

As Introduced

**136th General Assembly
Regular Session
2025-2026**

S. B. No. 219

Senator Landis

To amend sections 1509.01, 1509.02, 1509.06, 1
1509.07, 1509.071, 1509.28, 1509.31, 1509.38, 2
2305.041, 5577.02, and 5727.02 and to enact 3
sections 1509.063 and 1509.075 of the Revised 4
Code to make changes to the law governing oil 5
and gas wells. 6

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1509.01, 1509.02, 1509.06, 7
1509.07, 1509.071, 1509.28, 1509.31, 1509.38, 2305.041, 5577.02, 8
and 5727.02 be amended and sections 1509.063 and 1509.075 of the 9
Revised Code be enacted to read as follows: 10

Sec. 1509.01. As used in this chapter: 11

(A) "Well" means any borehole, whether drilled or bored, 12
within the state for production, extraction, or injection of any 13
gas or liquid mineral, excluding potable water to be used as 14
such, but including natural or artificial brines and oil field 15
waters. "Well" includes a stratigraphic well. 16

(B) "Oil" means crude petroleum oil and all other 17
hydrocarbons, regardless of gravity, that are produced in liquid 18
form by ordinary production methods, but does not include 19
hydrocarbons that were originally in a gaseous phase in the 20

reservoir.	21
(C) "Gas" means all natural gas and all other fluid	22
hydrocarbons that are not oil, including condensate.	23
(D) "Condensate" means liquid hydrocarbons separated at or	24
near the well pad or along the gas production or gathering	25
system prior to gas processing.	26
(E) "Pool" means an underground reservoir containing a	27
common accumulation of oil or gas, or both, but does not include	28
a gas storage reservoir. Each zone of a geological structure	29
that is completely separated from any other zone in the same	30
structure may contain a separate pool.	31
(F) "Field" means the general area underlaid by one or	32
more pools.	33
(G) "Drilling unit" means the minimum acreage on which one	34
well may be drilled, but does not apply to a well for injecting	35
gas into or removing gas from a gas storage reservoir and does	36
not apply to a stratigraphic well.	37
(H) "Waste" includes all of the following:	38
(1) Physical waste, as that term generally is understood	39
in the oil and gas industry;	40
(2) Inefficient, excessive, or improper use, or the	41
unnecessary dissipation, of reservoir energy;	42
(3) Inefficient storing of oil or gas;	43
(4) Locating, drilling, equipping, operating, or producing	44
an oil or gas well in a manner that reduces or tends to reduce	45
the quantity of oil or gas ultimately recoverable under prudent	46
and proper operations from the pool into which it is drilled or	47

that causes or tends to cause unnecessary or excessive surface 48
loss or destruction of oil or gas; 49

(5) Other underground or surface waste in the production 50
or storage of oil, gas, or condensate, however caused. 51

(I) "Correlative rights" means the reasonable opportunity 52
to every person entitled thereto to recover and receive the oil 53
and gas in and under the person's tract or tracts, or the 54
equivalent thereof, without having to drill unnecessary wells or 55
incur other unnecessary expense. 56

(J) "Tract" means a single, individual parcel of land or a 57
portion of a single, individual parcel of land. 58

~~(K)~~ (K) (1) "Owner," unless referring to a mine or except as 59
provided in division (K) (2) of this section, means the person 60
who has the right to drill on a tract or drilling unit, to drill 61
into and produce from a pool, and to appropriate the oil or gas 62
produced therefrom either for the person or for others, except 63
that a person ceases to be an owner with respect to a well when 64
the well has been plugged in accordance with applicable rules 65
adopted and orders issued under this chapter. "Owner" 66

(2) "Owner," for purposes of obtaining a permit under 67
section 1509.06 of the Revised Code, means each person having 68
the right to drill on a tract or drilling unit, to drill into 69
and produce from a pool, and to appropriate the oil and gas 70
produced therefrom either for the person or for others, except 71
that a person ceases to be an owner with respect to a well when 72
the well has been plugged in accordance with applicable rules 73
adopted and orders issued under this chapter. 74

(3) "Owner" does not include a person who obtains a lease 75
of the mineral rights for oil and gas on a parcel of land if the 76

person does not attempt to produce or produce oil or gas from a 77
well or obtain a permit under this chapter for a well or if the 78
entire interest of a well is transferred to the person in 79
accordance with division (B) of section 1509.31 of the Revised 80
Code. 81

(L) "Royalty interest" means the fee holder's share in the 82
production from a well, except a stratigraphic well. 83

(M) "Discovery well" means the first well, except a 84
stratigraphic well, capable of producing oil or gas in 85
commercial quantities from a pool. 86

(N) "Prepared clay" means a clay that is plastic and is 87
thoroughly saturated with fresh water to a weight and 88
consistency great enough to settle through saltwater in the well 89
in which it is to be used, except as otherwise approved by the 90
chief of the division of oil and gas resources management. 91

(O) "Rock sediment" means the combined cutting and residue 92
from drilling sedimentary rocks and formation. 93

(P) "Excavations and workings," "mine," and "pillar" have 94
the same meanings as in section 1561.01 of the Revised Code. 95

(Q) "Coal bearing township" means a township designated as 96
such by the chief of the division of mineral resources 97
management under section 1561.06 of the Revised Code. 98

(R) "Gas storage reservoir" means a continuous area of a 99
subterranean porous sand or rock stratum or strata into which 100
gas is or may be injected for the purpose of storing it therein 101
and removing it therefrom and includes a gas storage reservoir 102
as defined in section 1571.01 of the Revised Code. 103

(S) "Safe Drinking Water Act" means the "Safe Drinking 104

Water Act," 88 Stat. 1661 (1974), 42 U.S.C.A. 300(f), as amended 105
by the "Safe Drinking Water Amendments of 1977," 91 Stat. 1393, 106
42 U.S.C.A. 300(f), the "Safe Drinking Water Act Amendments of 107
1986," 100 Stat. 642, 42 U.S.C.A. 300(f), and the "Safe Drinking 108
Water Act Amendments of 1996," 110 Stat. 1613, 42 U.S.C.A. 109
300(f), and regulations adopted under those acts. 110

(T) "Person" includes any political subdivision, 111
department, agency, or instrumentality of this state; the United 112
States and any department, agency, or instrumentality thereof; 113
any legal entity defined as a person under section 1.59 of the 114
Revised Code; and any other form of business organization or 115
entity recognized by the laws of this state. 116

(U) "Brine" means all saline geological formation water 117
resulting from, obtained from, or produced in connection with 118
exploration, drilling, well stimulation, production of oil or 119
gas, or plugging of a well. 120

(V) "Waters of the state" means all streams, lakes, ponds, 121
marshes, watercourses, waterways, springs, irrigation systems, 122
drainage systems, and other bodies of water, surface or 123
underground, natural or artificial, that are situated wholly or 124
partially within this state or within its jurisdiction, except 125
those private waters that do not combine or effect a junction 126
with natural surface or underground waters. 127

(W) "Exempt Mississippian well" means a well that meets 128
all of the following criteria: 129

- (1) Was drilled and completed before January 1, 1980; 130
- (2) Is located in an unglaciated part of the state; 131
- (3) Was completed in a reservoir no deeper than the 132
Mississippian Big Injun sandstone in areas underlain by 133

Pennsylvanian or Permian stratigraphy, or the Mississippian 134
Berea sandstone in areas directly underlain by Permian 135
stratigraphy; 136

(4) Is used primarily to provide oil or gas for domestic 137
use. 138

(X) "Exempt domestic well" means a well that meets all of 139
the following criteria: 140

(1) Is owned by the owner of the surface estate of the 141
tract on which the well is located; 142

(2) Is used primarily to provide gas for the owner's 143
domestic use; 144

(3) Is located more than two hundred feet horizontal 145
distance from any inhabited private dwelling house other than an 146
inhabited private dwelling house located on the tract on which 147
the well is located; 148

(4) Is located more than two hundred feet horizontal 149
distance from any public building that may be used as a place of 150
resort, assembly, education, entertainment, lodging, trade, 151
manufacture, repair, storage, traffic, or occupancy by the 152
public. 153

(Y) "Urbanized area" means an area where a well or 154
production facilities of a well are located within a municipal 155
corporation or within a township that has an unincorporated 156
population of more than five thousand in the most recent federal 157
decennial census prior to the issuance of the permit for the 158
well or production facilities. 159

(Z) "Well stimulation" or "stimulation of a well" means 160
the process of enhancing well productivity, including hydraulic 161

fracturing operations. 162

(AA) "Production operation" means all operations and 163
activities and all related equipment, facilities, and other 164
structures that may be used in or associated with the 165
exploration and production of oil, gas, or other mineral 166
resources that are regulated under this chapter, including 167
operations and activities associated with site preparation, site 168
construction, access road construction, well drilling, well 169
completion, well stimulation, well site activities, reclamation, 170
and plugging. "Production operation" also includes all of the 171
following: 172

(1) The piping, equipment, and facilities used for the 173
production and preparation of hydrocarbon gas or liquids for 174
transportation or delivery; 175

(2) The processes of extraction and recovery, lifting, 176
stabilization, treatment, separation, production processing, 177
storage, waste disposal, and measurement of hydrocarbon gas and 178
liquids, including related equipment and facilities; 179

(3) The processes and related equipment and facilities 180
associated with production compression, gas lift, gas injection, 181
fuel gas supply, well drilling, well stimulation, and well 182
completion activities, including dikes, pits, and earthen and 183
other impoundments used for the temporary storage of fluids and 184
waste substances associated with well drilling, well 185
stimulation, and well completion activities; 186

(4) Equipment and facilities at a wellpad or other 187
location that are used for the transportation, handling, 188
recycling, temporary storage, management, processing, or 189
treatment of any equipment, material, and by-products or other 190

substances from an operation at a wellpad that may be used or 191
reused at the same or another operation at a wellpad or that 192
will be disposed of in accordance with applicable laws and rules 193
adopted under them. 194

