



Ohio House Natural Resources Committee

The Honorable Don Jones, Chairman

Proponent Testimony

House Bill 170

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Chairman Jones, Vice Chairman Robb Blasdel, Ranking Member Rogers, and members of the Ohio House Natural Resources Committee, thank you for the opportunity to provide proponent testimony on HB 170.

API Ohio is a state affiliate office of the American Petroleum Institute. The American Petroleum Institute (API) represents all segments of the oil and natural gas industry across the country, including within Ohio. Established in 1919 as a standards-setting organization, the API has developed more than 800 standards to enhance operational and environmental safety, efficiency, and sustainability. Our nearly 600 member companies 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. The API supports efforts to drive economic development by producing Ohio's vast energy resources to support and grow Ohio's robust industrial and agricultural sectors, while developing and deploying emission reduction technologies like CCS as energy demands grow.

Carbon capture and storage refers to technologies that capture carbon dioxide (CO₂) emissions directly from industrial sources or the atmosphere and geologically store them securely up to a mile or more underground in extensively regulated geologic formations. Currently, CCS wells, known as Class VI Underground Injection Control (UIC) wells, are regulated by the U.S. Environmental Protection Agency (EPA) in Ohio. Ohio has been delegated regulatory authority, known as primacy, over Class I-V UIC wells, and in 2022, the General Assembly directed the Ohio Department of Natural Resources to seek primacy over Class VI UIC wells from the U.S. EPA.

However, to gain primacy over Class VI wells, Ohio must make statutory and regulatory changes that meet federal minimum standards, with discretion to add additional requirements. HB 170 would create some of the regulatory building blocks needed in the Ohio Revised Code to obtain primacy.

We believe it's important to establish a predictable and defined state regulatory structure to streamline project development, mitigate potential environmental risks, and build public confidence in CCS projects by establishing regulations that account for our state's unique geology, hydrology, and legacy industries.

Specifically, this legislation seeks to ensure efficient and responsible deployment of the technology by clarifying that the surface owner owns the rights of the pore space, subject to transparent and predictable standards and exceptions. Carbon capture and storage operators will execute leasing agreements with the surface owner; however, notification to mineral owners will be part of the well application process.

The legislation also outlines a process for statutory consolidation, which allows for coordinated development across property boundaries. If 70 percent of owners in a proposed storage facility agree to lease their pore 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 to the CCS facility operator for the duration of the well's operation and beyond cessation for 50 years. Upon meeting all closure requirements, the long-term liability will shift to the state. The CCS facility operator will be required to pay fees to support program administration throughout the facility's life and long-term management of closed sites.

The bill before the committee reflects years of work with affected and interested parties, under the guidance of Representative Robb Blasdel, including the Ohio Department of Natural Resources, the ARCH2 Hydrogen Hub, along with organizations in the energy, agriculture, and manufacturing sectors. This list continues to grow as new operators enter the state to help hard-to-decarbonize industries, including power generation, steel manufacturing, cement production, fertilizer production, ethanol production, and chemical processing.

In conclusion, we are committed to working with all stakeholders on the policies outlined within the bill through the legislative process and appreciate the committee's consideration of the legislation. Thank you for the opportunity to testify, and at this time, I will be happy to answer any questions you may have.