



May 27, 2025

The Honorable Jerry Cirino
Chairman
Ohio Senate Finance Committee
Senate Building
1 Capitol Square
Columbus OH, 43215

RE: Substitute House Bill 96 Written Interested Party Testimony

Dear Chairman Cirino:

The Ohio Oil and Gas Association (OOGA) is a 77-year-old statewide trade association representing all aspects of the oil and gas industry: upstream, midstream, and downstream.

Sub. House Bill 96 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 supportive of a variety of the bill's proposals that impact the industry, and we would also like to highlight several potential additional items for Senate consideration.

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. The legislature has consistently worked in a bipartisan fashion to ensure those funds are spent appropriately.

In an attempt to reduce earmarks from the fund, the House created a custodial fund to preserve the Oil and Gas Well Fund money for the plugging of orphan wells. OOGA is supportive of the House's efforts. We believe the House changes will maximize the current dollars and protect the fund from the potential of future diversion for non-germane purposes.

Ohio Oil and Gas Commission

The administration proposed requiring appeals of ODNR decisions to be made exclusively to the Ohio Oil and Gas Commission. The House eliminated the provision. OOGA is supportive of the Governor's proposal as this helps to ensure laws are applied consistently and predictably across the industry. OOGA would also encourage the



Senate to clarify its historic practice that the Commission has the authority to decide a case without a hearing when it is appropriate.

Oil and Gas Operations

The House made three changes to Ohio State Lands Leasing Laws. The changes would require leases to be signed within 30 days of the award, toll leases during lawsuits and federal reviews, and clarify the economic terms set by the legislature. OOGA is supportive of all the House changes. We would ask the Senate to consider an additional item that would modify the standard state lease by including a “shut-in” royalty clause that would allow a lessee to maintain the lease in times when production might be shut as in the scenarios highlighted above.

The House also eliminated the plugging fee for operators to plug their wells. OOGA supports any effort to reduce burdens to encourage more wells being plugged.

Ethanol Rebate Program

The House included language in the bill creating a rebate program for gas stations and E15 blended biofuels. OOGA opposes this provision and encourages the Senate to remove this unnecessary and market-distorting rebate from the bill.

New Items

OOGA requests that the Senate consider two more issues during budget deliberations. First, oil and gas lease contracts have a statute of limitations set at 21 years. The majority of other Ohio business contracts are set at six years. We encourage the state to align oil and gas lease contracts with the rest of the business community.

And finally, natural gas gathering lines are exempt from the public utility tax because of their purpose of gathering natural gas and bringing it to the distribution and transmissions systems. OOGA supports efforts to make it explicit in code that gathering lines are not utilities and should not be subject to the utility tax.

Thank you for the opportunity to share our thoughts and priorities on House Bill 96, the state operating budget. If you have any questions, please reach out to me at rob@ooga.org or Stephanie Kromer at stephanie@ooga.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert A. Edmunds".

President