(BB) "Annular overpressurization" means the accumulation 195
of fluids within an annulus with sufficient pressure to allow 196
migration of annular fluids into underground sources of drinking 197
water. 198

(CC) "Orphaned well" means a well that has not been 199
properly plugged or its land surface restored in accordance with 200
this chapter and the rules adopted under it to which either of 201
the following apply: 202

(1) The owner of the well is unknown, deceased, or cannot 203
be located and the well is abandoned. 204

(2) The owner of the well has abandoned the well and there 205
is no money available to plug the well in accordance with this 206
chapter and the rules adopted under it. 207

(DD) "Temporarily inactive well" means a well that has 208
been granted temporary inactive status under section 1509.062 of 209
the Revised Code. 210

(EE) "Material and substantial violation" means any of the 211
following: 212

(1) Failure to obtain a permit to drill, reopen, convert, 213
plugback, or plug a well under this chapter; 214

(2) Failure to obtain, maintain, update, or submit proof 215
of insurance coverage that is required under this chapter; 216

(3) Failure to obtain, maintain, update, or submit proof 217
of a surety bond that is required under this chapter; 218

(4) Failure to restore a disturbed land surface as required by section 1509.072 of the Revised Code;	219 220
(5) Failure to reimburse the oil and gas well fund pursuant to a final order issued under section 1509.071 of the Revised Code;	221 222 223
(6) Failure to comply with a final nonappealable order of the chief issued under section 1509.04 of the Revised Code;	224 225
(7) Failure to submit a report, test result, fee, or document that is required in this chapter or rules adopted under it.	226 227 228
(FF) "Severer" has the same meaning as in section 5749.01 of the Revised Code.	229 230
(GG) "Horizontal well" means a well that is drilled for the production of oil or gas in which the wellbore reaches a horizontal or near horizontal position in the Point Pleasant, Utica, or Marcellus formation and the well is stimulated. "Horizontal well" does not include a stratigraphic well.	231 232 233 234 235
(HH) "Well pad" means the area that is cleared or prepared for the drilling of one or more horizontal wells.	236 237
(II) "Stratigraphic well" means a borehole that is drilled within the state on a tract solely to conduct research or testing of the subsurface geology, including porosity and permeability. "Stratigraphic well" does not include geotechnical or soil borings or a borehole drilled for seismic shot or mining of industrial minerals or coal.	238 239 240 241 242 243
Sec. 1509.02. There is hereby created in the department of natural resources the division of oil and gas resources management, which shall be administered by the chief of the	244 245 246

division of oil and gas resources management. The division has 247
sole and exclusive authority to regulate the permitting, 248
location, and spacing of oil and gas wells and production 249
operations within the state, excepting only those activities 250
regulated under federal laws for which oversight has been 251
delegated to the environmental protection agency and activities 252
regulated under sections 6111.02 to 6111.028 of the Revised 253
Code. The division's sole and exclusive authority includes the 254
authority to regulate any portion of an oil and gas well located 255
in this state, regardless of whether any other portion of that 256
oil and gas well is located outside of this state. The 257
regulation of oil and gas activities is a matter of general 258
statewide interest that requires uniform statewide regulation, 259
and this chapter and rules adopted under it constitute a 260
comprehensive plan with respect to all aspects of the locating, 261
drilling, well stimulation, completing, and operating of oil and 262
gas wells within this state, including site construction and 263
restoration, permitting related to those activities, and the 264
disposal of wastes from those wells. In order to assist the 265
division in the furtherance of its sole and exclusive authority 266
as established in this section, the chief may enter into 267
cooperative agreements with other state agencies for advice and 268
consultation, including visitations at the surface location of a 269
well on behalf of the division. Such cooperative agreements do 270
not confer on other state agencies any authority to administer 271
or enforce this chapter and rules adopted under it. In addition, 272
such cooperative agreements shall not be construed to dilute or 273
diminish the division's sole and exclusive authority as 274
established in this section. Nothing in this section affects the 275
authority granted to the director of transportation and local 276
authorities in section 723.01 or 4513.34 of the Revised Code, 277
provided that the authority granted under those sections shall 278

not be exercised in a manner that discriminates against, 279
unfairly impedes, or obstructs oil and gas activities and 280
operations regulated under this chapter. 281

The chief shall not hold any other public office, nor 282
shall the chief be engaged in any occupation or business that 283
might interfere with or be inconsistent with the duties as 284
chief. 285

Money collected by the chief pursuant to sections 1509.06, 286
1509.061, 1509.062, 1509.071, 1509.13, 1509.22, 1509.222, 287
1509.28, 1509.34, 1509.50, and 5749.02 of the Revised Code, all 288
civil penalties paid under section 1509.33 of the Revised Code, 289
and, notwithstanding any section of the Revised Code relating to 290
the distribution or crediting of fines for violations of the 291
Revised Code, all fines imposed under divisions (A) and (B) of 292
section 1509.99 of the Revised Code and fines imposed under 293
divisions (C) and (D) of section 1509.99 of the Revised Code for 294
all violations prosecuted by the attorney general and for 295
violations prosecuted by prosecuting attorneys that do not 296
involve the transportation of brine by vehicle shall be 297
deposited into the state treasury to the credit of the oil and 298
gas well fund, which is hereby created. Fines imposed under 299
divisions (C) and (D) of section 1509.99 of the Revised Code for 300
violations prosecuted by prosecuting attorneys that involve the 301
transportation of brine by vehicle and penalties associated with 302
a compliance agreement entered into pursuant to this chapter 303
shall be paid to the county treasury of the county where the 304
violation occurred. 305

The fund shall be used solely and exclusively for the 306
purposes enumerated in division (B) of section 1509.071 of the 307
Revised Code, payments to the oil and gas resolution and 308

remediation fund created in section 1509.075 of the Revised 309
Code, for the expenses of the division associated with the 310
administration of this chapter and Chapter 1571. of the Revised 311
Code and rules adopted under them, and for expenses that are 312
critical and necessary for the protection of human health and 313
safety and the environment related to oil and gas production in 314
this state. The expenses of the division in excess of the moneys 315
available in the fund shall be paid from general revenue fund 316
appropriations to the department. 317

Sec. 1509.06. (A) An application for a permit to drill a 318
new well, drill an existing well deeper, reopen a well, convert 319
a well to any use other than its original purpose, or plug back 320
a well to a different source of supply, including any portion of 321
a well located in this state, regardless of whether any other 322
portion of that well is located outside of this state, and 323
including associated production operations, shall be filed with 324
the chief of the division of oil and gas resources management 325
upon such form as the chief prescribes and shall contain each of 326
the following that is applicable: 327

(1) The name and address of the owner and, if a 328
corporation, the name and address of the statutory agent; 329

(2) The signature of the owner or the owner's authorized 330
agent. When an authorized agent signs an application, it shall 331
be accompanied by a certified copy of the appointment as such 332
agent. 333

(3) The names and addresses of all persons holding the 334
royalty interest in the tract upon which the well is located or 335
is to be drilled or within a proposed drilling unit; 336

(4) The location of the tract or drilling unit on which 337

the well is located or is to be drilled identified by section or 338
lot number, city, village, township, and county; 339

(5) Designation of the well by name and number; 340

(6) (a) The geological formation to be tested or used and 341
the proposed total depth of the well; 342

(b) If the well is for the injection of a liquid, identity 343
of the geological formation to be used as the injection zone and 344
the composition of the liquid to be injected. 345

(7) The type of drilling equipment to be used; 346

(8) (a) An identification, to the best of the owner's 347
knowledge, of each proposed source of ground water and surface 348
water that will be used in the production operations of the 349
well. The identification of each proposed source of water shall 350
indicate if the water will be withdrawn from the Lake Erie 351
watershed or the Ohio river watershed. In addition, the owner 352
shall provide, to the best of the owner's knowledge, the 353
proposed estimated rate and volume of the water withdrawal for 354
the production operations. If recycled water will be used in the 355
production operations, the owner shall provide the estimated 356
volume of recycled water to be used. The owner shall submit to 357
the chief an update of any of the information that is required 358
by division (A) (8) (a) of this section if any of that information 359
changes before the chief issues a permit for the application. 360

(b) Except as provided in division (A) (8) (c) of this 361
section, for an application for a permit to drill a new well 362
within an urbanized area, the results of sampling of water wells 363
within three hundred feet of the proposed well prior to 364
commencement of drilling. In addition, the owner shall include a 365
list that identifies the location of each water well where the 366

owner of the property on which the water well is located denied 367
the owner access to sample the water well. The sampling shall be 368
conducted in accordance with the guidelines established in "Best 369
Management Practices For Pre-drilling Water Sampling" in effect 370
at the time that the application is submitted. The division 371
shall furnish those guidelines upon request and shall make them 372
available on the division's web site. If the chief determines 373
that conditions at the proposed well site warrant a revision, 374
the chief may revise the distance established in this division 375
for purposes of pre-drilling water sampling. 376

(c) For an application for a permit to drill a new 377
horizontal well, the results of sampling of water wells within 378
one thousand five hundred feet of the proposed horizontal 379
wellhead prior to commencement of drilling. In addition, the 380
owner shall include a list that identifies the location of each 381
water well where the owner of the property on which the water 382
well is located denied the owner access to sample the water 383
well. The sampling shall be conducted in accordance with the 384
guidelines established in "Best Management Practices For Pre- 385
drilling Water Sampling" in effect at the time that the 386
application is submitted. The division shall furnish those 387
guidelines upon request and shall make them available on the 388
division's web site. If the chief determines that conditions at 389
the proposed well site warrant a revision, the chief may revise 390
the distance established in this division for purposes of pre- 391
drilling water sampling. 392

