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Good morning.

Chair Blasdel, Vice Chair Fischer, Ranking Member Rogers and members of the House Natural Resources Committee, thank you for allowing me today to give sponsor testimony on Senate Bill 219. Senate Bill 219 is the first general update to Ohio's oil and gas operation laws since Senate Bill 315 was signed by Governor Kasich in 2012, over a decade ago. Since then both conventional vertical operators and unconventional horizontal operators have continued to modernize and grow in development and technology, it is time once again for an update to oil and gas laws in Ohio.

It is important our laws reflect that of a leader amongst the other states in our nation. Many people might not be aware of this, but Ohio is the nation's 7th largest natural gas producer, the 10th largest crude oil producer, and the 6th largest refining capacity state. Countless aspects in our lives are tied to energy creation. The most pivotal being National security, which is tied to our ability to create energy for ourselves, and with our state holding a key role in the production of those resources and the creation of that energy. It is our duty, as a key contributor in our nation, to keep our laws and regulations in oil and gas production up to date and relevant to the current industry standards and environment.

Senate Bill 219 has gone through multiple updates since its creation many months ago. Throughout this process we have hammered out countless different topics with multiple different interested parties to create what we view as good policy moving forward. With the help of this committee, we hope to make this bill the best it can be.

First, I will touch on one of this bill's biggest focuses. Reforms and protections centered around Ohio's orphan well plugging program. Ohio's orphan well plugging program is one of the nation's oldest and most successful. To ensure this remains the case it is imperative that we protect the Oil and Gas well fund. This fund is primarily funded by severance taxes on operators and has two primary functions. Funding the ODNR Division of Oil and Gas and Geological Survey and to pay for the actual plugging of orphan wells. Many orphan wells across Ohio were drilled prior to 1960 and prior to any state regulations. Therefore, this bill creates temp law protecting this fund from any raids. Our goal is to keep working with the administration and others to find a viable solution to ensure its protection, not just for this general assembly but for years to come.

Next, this bill streamlines the notice provision for the Landowner Pass Through Plugging Program. Updating it so that when an orphan well is to be plugged under this state program, it only requires ODNR to post the notice on their website or the local newspaper. This will streamline the process and ensure well plugging projects continue with their work in a timely manner.

This bill also increases efficiency regarding permit processes. Making it so operators can apply for expedited permits no more than 10 times per year unless there is an emergency. This process applies to

both drilling permits and plugging permits. There are many reasons an expedited permit can be required ranging from both business and operational circumstances. This process will improve drilling efficiency and hopefully reduce delays in drilling and plugging schedules.

We have also sped up the land transfer process so that either the buyer or seller can turn in paperwork on behalf of the other. Although both parties must sign off on this ability. This item was added to clean up paperwork delays when transferring liability of wells.

The next major part of the bill impacts RUMA agreements between local municipalities and operators. The intention of this is to better align law with real life scenarios that impact the industry and stakeholders in oil and gas. Today there are no standards in RUMA agreements, and they can vary vastly. This bill attempts to put a few soft guidelines to make them similar across the industry. An example of how we do this in the bill is by putting a 3-year cap on RUMA agreements and allowing them to renegotiate after the RUMA is up.

This bill also reduces the statute of limitations to terminate an oil and gas lease from 21 to 6 years. This aligns it with the standard for business contracts in Ohio. SB 219 updates the definition of an owner for purposes of obtaining a permit from a regulatory agency. In the real world, it is often found that there are multiple people who share ownership of a piece of land, and this is common when land has been in a family for generations. We hope to alleviate that bottleneck. We also added language that makes it clear the Chief of the Division of Oil and Gas Resources Management has the authority to regulate and authorize cross-state drilling. Clarifying that the Chief can enter a memorandum of understanding with agencies of other states to achieve this. As well as clarifying that gathering lines are not subject to public utility tax. We also gave the ability to perform simultaneous operations on a well pad and gave the chief the ability to shut down these operations given good cause.

This bill also makes changes regarding state lands leases. Including timelines on steps of the lease process both put on the state and operators in the industry. As well as language clarifying, the general assembly sets economic terms of the leases and not the Oil and Gas land Management Commission. The bill also allows tolls on leases when they are subject to lawsuits or environmental assessments. As well as including shut in provision royalties to allow the state to profit if there is a pause in state land drilling. This bill is a great first step in the right direction for updating Ohio's occasionally outdated laws when it comes to one of Ohio's oldest and biggest industries. Once again Ohio is at the forefront of our nation's oil and gas production, and this legislation is pivotal for us to maintain that way.

Chair Blasdel, Vice Chair Fischer, Ranking Member Rogers and members of the House Natural Resources Committee, thank you again for allowing me to give sponsor testimony on SB 219. At this time, I will be open to taking any questions and recommend asking questions to those providing proponent testimony as they have more in-depth knowledge from an oil and gas operator's perspective. Thank you.