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S.B. 219
136th General Assembly

Bill Analysis

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Version: As Passed by the Senate

Primary Sponsor: Sen. Landis

Amanda Goodman, Attorney

SUMMARY

Oil and Gas- Well Fund

- Provides protections against Executive Branch raids of the Oil and Gas Well Fund.
- Specifies that the Division of Oil and Gas Resources Management, on behalf of the state, owns the right to carbon credits for any orphaned well plugged using state or federal money.
- Allows the Chief of the Division of Oil and Gas Resources Management to enter into agreements to obtain or to sell carbon credits and directs any proceeds from the sale of carbon credits to the Oil and Gas Well Fund.

ODNR authority to regulate interstate wells

- Clarifies that the Division of Oil and Gas Resources Management's sole and exclusive authority to regulate oil and gas wells and production operations within Ohio includes the authority to regulate *any portion* of an oil and gas well *located in Ohio*, regardless of whether any other portion of that oil and gas well is located outside of Ohio.
- Accordingly, requires a well owner that proposes to operate in Ohio to apply for a permit to do so if *any portion* of the well is located in Ohio, regardless of whether any other portion of that well is located outside of Ohio.
- Allows the Chief to enter into a memorandum of understanding with an agency of another state for purposes of a well located in Ohio and another state.

Expedited drilling permit review

- Eliminates the Chief's authority to refuse to accept requests for expedited reviews of drilling permit applications, which, under current law, the Chief may do if the Chief

determines that the acceptance of expedited requests would prevent the issuance, within 21 days of their filing, of permits for which applications are pending.

- Prohibits a well owner from applying for an expedited permit more than ten times within a calendar year.
- Prohibits the Chief from issuing more than ten expedited permits to an owner within a calendar year unless an emergency requires that an expedited permit be issued, as determined by the Chief.

Oil and gas orders – appeals and procedures

- Requires the Chief of the Division of Oil and Gas Resources Management to adopt rules to establish procedures for providing notice and serving orders and compliance notices, instead of requiring those actions to be conducted in accordance with the Administrative Procedure Act as in current law.
- Requires a person appealing an order of the Chief or a rule adopted by the Chief to appeal first to the Oil and Gas Commission instead of having the choice between appealing to either the Commission or a court as in current law.

Well owner obligations upon assignment or transfer

- Creates additional procedures that allow a well owner to be relieved of their obligations and liabilities regarding a well following its assignment or transfer.

Well owner ability to obtain a drilling permit

- Clarifies that *each* person who meets certain criteria may apply for a drilling permit, accounting for those who are joint interest owners.
- Eliminates the ability of a well owner to submit sworn financial statements as proof of financial responsibility to obtain a drilling permit in lieu of executing and filing a surety bond conditioned on compliance with the statutory restoration, plugging, and permitting requirements.

Simultaneous operations

- Prohibits the Chief from requiring a well owner to stop producing from, or limiting production from, the well in order to engage in simultaneous operations on a well pad unless the Chief demonstrates good cause to require the owner to cease production or limit production.

Injection fee proceeds

- Redirects the proceeds of the fee that injection well owners pay (5¢ or 20¢ per barrel of injected substance depending on the origin of the substance) from the Oil and Gas Well Fund, as in current law, to the county (or counties) in which the fee-generating injection well is located.

Statute of limitations – oil and gas lease termination action

- Requires an action alleging that an oil and gas lease has terminated or is no longer in effect or expired to be brought within six years after the cause of the action accrued.

Unitization

- Clarifies that operations conducted pursuant to a Chief's order for the unit operation of a pool constitutes fulfillment of all the express or implied terms of each lease or contract covering lands in the unit area *and cannot be construed to be a breach of any such terms*.