(9) For an application for a permit to drill a new well 393
within an urbanized area, a sworn statement that the applicant 394
has provided notice by regular mail of the application to the 395
owner of each parcel of real property that is located within 396
five hundred feet of the surface location of the well and to the 397

executive authority of the municipal corporation or the board of 398
township trustees of the township, as applicable, in which the 399
well is to be located. In addition, the notice shall contain a 400
statement that informs an owner of real property who is required 401
to receive the notice under division (A)(9) of this section that 402
within five days of receipt of the notice, the owner is required 403
to provide notice under section 1509.60 of the Revised Code to 404
each residence in an occupied dwelling that is located on the 405
owner's parcel of real property. The notice shall contain a 406
statement that an application has been filed with the division 407
of oil and gas resources management, identify the name of the 408
applicant and the proposed well location, include the name and 409
address of the division, and contain a statement that comments 410
regarding the application may be sent to the division. The 411
notice may be provided by hand delivery or regular mail. The 412
identity of the owners of parcels of real property shall be 413
determined using the tax records of the municipal corporation or 414
county in which a parcel of real property is located as of the 415
date of the notice. 416

(10) A plan for restoration of the land surface disturbed 417
by drilling operations. The plan shall provide for compliance 418
with the restoration requirements of division (A) of section 419
1509.072 of the Revised Code and any rules adopted by the chief 420
pertaining to that restoration. 421

(11)(a) A description by name or number of the county, 422
township, and municipal corporation roads, streets, and highways 423
that the applicant anticipates will be used for access to and 424
egress from the well site; 425

(b) For an application for a permit for a horizontal well, 426
a copy of an agreement concerning maintenance and safe use of 427

the roads, streets, and highways ~~described in division (A)(11)~~ 428
~~(a) of this section entered into on reasonable terms with the~~ 429
~~public official that has the legal authority to enter into such~~ 430
~~maintenance and use agreements for each county, township, and~~ 431
~~municipal corporation, as applicable, in which any such road,~~ 432
~~street, or highway is located or an affidavit on a form~~ 433
~~prescribed by the chief attesting that the owner attempted in~~ 434
~~good faith to enter into an agreement under division (A)(11)(b)~~ 435
~~of this section with the applicable public official of each such~~ 436
~~county, township, or municipal corporation, but that no~~ 437
~~agreement was executed, if such an agreement has been entered~~ 438
into in accordance with section 1509.063 of the Revised Code. 439

(12) Such other relevant information as the chief 440
prescribes by rule. 441

Each application shall be accompanied by a map, on a scale 442
not smaller than four hundred feet to the inch, prepared by an 443
Ohio registered surveyor, showing the location of the well and 444
containing such other data as may be prescribed by the chief. If 445
the well is or is to be located within the excavations and 446
workings of a mine, the map also shall include the location of 447
the mine, the name of the mine, and the name of the person 448
operating the mine. 449

(B) The chief shall cause a copy of the weekly circular 450
prepared by the division to be provided to the county engineer 451
of each county that contains active or proposed drilling 452
activity. The weekly circular shall contain, in the manner 453
prescribed by the chief, the names of all applicants for 454
permits, the location of each well or proposed well, the 455
information required by division (A)(11) of this section, and 456
any additional information the chief prescribes. In addition, 457

the chief promptly shall transfer an electronic copy, or if that
method is not available to a municipal corporation or township,
a copy via regular mail, of a drilling permit application to the
clerk of the legislative authority of the municipal corporation
or to the clerk of the township in which the well or proposed
well is or is to be located if the legislative authority of the
municipal corporation or the board of township trustees has
asked to receive copies of such applications and the appropriate
clerk has provided the chief an accurate, current electronic
mailing address.

(C) (1) Except as provided in division (C) (2) of this
section, the chief shall not issue a permit for at least ten
days after the date of filing of the application for the permit
unless, upon reasonable cause shown, the chief waives that
period or a request for expedited review is filed under this
section. However, the chief shall issue a permit within twenty-
one days of the filing of the application unless the chief
denies the application by order.

(2) If the location of a well or proposed well will be or
is within an urbanized area, the chief shall not issue a permit
for at least eighteen days after the date of filing of the
application for the permit unless, upon reasonable cause shown,
the chief waives that period or the chief at the chief's
discretion grants a request for an expedited review. However,
the chief shall issue a permit for a well or proposed well
within an urbanized area within thirty days of the filing of the
application unless the chief denies the application by order.

~~(D) - An~~ (D) (1) Except as provided in division (D) (3) of
this section, an applicant may file a request with the chief for
expedited review of a permit application if the well is not or

is not to be located in a gas storage reservoir or reservoir 488
protective area, as "reservoir protective area" is defined in 489
section 1571.01 of the Revised Code. If the well is or is to be 490
located in a coal bearing township, the application shall be 491
accompanied by the affidavit of the landowner prescribed in 492
section 1509.08 of the Revised Code. 493

(2) In addition to a complete application for a permit 494
that meets the requirements of this section and the permit fee 495
prescribed by this section, a request for expedited review shall 496
be accompanied by a separate nonrefundable filing fee of two 497
hundred fifty dollars. Upon the filing of a request for 498
expedited review, the chief shall cause the county engineer of 499
the county in which the well is or is to be located to be 500
notified of the filing of the permit application and the request 501
for expedited review by telephone or other means that in the 502
judgment of the chief will provide timely notice of the 503
application and request. The chief shall issue a permit within 504
seven days of the filing of the request unless the chief denies 505
the application by order. ~~Notwithstanding the provisions of this~~ 506
~~section governing expedited review of permit applications, the~~ 507
~~chief may refuse to accept requests for expedited review if, in~~ 508
~~the chief's judgment, the acceptance of the requests would~~ 509
~~prevent the issuance, within twenty-one days of their filing, of~~ 510
~~permits for which applications are pending.~~ 511

(3) No owner shall apply for an expedited permit under 512
this section more than ten times within a calendar year. 513
Accordingly, the chief shall not issue more than ten expedited 514
permits to an owner within a calendar year. However, if an 515
emergency requires that an expedited permit be issued, as 516
determined by the chief, an owner that is otherwise prohibited 517
from obtaining an expedited permit under this division may apply 518

for an expedited permit and the chief may so issue it. 519

(E) A well shall be drilled and operated in accordance 520
with the plans, sworn statements, and other information 521
submitted in the approved application. 522

(F) The chief shall issue an order denying a permit if the 523
chief finds that there is a substantial risk that the operation 524
will result in violations of this chapter or rules adopted under 525
it that will present an imminent danger to public health or 526
safety or damage to the environment, provided that where the 527
chief finds that terms or conditions to the permit can 528
reasonably be expected to prevent such violations, the chief 529
shall issue the permit subject to those terms or conditions, 530
including, if applicable, terms and conditions regarding 531
subjects identified in rules adopted under section 1509.03 of 532
the Revised Code. The issuance of a permit shall not be 533
considered an order of the chief. 534

The chief shall post notice of each permit that has been 535
approved under this section on the division's web site not later 536
than two business days after the application for a permit has 537
been approved. 538

(G) Each application for a permit required by section 539
1509.05 of the Revised Code, except an application for a well 540
drilled or reopened for purposes of section 1509.22 of the 541
Revised Code, also shall be accompanied by a nonrefundable fee 542
as follows: 543

(1) Five hundred dollars for a permit to conduct 544
activities in a township with a population of fewer than ten 545
thousand; 546

(2) Seven hundred fifty dollars for a permit to conduct 547

activities in a township with a population of ten thousand or 548
more, but fewer than fifteen thousand; 549

(3) One thousand dollars for a permit to conduct 550
activities in either of the following: 551

(a) A township with a population of fifteen thousand or 552
more; 553

(b) A municipal corporation regardless of population. 554

(4) If the application is for a permit that requires 555
mandatory pooling, an additional five thousand dollars. 556

For purposes of calculating fee amounts, populations shall 557
be determined using the most recent federal decennial census. 558

Each application for the revision or reissuance of a 559
permit shall be accompanied by a nonrefundable fee of two 560
hundred fifty dollars. 561

(H) (1) Prior to the commencement of well pad construction 562
and prior to the issuance of a permit to drill a proposed 563
horizontal well or a proposed well that is to be located in an 564
urbanized area, the division shall conduct a site review to 565
identify and evaluate any site-specific terms and conditions 566
that may be attached to the permit. At the site review, a 567
representative of the division shall consider fencing, 568
screening, and landscaping requirements, if any, for similar 569
structures in the community in which the well is proposed to be 570
located. The terms and conditions that are attached to the 571
permit shall include the establishment of fencing, screening, 572
and landscaping requirements for the surface facilities of the 573
proposed well, including a tank battery of the well. 574

(2) Prior to the issuance of a permit to drill a proposed 575

well, the division shall conduct a review to identify and 576
evaluate any site-specific terms and conditions that may be 577
attached to the permit if the proposed well will be located in a 578
one-hundred-year floodplain or within the five-year time of 579
travel associated with a public drinking water supply. 580

(I) A permit shall be issued by the chief in accordance 581
with this chapter. A permit issued under this section for a well 582
that is or is to be located in an urbanized area shall be valid 583
for twelve months, and all other permits issued under this 584
section shall be valid for twenty-four months. 585

(J) An applicant or a permittee, as applicable, shall 586
submit to the chief an update of the information that is 587
required under division (A) (8) (a) of this section if any of that 588
information changes prior to commencement of production 589
operations. 590

(K) A permittee or a permittee's authorized representative 591
shall notify an inspector from the division at least twenty-four 592
hours, or another time period agreed to by the chief's 593
authorized representative, prior to the commencement of well pad 594
construction and of drilling, reopening, converting, well 595
stimulation, or plugback operations. 596

