oversight. However, as drafted, the bill's language would stifle subsurface research. Our organization wants to ensure that no language hinders Ohio's ability to conduct research on the potential of Class VI injection wells. These wells are for the potential injection of carbon dioxide into deep rock formations for long-term geological sequestration. Class VI wells are critical for the potential of widescale commercial hydrogen power. We remain committed to working with ODNR on language to ensure Ohio's stratigraphic regulatory scheme is workable for the important research that needs to take place.

### **Enforcement Orders and Notice**

The House made changes to the administration's proposals regarding who is subject to oil and gas law enforcement orders and notice. Our organization and the industry worked with the agency to clarify who is subject to enforcement in order to avoid any unintended consequences. We fully support the House changes.

Mr. Chairman and members of the committee, thank you for the opportunity to offer testimony today. I would be happy to try and answer questions from the committee.



5/10/2023

The Honorable Tim Schaffer  
Chairman  
Ohio Senate  
1 Capitol Square  
1<sup>st</sup> Floor  
Columbus, OH 43215

Dear Chairman Schaffer,

The Ohio Oil and Gas Association, API Ohio, Ohio Environmental Council Action Fund, and the Nature Conservancy of Ohio appreciate the opportunity to express our collective concern about Oil and Gas Well Fund transfer provisions included in House Bill 33, the state operating budget.

The Oil and Gas Well Fund is funded through severance taxes paid by oil and gas producers. It provides operational resources for the Division of Oil and Gas, as well as money for the state's orphan well plugging program, one of the oldest and most successful programs in the country. The state has identified around 20,000 orphan wells in Ohio, whereas industry research puts the amount at double the state's number. The amount of money needed to plug these wells, the vast majority of which were drilled prior to regulation in the mid-twentieth century, far exceeds the fund's current balance.

The House removed three such transfers from the Oil and Gas Well Fund where the money would be transferred for other purposes. These transfers were:

1. Allowing the Director of OBM to transfer "excess" funds from the Oil and Gas Well Fund to the All Ohio Future Fund in future years;
2. Transferring \$16 million for the purchase of ODNR park vehicles; and
3. Transferring \$9.4 million for the Parks and Watercraft Federal Grants Fund.

While we appreciate the House holding firm and eliminating those provisions from the bill, they did include a new transfer in the current version of the bill. The omnibus

amendment transferred \$12 million from the Oil and Gas Well Fund over the next two fiscal years to select local governments for road purposes.

Now is not the time to weaken our state program through unrelated money transfers. Ohio and the Department of Natural Resources should be commended on the progress the state has made under the DeWine administration regarding plugging orphan wells. However, even with the one-time money from the federal government to help plug wells, concern remains that there will not be enough money to plug all the state's abandoned wells if there are continued attempts to redirect money in the Oil and Gas Well Fund to projects and issues outside its intended purpose. This is Ohio's only environmental fund designed to help reduce emissions and protect groundwater from legacy wells in the state. Therefore, we would urge the Senate to remove this new provision included in the omnibus amendment from the bill and prevent any other cash transfers out of the fund throughout the budget process.

Thank you for taking our concerns into consideration as you and your colleagues continue to debate House Bill 33.

Sincerely,



Rob Brundrett  
President  
Ohio Oil and Gas Association



Chris Zeigler  
Executive Director  
API Ohio



Pete Bucher  
Chief of Staff  
Ohio Environmental Council Action Fund



Bill Stanley  
Ohio Director  
The Nature Conservancy

CC: Agriculture and Natural Resources Vice Chair Al Landis  
Agriculture and Natural Resources Ranking Member Hicks Hudson