Orphaned wells

- Relieves the Chief from certain notice requirements in the case of a landowner who discovers one or more orphaned wells on their land.
- When determining the priority of plugging wells or restoring land surfaces at orphaned well sites, requires the Chief to ensure that first priority is given to orphaned wells located in close proximity, as determined by the Chief, to one or more active injection wells.
- Requires a contractor that contracts with a private person to plug an oil and gas well to be insured in the same amounts required of the contractor when completing work pursuant to contracts entered into with the Division.
- When a person submits an application to the Division to plug a well, requires the applicant to document how the hired contractor intends to comply with all the applicable rules, codes, and laws governing human health, safety, and the environment.

Road use agreements for horizontal well owners

- Requires any road maintenance and safe use agreement (RUMA) that a horizontal well permit applicant voluntarily enters into with a local government to terminate within three years of execution.
- Allows for the continual renewal of RUMAs, but for periods not exceeding three years.
- Exempts a horizontal well permit holder from the requirement to obtain a special regional heavy hauling permit when operating a vehicle or hauling a load that is of a size or weight exceeding road weight limits set forth in current law under certain circumstances.

Natural gas gathering exemption from public utility tax

- With respect to the exemption of natural gas gatherers from public utility taxation, specifies that a person qualifies for that exemption, beginning in tax year 2027 and every tax year thereafter, if the total dekatherms the person gathers exceeds the total dekatherms the person purchases from nongathered sources in a calendar year.

State land oil and gas leases

- Requires the standard oil and gas lease used by state agencies to include an option to extend the primary term of the lease for an additional five years (rather than three years

as under current law) by tendering to the state agency the same bonus paid when first entering into the lease.

- Requires the standard lease also to include specific provisions governing the payment of rentals and bonus amounts; tolling of the lease term; shut-in royalty payments; and deferments.
- Revises the timeline governing bids and leases for oil and gas exploration on state-owned land.
- Prohibits a state agency and the Oil and Gas Land Management Commission from requiring as part of a bid or lease:
 - Any royalty fee payment in excess of the required $\frac{1}{8}$ gross landowner royalty; or
 - Any additional fee that is not specifically authorized or required.

Federal Mineral Royalty Clearing Fund

- Requires the Treasurer of State to deposit all federal mineral royalties received from the U.S. Department of the Interior’s Office of Natural Resources Revenue into the Federal Mineral Royalty Clearing Fund created by the bill.
- Requires the Director of the Office of Budget and Management to transfer royalties deposited in the fund to each county where a federal mineral royalty is attributable.
- Allows money received by a county to be appropriated by the board of county commissioners for specific purposes.
- Clarifies that a federal mineral royalty is not a forest product.

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DETAILED ANALYSIS

Oil and Gas Well Fund

The bill amends the 136th General Assembly Operating Budget to provide protections against Executive Branch raids of the Oil and Gas Well Fund (Fund 5180). Specifically, it requires the fund to be used solely and exclusively for the purposes enumerated in current law (which are largely to plug orphaned wells), for the administrative expenses of the Division of Oil and Gas Resources Management, and for expenses that are critical and necessary for the protection of human health and safety and the environment related to oil and gas production in Ohio.

The bill explicitly states that certain sections of the Operating Budget and any other provision of law to the contrary that could potentially grant the authority to the Office of Budget and Management or the Controlling Board to transfer money from the Oil and Gas Well Fund to any other fund or appropriation item or for judgments and settlements unrelated to the Division of Oil and Gas Resources Management are not enforceable or effective.¹

Carbon credits

The bill specifies that the Division, on behalf of the state, owns the right to carbon credits for any orphaned well plugged using state or federal money. Additionally, it allows the Chief of the Division of Oil and Gas Resources Management to enter into agreements to obtain or to sell carbon credits. Any proceeds from the sale of carbon credits must be deposited into the Oil and Gas Well Fund and used primarily for plugging orphaned wells.²

ODNR authority to regulate interstate wells

The bill clarifies that the Division of Oil and Gas Resources Management's sole and exclusive authority to regulate the permitting, location, and spacing of oil and gas wells and production operations within Ohio includes the authority to regulate *any portion* of an oil and gas well *located in Ohio*, regardless of whether any other portion of that oil and gas well is located outside of Ohio. In cases in which a well is located both in Ohio and another state, it allows the

¹ Sections 4 and 5, amending Section 343.30 of H.B. 96 (136th General Assembly).