Sec. 1509.063. (A) As used in this section, "roads, 597
streets, and highways" means the roads, streets, and highways 598
described in division (A) (11) (a) of section 1509.06 of the 599
Revised Code. 600

(B) A person that submits an application or has been 601
issued a permit for a horizontal well under section 1509.06 of 602
the Revised Code may enter into an agreement concerning the 603
maintenance and safe use of the roads, streets, and highways 604

with the public official that has the legal authority to enter 605
into such maintenance and use agreements for each county, 606
township, and municipal corporation, as applicable, in which any 607
such road, street, or highway is located. 608

(C) An agreement described in division (B) of this section 609
that is entered into on or after the effective date of this 610
section shall be on terms expressly agreed to by the parties and 611
shall expire not later than three years after the agreement is 612
executed. Such an agreement may be renewed by the parties for up 613
to three years and may be subsequently renewed indefinitely, but 614
each such renewal shall be for a term not to exceed three years. 615

Sec. 1509.07. (A) (1) (a) Except as provided in division (A) 616
(1) (b) or (A) (2) of this section, an owner of any well, except 617
an exempt Mississippian well or an exempt domestic well, shall 618
obtain liability insurance coverage from a company authorized or 619
approved to do business in this state in an amount of not less 620
than one million dollars bodily injury coverage and property 621
damage coverage to pay damages for injury to persons or damage 622
to property caused by the drilling, operation, or plugging of 623
all the owner's wells in this state. However, if any well is 624
located within an urbanized area, the owner shall obtain 625
liability insurance coverage in an amount of not less than three 626
million dollars for bodily injury coverage and property damage 627
coverage to pay damages for injury to persons or damage to 628
property caused by the drilling, operation, or plugging of all 629
of the owner's wells in this state. 630

(b) A board of county commissioners of a county that is an 631
owner of a well or a board of township trustees of a township 632
that is an owner of a well may elect to satisfy the liability 633
coverage requirements specified in division (A) (1) (a) of this 634

section by participating in a joint self-insurance pool in 635
accordance with the requirements established under section 636
2744.081 of the Revised Code. Nothing in division (A) (1) (b) of 637
this section shall be construed to allow an entity, other than a 638
county or township, to participate in a joint self-insurance 639
pool to satisfy the liability coverage requirements specified in 640
division (A) (1) (a) of this section. 641

(2) An owner of a horizontal well shall obtain liability 642
insurance coverage from an insurer authorized to write such 643
insurance in this state or from an insurer approved to write 644
such insurance in this state under section 3905.33 of the 645
Revised Code in an amount of not less than five million dollars 646
bodily injury coverage and property damage coverage to pay 647
damages for injury to persons or damage to property caused by 648
the production operations of all the owner's wells in this 649
state. The insurance policy shall include a reasonable level of 650
coverage available for an environmental endorsement. 651

(3) An owner shall maintain the coverage required under 652
division (A) (1) or (2) of this section until all the owner's 653
wells are plugged and abandoned or are transferred to an owner 654
who has obtained insurance as required under this section and 655
who is not under a notice of material and substantial violation 656
or under a suspension order. The owner shall provide proof of 657
liability insurance coverage to the chief of the division of oil 658
and gas resources management upon request. Upon failure of the 659
owner to provide that proof when requested, the chief may order 660
the suspension of any outstanding permits and operations of the 661
owner until the owner provides proof of the required insurance 662
coverage. 663

(B) (1) Except as otherwise provided in this section, an 664

owner of any well, before being issued a permit under section 665
1509.06 of the Revised Code or before operating or producing 666
from a well, shall execute and file with the division of oil and 667
gas resources management a surety bond conditioned on compliance 668
with the restoration requirements of section 1509.072, the 669
plugging requirements of section 1509.12, the permit provisions 670
of section 1509.13 of the Revised Code, and all rules and orders 671
of the chief relating thereto, in an amount set by rule of the 672
chief. 673

(2) The owner may deposit with the chief, instead of a 674
surety bond, cash in an amount equal to the surety bond as 675
prescribed pursuant to this section or negotiable certificates 676
of deposit or irrevocable letters of credit, issued by any bank 677
organized or transacting business in this state, having a cash 678
value equal to or greater than the amount of the surety bond as 679
prescribed pursuant to this section. Cash or certificates of 680
deposit shall be deposited upon the same terms as those upon 681
which surety bonds may be deposited. If the owner deposits cash, 682
the cash shall be credited to the performance cash bond refunds 683
fund created in section 1501.16 of the Revised Code. If the 684
owner deposits certificates of deposit, the chief shall require 685
the bank that issued any such certificate to pledge securities 686
of a cash value equal to the amount of the certificate that is 687
in excess of the amount insured by the federal deposit insurance 688
corporation. The securities shall be security for the repayment 689
of the certificate of deposit. 690

Upon a deposit of cash, certificates of deposit, or 691
letters of credit with the chief, the chief shall hold them in 692
trust for the purposes for which they have been deposited. 693

(3) Instead of a surety bond, the chief may accept proof 694

of financial responsibility consisting of a sworn financial 695
statement showing a net financial worth within this state equal 696
to twice the amount of the bond for which it substitutes and, as 697
may be required by the chief, a list of producing properties of 698
the owner within this state or other evidence showing ability 699
and intent to comply with the law and rules concerning 700
restoration and plugging that may be required by rule of the 701
chief. The owner of an exempt Mississippian well is not required 702
to file scheduled updates of the financial documents, but shall 703
file updates of those documents if requested to do so by the 704
chief. The owner of a nonexempt Mississippian well shall file 705
updates of the financial documents in accordance with a schedule 706
established by rule of the chief. The chief, upon determining 707
that an owner for whom the chief has accepted proof of financial 708
responsibility instead of bond cannot demonstrate financial 709
responsibility, shall order that the owner execute and file a 710
bond or deposit cash, certificates of deposit, or irrevocable 711
letters of credit as required by this section for the wells 712
specified in the order within ten days of receipt of the order. 713
If the order is not complied with, all wells of the owner that 714
are specified in the order and for which no bond is filed or 715
cash, certificates of deposit, or letters of credit are 716
deposited shall be plugged. No owner shall fail or refuse to 717
plug such a well. Each day on which such a well remains 718
unplugged thereafter constitutes a separate offense. 719

(4) The surety bond provided for in this section shall be 720
executed by a surety company authorized to do business in this 721
state. 722

The chief shall not approve any bond until it is 723
personally signed and acknowledged by both principal and surety, 724
or as to either by the principal's or surety's attorney in fact, 725

with a certified copy of the power of attorney attached thereto. 726
The chief shall not approve a bond unless there is attached a 727
certificate of the superintendent of insurance that the company 728
is authorized to transact a fidelity and surety business in this 729
state. 730

All bonds shall be given in a form to be prescribed by the 731
chief and shall run to the state as obligee. 732

(5) An owner of an exempt Mississippian well or an exempt 733
domestic well, in lieu of filing a surety bond, cash in an 734
amount equal to the surety bond, certificates of deposit, 735
irrevocable letters of credit, or a sworn financial statement, 736
may file a one-time fee of fifty dollars, which shall be 737
deposited in the oil and gas ~~well-plugging-resolution and~~ 738
remediation fund created in section ~~1509.071~~ 1509.075 of the 739
Revised Code. 740

(C) An owner, operator, producer, or other person shall 741
not operate a well or produce from a well at any time if the 742
owner, operator, producer, or other person has not satisfied the 743
requirements established in this section. 744

Sec. 1509.071. (A) When the chief of the division of oil 745
and gas resources management finds that an owner has failed to 746
comply with a final nonappealable order issued or compliance 747
agreement entered into under section 1509.04, the restoration 748
requirements of section 1509.072, plugging requirements of 749
section 1509.12, or permit provisions of section 1509.13 of the 750
Revised Code, or rules and orders relating thereto, the chief 751
shall make a finding of that fact and declare any surety bond 752
filed to ensure compliance with those sections and rules 753
forfeited in the amount set by rule of the chief. The chief 754
thereupon shall certify the total forfeiture to the attorney 755

general, who shall proceed to collect the amount of the 756
forfeiture. In addition, the chief may require an owner, 757
operator, producer, or other person who forfeited a surety bond 758
to post a new surety bond in the amount of fifteen thousand 759
dollars for a single well, thirty thousand dollars for two 760
wells, or fifty thousand dollars for three or more wells. 761

In lieu of total forfeiture, the surety or owner, at the 762
surety's or owner's option, may cause the well to be properly 763
plugged and abandoned and the area properly restored or pay to 764
the treasurer of state the cost of plugging and abandonment. 765

(B) (1) All moneys collected because of forfeitures of 766
bonds as provided in this section shall be deposited in the 767
state treasury to the credit of the oil and gas well fund 768
created in section 1509.02 of the Revised Code. 769

For purposes of promoting the competent management and 770
conservation of the state's oil and natural gas resources and 771
the proper and lawful plugging of historic oil and gas wells for 772
which there is no known responsible owner, the chief annually 773
shall spend not less than thirty per cent of the revenue 774
credited to the oil and gas well fund during the previous fiscal 775
year for both of the following purposes: 776

(a) In accordance with division (E) of this section, to 777
plug orphaned wells or to restore the land surface properly as 778
required in section 1509.072 of the Revised Code; 779

(b) In accordance with division (F) of this section, to 780
correct conditions that the chief reasonably has determined are 781
causing imminent health or safety risks at an orphaned well or 782
associated with a well for which the owner has not initiated a 783
corrective action within a reasonable period of time as 784

determined by the chief after the chief has attempted to notify 785
the owner. 786

(2) Expenditures from the oil and gas well fund and oil 787
and gas resolution and remediation fund shall be made only for 788
lawful purposes. ~~In addition~~ Except as otherwise provided in 789
divisions (B) (2) and (D) of section 1509.075 of the Revised 790
Code, expenditures from ~~the fund~~ those funds shall not be made 791
to purchase real property or to remove a structure in order to 792
access a well. 793

~~The director of budget and management, in consultation~~ 794
~~with the chief, shall establish an accounting code for purposes~~ 795
~~of tracking expenditures made as required under this division.~~ 796

(C) (1) If a landowner discovers a well on the landowner's 797
real property and the landowner is not the owner of the well, 798
the landowner may report the existence of the well in writing to 799
the chief. 800

(2) If the chief receives a written report from a 801
landowner of the discovery of a well previously unknown to the 802
division, the chief shall inspect the well not later than thirty 803
days after the date of receipt of the landowner's report. 804

(3) The chief shall establish a scoring matrix for use in 805
determining the priority of plugging wells or restoring land 806
surfaces at orphaned well sites for purposes of this section. 807
The matrix shall include a classification system that 808
categorizes orphaned wells as high priority, medium priority, 809
and low priority. 810

(4) The chief shall use the matrix developed under 811
division (C) (3) of this section to prioritize plugging and land 812
restoration projects under this section. The chief may add 813

additional orphaned wells to a project regardless of 814
classification. 815

(D) (1) ~~After~~ Except as provided in division (E) (2) (a) of 816
this section, after determining that a well is an orphaned well, 817
the chief shall do all of the following: 818

(a) Make a reasonable attempt to determine from the 819
records in the office of the county recorder of the county in 820
which the well is located the identity of the current owner of 821
the land on which the well is located, the identity of each 822
person owning a right or interest in the oil or gas mineral 823
interests, and the identities of the persons having a lien upon 824
any of the equipment appurtenant to the well. For purposes of 825
division (D) (1) (a) of this section, the chief is not required to 826
review records in the office of the county recorder that are 827
older than forty years from the date on which the chief made the 828
determination that the well is an orphaned well. 829

(b) Mail notice to each person identified in division (D) 830
(1) (a) of this section; 831

(c) Include in the notice to each person having a lien 832
upon any equipment appurtenant to the well, a statement 833
informing the person that the well is to be plugged and offering 834
the person the opportunity to remove that equipment from the 835
well site at the person's own expense in order to avoid 836
forfeiture of the equipment to this state; 837

(d) Publish notice in a newspaper of general circulation 838
in the county where the well is located that the well is to be 839
plugged or post the notice on the department of natural 840
resources web site. 841

(2) If the current address of a person identified in 842

division (D) (1) (a) of this section cannot be determined, or if a 843
notice provided by mail to a person under division (D) (1) (b) of 844
this section is returned undeliverable, the notice published 845
under division (D) (1) (d) of this section constitutes sufficient 846
notice to the person. 847

(3) If none of the persons described in division (D) (1) (a) 848
of this section removes equipment from the well within thirty 849
days after the mailing of the notice or publication or posting 850
of notice described in division (D) (1) (d) of this section, 851
whichever is later, all equipment appurtenant to the well is 852
hereby declared to be forfeited to this state without 853
compensation and without the necessity for any action by the 854
state for use to defray the cost of plugging the well and 855
restoring the land surface at the well site. 856

(E) The chief may expend money from the oil and gas well 857
fund and the oil and gas resolution and remediation fund for the 858
purpose of division (B) (1) (a) of this section, and such 859
expenditures shall be made in accordance with either of the 860
following: 861

(1) The chief may make expenditures pursuant to contracts 862
entered into by either the chief or another agency of the state 863
with persons who agree to furnish the materials, equipment, 864
work, and labor as specified and provided in such a contract for 865
activities associated with the restoration or plugging of an 866
orphaned well as determined by the chief. If another agency of 867
the state enters into the contract, the chief shall prepare the 868
scope of work for the restoration or plugging of the well. The 869
activities may include excavation to uncover a well, methods to 870
locate a well, analyzing the well, stabilizing or other work 871
conducted prior to plugging the well, drilling out or cleanout 872

of wellbores to remove material from a well, plugging 873
operations, installation of vault and vent systems, including 874
associated engineering certifications and permits, removal of 875
associated equipment, restoration of property, replugging of 876
previously plugged orphaned wells or wells for which final 877
restoration was completed under section 1509.072 of the Revised 878
Code and rules adopted under it, and repair of damage to 879
property that is caused by such activities. The chief may make 880
expenditures for salaries, maintenance, equipment, or other 881
administrative purposes, for costs directly attributed to 882
locating, analyzing, stabilizing, designing, plugging, 883
remediating, or restoring an orphaned well, and for determining 884
if a well is an orphaned well. 885

Agents or employees of persons contracting with the chief 886
to locate, analyze, stabilize, design, plug, remediate, or 887
restore a well may enter upon any land, public or private, on 888
which the well is located, or on adjacent parcels needed for 889
access, for the purpose of performing the work. Prior to such 890
entry, the chief shall give to the following persons written 891
notice of the existence of a contract to locate, analyze, 892
stabilize, design, plug, remediate, or restore a well, the names 893
of the persons with whom the contract is made, and the date that 894
the project will commence: the owner of the well, the owner of 895
the land upon which the well is located, the owner of the land 896
of an adjacent parcel that will be entered upon, and, if the 897
well is located in the same township as or in a township 898
adjacent to the excavations and workings of a mine and the owner 899
or lessee of that mine has provided written notice identifying 900
those townships to the chief at any time during the immediately 901
preceding three years, the owner or lessee of the mine. The 902
chief may include in the notice to the owner or lessee of the 903

mine additional information, such as authorization to plug an 904
orphaned well under section 1509.151 of the Revised Code. 905

(2) (a) The owner of the land on which at least one 906
orphaned well is located who either discovers the orphaned well 907
or who has received notice under division (D) (1) (b) of this 908
section may plug any such orphaned well and be reimbursed by the 909
division of oil and gas resources management for the reasonable 910
cost of plugging such wells. In order to plug the orphaned 911
wells, the landowner shall submit an application to the chief on 912
a form prescribed by the chief and approved by the technical 913
advisory council on oil and gas created in section 1509.38 of 914
the Revised Code. The application, at a minimum, shall require 915
the landowner to provide the same information as is required to 916
be included in the application for a permit to plug and abandon 917
under section 1509.13 of the Revised Code. 918

The application shall be accompanied by a copy of a 919
proposed contract to plug and abandon the orphaned wells 920
prepared by a contractor regularly engaged in the business of 921
plugging oil and gas wells. The proposed contract shall require 922
the contractor to furnish all of the materials, equipment, work, 923
and labor necessary to plug the orphaned wells properly and 924
restore the site including the removal of all associated 925
equipment and shall specify the price for doing the work. The 926
contractor shall be insured. 927

In the case of a landowner who discovers one or more 928
orphaned wells on the land, the chief need not fulfill the 929
notice requirements specified in division (D) (1) of this 930
section, except the chief shall publish notice in a newspaper of 931
general circulation in the county where the well is located that 932
the well is to be plugged or post the notice on the department 933

of natural resources web site. 934

Expenditures made under division (E) (2) (a) of this section 935
shall be consistent with the expenditures for activities 936
described in division (E) (1) of this section. In addition, 937
expenditures made under division (E) (2) of this section are not 938
subject to section 127.16 of the Revised Code. The application 939
constitutes an application for a permit to plug the well for the 940
purposes of section 1509.13 of the Revised Code and the 941
applicant is not required to submit the fee otherwise required 942
under that section. 943

(b) Within thirty days after receiving an application and 944
accompanying proposed contract under division (E) (2) (a) of this 945
section, the chief shall determine whether the plugging would 946
comply with the applicable requirements of this chapter and 947
applicable rules adopted and orders issued under it and whether 948
the cost of the plugging under the proposed contract is 949
reasonable. If the chief determines that the proposed plugging 950
would comply with those requirements and that the proposed cost 951
of the plugging is reasonable, the chief shall notify the 952
landowner of that determination and issue to the landowner a 953
permit to plug the well under section 1509.13 of the Revised 954
Code. The chief may disapprove an application submitted under 955
division (E) (2) (a) of this section if the chief determines that 956
the proposed plugging would not comply with the applicable 957
requirements of this chapter and applicable rules adopted and 958
orders issued under it, that the cost of the plugging under the 959
proposed contract is unreasonable, or that the proposed contract 960
is not a bona fide, arm's length contract. 961

(c) After receiving the chief's notice of the approval of 962
the application and permit to plug and abandon a well under 963

division (E) (2) (b) of this section, the landowner may enter into 964
the proposed contract to plug the well. 965

(d) Upon determining that the plugging has been completed 966
in compliance with the applicable requirements of this chapter 967
and applicable rules adopted and orders issued under it, the 968
chief shall pay the contractor for the cost of the plugging and 969
restoration as set forth in the proposed contract approved by 970
the chief and changes or costs approved by the chief. The 971
payment shall be paid from the oil and gas well fund or the oil 972
and gas resolution and remediation fund. The chief shall only 973
make payments for purposes of division (E) (2) of this section 974
pursuant to a proper invoice as defined under section 125.01 of 975
the Revised Code. 976

(e) If the chief determines that the plugging was not 977
completed in accordance with the applicable requirements, the 978
chief shall not pay the contractor or landowner for the cost of 979
the plugging. 980

(f) If any equipment was removed from the well during the 981
plugging and sold, the chief shall deduct the sale amount of the 982
equipment from the payment to the contractor. 983

(g) Changes made to a contract executed under division (E) 984
(2) of this section due to unanticipated conditions may be 985
presented to the chief in the form of a written request for 986
approval of the additional costs prior to completion of the 987
work. The chief shall determine if the changes are necessary to 988
comply with this chapter and rules adopted and orders issued 989
under it and if the cost of the changes are reasonable. The 990
chief shall provide to the contractor a written decision 991
regarding the proposed changes. If the chief determines that the 992
changes are not necessary or that the costs are not reasonable, 993

the chief may either deny the request or establish the amount of 994
the cost that the chief approves. Work completed prior to 995
receipt of written approval from the chief is not eligible for 996
payment, unless waived by the chief. 997

(3) The chief may establish an annual limit on the number 998
of wells that may be plugged under division (E) (2) of this 999
section or an annual limit on the expenditures to be made under 1000
that division. The chief may reject an application submitted 1001
under division (E) (2) of this section if the chief determines 1002
that the plugging of other wells take priority. 1003

(4) As used in division (E) (2) of this section, "plug" and 1004
"plugging" include the plugging of the well, replugging of a 1005
previously plugged orphaned well or a well for which final 1006
restoration was completed under section 1509.072 of the Revised 1007
Code and rules adopted under it, drilling out or cleanout of a 1008
well bore to remove material from a well, installation of 1009
casings, installation of a vault and vent, restoration, and the 1010
restoration of the land surface disturbed by the plugging. 1011

(F) (1) Expenditures from the oil and gas well fund or the 1012
oil and gas resolution and remediation fund for the purpose of 1013
division (B) (1) (b) of this section may be made pursuant to 1014
contracts entered into by either the chief or another agency of 1015
the state with persons who agree to furnish the materials, 1016
equipment, work, and labor as specified and provided in such a 1017
contract. The competitive bidding requirements of Chapter 153. 1018
of the Revised Code do not apply if the chief reasonably 1019
determines that a situation exists requiring immediate action 1020
for the correction of the applicable health or safety risk. A 1021
contract or purchase of materials for purposes of addressing the 1022
emergency situation is not subject to division (B) of section 1023

127.16 of the Revised Code. The chief, designated 1024
representatives of the chief, and agents or employees of persons 1025
contracting with the chief to locate, analyze, stabilize, 1026
design, plug, remediate, or restore a well under this division 1027
may enter upon any land, public or private, on which the well is 1028
located, or on parcels needed for access, for the purpose of 1029
performing the work. 1030

(2) The chief shall issue an order that requires the owner 1031
of a well to pay the actual documented costs of a corrective 1032
action that is described in division (B)(1)(b) of this section 1033
concerning the well. The chief shall transmit the money so 1034
recovered to the treasurer of state who shall deposit the money 1035
in the ~~state treasury to the credit of the oil and gas well-~~ 1036
resolution and remediation fund. 1037

(G) Contracts entered into by either the chief or another 1038
agency of the state under this section are not subject to any of 1039
the following: 1040

(1) Chapter 4115. of the Revised Code; 1041

(2) Chapter 153. of the Revised Code; 1042

(3) Section 4733.17 of the Revised Code. 1043

(H) The owner of land on which a well is located who has 1044
received notice under division (D)(1)(b) of this section, in 1045
lieu of plugging the well in accordance with division (E)(2) of 1046
this section, may cause ownership of the well to be transferred 1047
in accordance with section 1509.31 of the Revised Code. 1048

If a well is transferred, the owner to whom it is 1049
transferred shall comply with this chapter and rules adopted 1050
under it and shall take title to and possession of the equipment 1051
appurtenant to the well that has been identified by the chief as 1052

having been abandoned by the former owner of the well. 1053

(I) The chief may engage in cooperative projects under 1054
this section with any agency of this state, another state, or 1055
the United States; any other governmental agencies; any state 1056
university or college as defined in section 3345.27 of the 1057
Revised Code; or a nonprofit corporation that is exempt from 1058
federal income taxation under section 501(c)(3) of the "Internal 1059
Revenue Code of 1986," 26 U.S.C. 1, as amended. A contract 1060
entered into for purposes of a cooperative project is not 1061
subject to division (B) of section 127.16 of the Revised Code. 1062

(J) (1) On or before the close of each calendar quarter, 1063
the chief shall submit a written report to the technical 1064
advisory council established under section 1509.38 of the 1065
Revised Code describing the efforts of the division of oil and 1066
gas resources management to plug orphaned wells during the 1067
immediately preceding calendar quarter. The chief also shall 1068
include in the report all of the following information: 1069

(a) The total number of known orphaned wells in the state 1070
and the total number in each county of the state; 1071

(b) The total number of newly discovered orphaned wells 1072
during the immediately preceding calendar quarter; 1073

(c) The total number of wells plugged in accordance with 1074
this section during the immediately preceding calendar quarter; 1075

(d) The total number of wells plugged in accordance with 1076
this section and the estimated average and indirect costs of 1077
plugging activities conducted under this section prior to the 1078
date of the report; 1079

(e) The number of wells approved for plugging in 1080
accordance with this section and the estimated average and 1081

indirect costs of plugging activities conducted under this 1082
section during the immediately preceding calendar quarter. 1083

(2) Not later than the thirty-first day of March of each 1084
year, the chief and the technical advisory council shall jointly 1085
provide a report containing, at a minimum, the information 1086
required to be included in the quarterly reports during the 1087
previous one-year period to all of the following: 1088

(a) The speaker of the house of representatives; 1089

(b) The president of the senate; 1090

(c) The chair of the committee of the house of 1091
representatives responsible for energy and natural resources 1092
issues; 1093

(d) The chair of the committee of the senate responsible 1094
for energy and natural resources issues. 1095

Sec. 1509.075. (A) There is hereby created the oil and gas 1096
resolution and remediation fund, which shall be in the custody 1097
of the treasurer of state but shall not be part of the state 1098
treasury. The fund shall consist of moneys transferred to it 1099
from the oil and gas well fund and any money deposited into it 1100
under sections 1509.07 and 1509.071 of the Revised Code. 1101
Notwithstanding any provision of law to the contrary, at the 1102
beginning of each fiscal year, the treasurer of state shall 1103
transfer to the oil and gas resolution and remediation fund the 1104
amount of money in the oil and gas well fund that is in excess 1105
of the total amount appropriated to the oil and gas well fund 1106
for that fiscal year. 1107

(B) (1) Money in the oil and gas resolution and remediation 1108
fund shall be used by the chief of the division of oil and gas 1109
resources management for the plugging of orphaned wells under 1110

this chapter. 1111

(2) The chief may use money in the fund for expenses that 1112
are critical and necessary for the protection of human health 1113
and safety and the environment related to oil and gas production 1114
in this state. 1115

(3) The treasurer of state shall disburse moneys from the 1116
fund quarterly on order of the chief. 1117

(C) The treasurer of state may invest any portion of the 1118
oil and gas resolution and remediation fund not needed for 1119
immediate use in the same manner as, and subject to all 1120
provisions of law with respect to the investment of, state 1121
funds. 1122

(D) Interest earned on the fund shall be credited to the 1123
fund and reserved for use by the director of natural resources. 1124
The director may order the treasurer of state to disburse 1125
interest from the fund for any purpose of the department of 1126
natural resources, subject to the approval of the technical 1127
advisory council on oil and gas, as provided in section 1509.38 1128
of the Revised Code. The director shall provide the treasurer of 1129
state with written notice of the council's approval before the 1130
treasurer of state may disburse money from the fund. 1131

Sec. 1509.28. (A) (1) A person who has obtained the consent 1132
of the owners of at least sixty-five per cent of the land area 1133
overlying a pool or a part of a pool may submit an application 1134
for the operation as a unit of the entire pool or part of the 1135
pool to the chief of the division of oil and gas resources 1136
management. In calculating the sixty-five per cent, an owner's 1137
entire interest in each tract in the proposed unit area, 1138
including any divided, undivided, partial, fee, or other 1139

interest in the tract, shall be included to the fullest extent 1140
of that interest. 1141

(2) The chief may make a motion, without application, for 1142
the operation as a unit of an entire pool or part of the pool. 1143

(B) An applicant shall include with the application for 1144
unit operation both of the following: 1145

(1) A nonrefundable fee of ten thousand dollars; 1146

(2) Any additional information requested by the chief. 1147

(C) (1) The chief shall hold a hearing regarding an 1148
application submitted under division (A) (1) of this section or 1149
regarding the chief's motion made under division (A) (2) of this 1150
section. Except as otherwise provided in division (C) (2) of this 1151
section, the chief shall hold the hearing not more than sixty 1152
days after the date the chief receives the application or makes 1153
the motion, as applicable. 1154

(2) If the chief determines that an application is 1155
materially incomplete before the required hearing date, the 1156
chief shall notify the applicant. The applicant shall respond to 1157
the chief not later than three business days from receipt of the 1158
notice to correct the application. If the applicant does not 1159
timely correct the application, the chief may reschedule the 1160
hearing date. 1161

(3) At the hearing, the chief shall consider the need for 1162
the operation as a unit of an entire pool or part thereof. 1163

(D) The chief shall make an order providing for the unit 1164
operation of a pool or part thereof if the chief finds that such 1165
operation is reasonably necessary to increase substantially the 1166
ultimate recovery of oil and gas, and the value of the estimated 1167

additional recovery of oil or gas exceeds the estimated 1168
additional cost incident to conducting the operation. The chief 1169
shall issue the order not later than sixty days after the date 1170
of the hearing, unless the chief denies the application or 1171
motion by order within that sixty-day period 1172

. 1173

(E) The order shall be upon terms and conditions that are 1174
just and reasonable and shall prescribe a plan for unit 1175
operations that shall include: 1176

(1) A description of the unitized area, termed the unit 1177
area; 1178

(2) A statement of the nature of the operations 1179
contemplated; 1180

(3) An allocation to the separately owned tracts in the 1181
unit area of all the oil and gas that is produced from the unit 1182
area and is saved, being the production that is not used in the 1183
conduct of operations on the unit area or not unavoidably lost. 1184
The allocation shall be in accord with the agreement, if any, of 1185
the interested parties. If there is no such agreement, the chief 1186
shall determine the value, from the evidence introduced at the 1187
hearing, of each separately owned tract in the unit area, 1188
exclusive of physical equipment, for development of oil and gas 1189
by unit operations, and the production allocated to each tract 1190
shall be the proportion that the value of each tract so 1191
determined bears to the value of all tracts in the unit area. 1192

(4) A provision for the credits and charges to be made in 1193
the adjustment among the owners in the unit area for their 1194
respective investments in wells, tanks, pumps, machinery, 1195
materials, and equipment contributed to the unit operations; 1196

(5) A provision providing how the expenses of unit 1197
operations, including capital investment, shall be determined 1198
and charged to the separately owned tracts and how the expenses 1199
shall be paid; 1200

(6) A provision, if necessary, for carrying or otherwise 1201
financing any person who is unable to meet the person's 1202
financial obligations in connection with the unit, allowing a 1203
reasonable interest charge for such service; 1204

(7) A provision for the supervision and conduct of the 1205
unit operations, in respect to which each person shall have a 1206
vote with a value corresponding to the percentage of the 1207
expenses of unit operations chargeable against the interest of 1208
that person; 1209

(8) The time when the unit operations shall commence, and 1210
the manner in which, and the circumstances under which, the unit 1211
operations shall terminate; 1212

(9) Such additional provisions as are found to be 1213
appropriate for carrying on the unit operations, and for the 1214
protection or adjustment of correlative rights. 1215

(F) No order of the chief providing for unit operations 1216
shall become effective unless and until the plan for unit 1217
operations prescribed by the chief has been approved in writing 1218
by those owners who, under the chief's order, will be required 1219
to pay at least sixty-five per cent of the costs of the unit 1220
operation, and also by the royalty or, with respect to unleased 1221
acreage, fee owners of sixty-five per cent of the acreage to be 1222
included in the unit. If the plan for unit operations has not 1223
been so approved by owners and royalty owners at the time the 1224
order providing for unit operations is made, the chief shall 1225

upon application and notice hold such supplemental hearings as 1226
may be required to determine if and when the plan for unit 1227
operations has been so approved. If the owners and royalty 1228
owners, or either, owning the required percentage of interest in 1229
the unit area do not approve the plan for unit operations within 1230
a period of six months from the date on which the order 1231
providing for unit operations is made, the order shall cease to 1232
be of force and shall be revoked by the chief. 1233

(G) An order providing for unit operations may be amended 1234
by an order made by the chief, in the same manner and subject to 1235
the same conditions as an original order providing for unit 1236
operations, provided that: 1237

(1) If such an amendment affects only the rights and 1238
interests of the owners, the approval of the amendment by the 1239
royalty owners shall not be required. 1240

(2) No such order of amendment shall change the percentage 1241
for allocation of oil and gas as established for any separately 1242
owned tract by the original order, except with the consent of 1243
all persons owning interest in the tract. 1244

(H) The chief, by an order, may provide for the unit 1245
operation of a pool or a part thereof that embraces a unit area 1246
established by a previous order of the chief. Such an order, in 1247
providing for the allocation of unit production, shall first 1248
treat the unit area previously established as a single tract, 1249
and the portion of the unit production so allocated thereto 1250
shall then be allocated among the separately owned tracts 1251
included in the previously established unit area in the same 1252
proportions as those specified in the previous order. 1253

(I) Oil and gas allocated to a separately owned tract 1254

shall be deemed, for all purposes, to have been actually 1255
produced from the tract, and all operations, including, but not 1256
limited to, the commencement, drilling, operation of, or 1257
production from a well upon any portion of the unit area shall 1258
be deemed for all purposes the conduct of such operations and 1259
production from any lease or contract for lands any portion of 1260
which is included in the unit area. ~~The operations~~ Operations 1261
conducted pursuant to the order of the chief shall constitute a 1262
fulfillment of all the express or implied ~~obligations~~ terms of 1263
each lease or contract covering lands in the unit area and shall 1264
not be construed to be a breach of any such terms, to the extent 1265
that compliance with such ~~obligations cannot be had because of~~ 1266
terms may be inconsistent with the order of the chief. 1267

(J) Oil and gas allocated to any tract, and the proceeds 1268
from the sale thereof, shall be the property and income of the 1269
several persons to whom, or to whose credit, the same are 1270
allocated or payable under the order providing for unit 1271
operations. 1272

(K) No order of the chief or other contract relating to 1273
the sale or purchase of production from a separately owned tract 1274
shall be terminated by the order providing for unit operations, 1275
but shall remain in force and apply to oil and gas allocated to 1276
the tract until terminated in accordance with the provisions 1277
thereof. 1278

(L) Notwithstanding divisions (A) to (G) of section 155.33 1279
of the Revised Code and rules adopted under it, the chief shall 1280
issue an order for the unit operation of a pool or a part of a 1281
pool that encompasses a unit area for which all or a portion of 1282
the mineral rights are owned by the department of 1283
transportation. 1284

(M) Except to the extent that the parties affected so 1285
agree, no order providing for unit operations shall be construed 1286
to result in a transfer of all or any part of the title of any 1287
person to the oil and gas rights in any tract in the unit area. 1288
All property, whether real or personal, that may be acquired for 1289
the account of the owners within the unit area shall be the 1290
property of such owners in the proportion that the expenses of 1291
unit operations are charged. 1292

Sec. 1509.31. (A) (1) No person shall operate a well in 1293
this state unless the person first registers with and obtains an 1294
identification number from the chief of the division of oil and 1295
gas resources management. 1296

(2) Whenever the entire interest of an oil and gas lease 1297
is assigned or otherwise transferred, the assignor or transferor 1298
shall notify the holders of the royalty interests, and, if a 1299
well or wells exist on the lease, the division of oil and gas 1300
resources management, of the name and address of the assignee or 1301
transferee by certified mail, return receipt requested, not 1302
later than thirty days after the date of the assignment or 1303
transfer. When notice of any such assignment or transfer is 1304
required to be provided to the division, it shall be provided on 1305
a form prescribed and provided by the division and verified by 1306
both the assignor or transferor and by the assignee or 1307
transferee. The notice form applicable to assignments or 1308
transfers of a well to the owner of the surface estate of the 1309
tract on which the well is located shall contain a statement 1310
informing the landowner that the well may require periodic 1311
servicing to maintain its productivity; that, upon assignment or 1312
transfer of the well to the landowner, the landowner becomes 1313
responsible for compliance with the requirements of this chapter 1314
and rules adopted under it, including, without limitation, the 1315

proper disposal of brine obtained from the well, the plugging of 1316
the well when it becomes incapable of producing oil or gas, and 1317
the restoration of the well site; and that, upon assignment or 1318
transfer of the well to the landowner, the landowner becomes 1319
responsible for the costs of compliance with the requirements of 1320
this chapter and rules adopted under it and the costs for 1321
operating and servicing the well. 1322

(3) Notwithstanding division (A) (2) of this section, the 1323
assignee or transferee shall notify the division of oil and gas 1324
resources management of the assignment or transfer if both of 1325
the following apply: 1326

(a) The assignor or transferor failed to notify the 1327
division of the assignment or transfer as required by division 1328
(A) (2) of this section; 1329

(b) The assignor or transferor is deceased, dissolved, 1330
cannot be located, or is otherwise incapable of complying with 1331
the notification requirement. 1332

The assignee or transferee shall notify the division of 1333
the assignment or transfer on a form prescribed and provided by 1334
the division. At a minimum, the form shall require the assignee 1335
or transferee to attest that the assignee or transferee is the 1336
owner. The division shall not charge a fee for such assignment 1337
or transfer when notice is provided in accordance with division 1338
(A) (3) of this section. 1339

(B) When the entire interest of a well is proposed to be 1340
assigned or otherwise transferred to the landowner for use as an 1341
exempt domestic well, the owner who has been issued a permit 1342
under this chapter for the well shall submit to the chief of the 1343
division of oil and gas resources management an application for 1344

the assignment or transfer that contains all documents that the 1345
chief requires. The application for such an assignment or 1346
transfer shall be prescribed and provided by the chief. The 1347
chief may approve the application if the application is 1348
accompanied by a release of all of the oil and gas leases that 1349
are included in the applicable formation of the drilling unit, 1350
the release is in a form such that the well ownership merges 1351
with the fee simple interest of the surface tract, and the 1352
release is in a form that may be recorded. However, if the owner 1353
of the well does not release the oil and gas leases associated 1354
with the well that is proposed to be assigned or otherwise 1355
transferred or if the fee simple tract that results from the 1356
merger of the well ownership with the fee simple interest of the 1357
surface tract is less than five acres, the proposed exempt 1358
domestic well owner shall post a five thousand dollar bond with 1359
the division prior to the assignment or transfer of the well to 1360
ensure that the well will be properly plugged. The chief, for 1361
good cause, may modify the requirements of this section 1362
governing the assignment or transfer of the interests of a well 1363
to the landowner. Upon the assignment or transfer of the well, 1364
the owner of an exempt domestic well is not subject to the 1365
severance tax levied under section 5749.02 of the Revised Code, 1366
but is subject to all applicable fees established in this 1367
chapter. 1368

(C) The owner holding a permit under section 1509.05 of 1369
the Revised Code is responsible for all obligations and 1370
liabilities imposed by this chapter and any rules, orders, and 1371
terms and conditions of a permit adopted or issued under it, and 1372
no assignment or transfer by the owner relieves the owner of the 1373
obligations and liabilities until and unless ~~the~~ both of the 1374
following occur: 1375

(1) The assignor or transferor or the assignee or 1376
transferee files with the division the information described in 1377
divisions (A) (1), (2), (3), (4), (5), (10), (11), and (12) of 1378
section 1509.06 of the Revised Code; 1379

(2) The assignor or transferor provides or the assignee or 1380
transferee obtains liability insurance coverage required by 1381
section 1509.07 of the Revised Code, except when none is 1382
required by that section; ~~and executes.~~ 1383

(D) Upon assignment or transfer, the assignee or 1384
transferee shall execute and files file a surety bond, 1385
negotiable certificates of deposit or irrevocable letters of 1386
credit, or cash, as described in ~~that~~ section 1509.07 of the 1387
Revised Code. Instead of a bond, but only upon acceptance by the 1388
chief, the assignee or transferee may file proof of financial 1389
responsibility, described in that ~~section 1509.07 of the Revised~~ 1390
~~Code~~. Section 1509.071 of the Revised Code applies to the surety 1391
bond, cash, and negotiable certificates of deposit and 1392
irrevocable letters of credit described in this section. Unless 1393
the chief approves a modification, each assignee or transferee 1394
shall operate in accordance with the plans and information filed 1395
by the permit holder pursuant to section 1509.06 of the Revised 1396
Code. 1397

~~(D)~~ (E) If a mortgaged property that is being foreclosed is 1398
subject to an oil or gas lease, pipeline agreement, or other 1399
instrument related to the production or sale of oil or natural 1400
gas and the lease, agreement, or other instrument was recorded 1401
subsequent to the mortgage, and if the lease, agreement, or 1402
other instrument is not in default, the oil or gas lease, 1403
pipeline agreement, or other instrument, as applicable, has 1404
priority over all other liens, claims, or encumbrances on the 1405

property so that the oil or gas lease, pipeline agreement, or 1406
other instrument is not terminated or extinguished upon the 1407
foreclosure sale of the mortgaged property. If the owner of the 1408
mortgaged property was entitled to oil and gas royalties before 1409
the foreclosure sale, the oil or gas royalties shall be paid to 1410
the purchaser of the foreclosed property. 1411

Sec. 1509.38. (A) There is hereby created in the division 1412
of oil and gas resources management a technical advisory council 1413
on oil and gas, which shall consist of eight members to be 1414
appointed by the governor with the advice and consent of the 1415
senate. Three members shall be independent oil or gas producers, 1416
operators, or their representatives, operating and producing 1417
primarily in this state, three members shall be oil or gas 1418
producers, operators, or their representatives having 1419
substantial oil and gas producing operations in this state and 1420
at least one other state, one member shall represent the public, 1421
and one member shall represent persons having landowners' 1422
royalty interests in oil and gas production. All members shall 1423
be residents of this state, and all members, except the members 1424
representing the public and persons having landowners' royalty 1425
interests, shall have at least five years of practical or 1426
technical experience in oil or gas drilling and production. Not 1427
more than one member may represent any one company, producer, or 1428
operator. 1429

(B) Terms of office shall be for three years, commencing 1430
on the first day of February and ending on the thirty-first day 1431
of January. Each member shall hold office from the date of 1432
appointment until the end of the term for which the member was 1433
appointed. A vacancy in the office of a member shall be filled 1434
by the governor, with the advice and consent of the senate. Any 1435
member appointed to fill a vacancy occurring prior to the 1436

expiration of the term for which the member's predecessor was 1437
appointed shall hold office for the remainder of that term. Any 1438
member shall continue in office subsequent to the expiration 1439
date of the member's term until the member's successor takes 1440
office, or until a period of sixty days has elapsed, whichever 1441
occurs first. 1442

(C) The council shall select from among its members a 1443
chairperson, a vice-chairperson, and a secretary. All members 1444
are entitled to their actual and necessary expenses incurred in 1445
the performance of their duties as members, payable from the 1446
appropriations for the division. 1447

(D) The governor may remove any member for inefficiency, 1448
neglect of duty, or malfeasance in office. 1449

(E) The council shall hold at least one regular meeting in 1450
each quarter of a calendar year and shall keep a record of its 1451
proceedings. Special meetings may be called by the chairperson 1452
and shall be called by the chairperson upon receipt of a written 1453
request signed by two or more members of the council. A written 1454
notice of the time and place of each meeting shall be sent to 1455
each member of the council. Five members constitute a quorum, 1456
and no action of the council is valid unless five members 1457
concur. 1458

(F) The council, when requested by the chief of the 1459
division of oil and gas resources management, shall consult with 1460
and advise the chief and perform other duties that may be 1461
lawfully delegated to it by the chief. The council may 1462
participate in hearings held by the chief under this chapter and 1463
has powers of approval as provided in sections 1509.24 and 1464
1509.25 of the Revised Code. The council shall conduct the 1465
activities required, and exercise the authority granted, under 1466

Chapter 1510. of the Revised Code. 1467

(G) If the council receives a request from the director of 1468
natural resources to approve an expenditure from the oil and gas 1469
resolution and remediation fund for purposes of division (D) of 1470
section 1509.075 of the Revised Code, the council shall vote to 1471
approve or deny that expenditure. The council shall notify the 1472
director in writing of the approval or denial. 1473

(H) The council, upon receiving a request from the 1474
chairperson of the oil and gas commission under division (C) of 1475
section 1509.35 of the Revised Code, immediately shall prepare 1476
and provide to the chairperson a list of its members who may 1477
serve as temporary members of the oil and gas commission as 1478
provided in that division. 1479

Sec. 2305.041. (A) With respect to a lease or license by 1480
which a right is granted to operate or to sink or drill wells on 1481
land in this state for natural gas or petroleum and that is 1482
recorded in accordance with section 5301.09 of the Revised Code, 1483
an action alleging breach of any express or implied provision of 1484
the lease or license concerning the calculation or payment of 1485
royalties shall be brought within the time period that is 1486
specified in section 1302.98 of the Revised Code. 1487

(B) An action alleging a breach with respect to any other 1488
issue that the lease or license involves either of the following 1489
shall be brought within the time period specified in section 1490
2305.06 of the Revised Code: 1491

(1) That a lease has terminated, is no longer in effect, 1492
or has expired; 1493

(2) A breach with respect to any other issue that the 1494
lease or license involves. 1495

Sec. 5577.02. (A) No person shall operate or move a 1496
trackless trolley, traction engine, steam roller, or other 1497
vehicle, load, object, or structure, whether propelled by 1498
muscular or motor power, over or upon the improved public 1499
streets, highways, bridges, or culverts in this state, that 1500
weighs in excess of the weights prescribed in sections 5577.01 1501
to 5577.14 of the Revised Code, unless ~~the~~ one of the following 1502
applies: 1503

(1) The person has been issued a permit under section 1504
4513.34 of the Revised Code; 1505

(2) The person has been issued a permit under section 1506
1509.06 of the Revised Code, and the person has attempted to 1507
enter into an agreement with just and reasonable terms in 1508
accordance with section 1509.063 of the Revised Code. 1509

(B) The prohibition in this section applies regardless of 1510
whether the weight is moved upon wheels, rollers, or otherwise. 1511
Any weight determination shall include the weight of the 1512
vehicle, object, structure, contrivance, and load. 1513

Sec. 5727.02. As used in this chapter, "public utility," 1514
"electric company," "natural gas company," "pipe-line company," 1515
"water-works company," "water transportation company," or 1516
"heating company" does not include any of the following: 1517

(A) (1) Except as provided in division (A) (2) of this 1518
section, any person that is engaged in some other primary 1519
business to which the supplying of electricity, heat, natural 1520
gas, water, water transportation, steam, or air to others is 1521
incidental. 1522

(2) For tax year 2009 and each tax year thereafter, a 1523
person that is engaged in some other primary business to which 1524

the supplying of electricity to others is incidental shall be 1525
treated as an "electric company" and a "public utility" for 1526
purposes of this chapter solely to the extent required by 1527
section 5727.031 of the Revised Code. 1528

(3) For purposes of division (A) of this section and 1529
section 5727.031 of the Revised Code: 1530

(a) "Supplying of electricity" means generating, 1531
transmitting, or distributing electricity. 1532

(b) A person that leases to others energy facilities with 1533
an aggregate nameplate capacity in this state of two hundred 1534
fifty kilowatts or less per lease is not supplying electricity 1535
to others. 1536

(c) A person that owns, or leases from another person, 1537
energy facilities with an aggregate nameplate capacity in this 1538
state of two hundred fifty kilowatts or less is not supplying 1539
electricity to others, regardless of whether the owner or lessee 1540
engages in net metering as defined in section 4928.01 of the 1541
Revised Code. 1542

(d) A political subdivision of this state that owns an 1543
energy facility is not supplying electricity to others 1544
regardless of the nameplate capacity of the facility if the 1545
primary purpose of the facility is to supply electricity for the 1546
political subdivision's own use. As used in this division, 1547
"political subdivision" means a county, township, municipal 1548
corporation, or any other body corporate and politic that is 1549
responsible for government activities in a geographic area 1550
smaller than that of the state. 1551

(B) Any person that supplies electricity, natural gas, 1552
water, water transportation, steam, or air to its tenants, 1553

whether for a separate charge or otherwise; 1554

(C) Any person whose primary business in this state 1555
consists of producing, refining, or marketing petroleum or its 1556
products. 1557

(D) Any person whose primary business in this state 1558
consists of producing or gathering natural gas rather than 1559
supplying or distributing natural gas to consumers. A person's 1560
primary business is gathering natural gas if the total 1561
dekatherms of natural gas the person gathers exceeds the total 1562
dekatherms of natural gas the person purchases from nongathered 1563
sources in a calendar year. 1564

Section 2. That existing sections 1509.01, 1509.02, 1565
1509.06, 1509.07, 1509.071, 1509.28, 1509.31, 1509.38, 2305.041, 1566
5577.02, and 5727.02 of the Revised Code are hereby repealed. 1567

Section 3. The amendment by this act of section 5727.02 of 1568
the Revised Code applies to tax year 2027 and every tax year 1569
thereafter. 1570