² R.C. 1509.071(K) and 1509.02.

Chief to enter into a memorandum of understanding with an agency of another state for purposes of the interstate well.³

Accordingly, a well owner that proposes to drill a new well, drill an existing well deeper, reopen a well, convert a well to any use other than its original purpose, or plug back a well to a different source of supply must apply for a permit to do so if *any portion* of the well is located in Ohio, regardless of whether any other portion of that well is located outside of Ohio.⁴

Expedited drilling and plugging permit review

The bill eliminates the Chief's authority to refuse to accept requests for expedited reviews of applications for drilling permits (to drill, reopen, convert, or plug back a well) and plugging permits. Under current law, if, in the Chief's judgment, the acceptance of expedited review requests would prevent the issuance, within 21 days of their filing, of permits for which applications are pending, the Chief may refuse to accept the requests. The bill eliminates this authority. However, the bill also limits the number of expedited review requests that a well owner may submit to the Chief to no more than ten times within a calendar year for both expedited drilling and expedited plugging permits. Accordingly, the bill prohibits the Chief from issuing more than ten expedited permits of each type to an owner within a calendar year unless an emergency requires that an expedited permit be issued, as determined by the Chief.

Therefore, as long as a person submits an expedited permit application, pays the additional nonrefundable \$250 expedited drilling permit filing fee or the nonrefundable \$500 expedited plugging permit filing fee, and has not exceeded ten expedited permit applications in a given year, the Chief must do both of the following:

1. Cause the appropriate county engineer to be notified of the filing of the permit application and the request for expedited review by telephone or other means that in the judgement of the Chief will provide timely notice of the application and request (in drilling permit cases only); and
2. Issue a permit within seven days of the filing of the request unless the Chief denies the application by order.⁵

Oil and gas orders – appeals and procedures

The bill eliminates the requirement that all orders issued and notices given by the Chief of the Division of Oil and Gas Resources Management be done in accordance with the Administrative Procedure Act. Instead, it requires the Chief to adopt rules that establish procedures for both of the following:

1. Notice required to be provided to any person under the Oil and Gas Law; and
2. Serving the Chief's orders and compliance notices.

³ R.C. 1509.02.

⁴ R.C. 1509.06(A).

⁵ R.C. 1509.06(D) and 1509.13(D).

It also eliminates a person's choice between appealing an order of the Chief or a rule adopted by the Chief to a court of common pleas or the Oil and Gas Commission. Instead, the bill requires such appeals to be made only to the Oil and Gas Commission. However, the bill retains the person's right to appeal the Commission's decision to the Franklin County Court of Common Pleas, which is the only court that hears such appeals under current law.⁶

The bill also clarifies that a permit holder may appeal any of the terms and conditions included in the permit to the Commission.⁷

Well owner obligations upon assignment or transfer

The bill creates an additional pathway for a well owner to be relieved of their obligations and liabilities following an assignment or transfer of a well. Under current law, an owner who holds a permit for a well is responsible for all obligations and liabilities imposed by law, issued orders, and terms and conditions of a permit, and no assignment or transfer of the well by the owner relieves the owner of the obligations and liabilities until and unless certain steps occur. Those steps are as follows:

- **Step 1:** The assignee or transferee must file with the Division of Oil and Gas Resources Management required information (e.g., the owner's name and address and, if a corporation, the name and address of the statutory agent; the names and addresses of all persons holding the royalty interest in the tract upon which the well is located or is to be drilled or within a proposed drilling unit; the location of the tract or drilling unit on which the well is located or is to be drilled identified by section or lot number, city, village, township, and county; and a plan for restoration of the land surface disturbed by drilling operations).
- **Step 2:** The assignee or transferee must obtain liability insurance coverage as required under current law.
- **Step 3:** The assignee or transferee must execute and file a surety bond, negotiable certificates of deposit or irrevocable letters of credit, or cash.

The bill retains that process, but also allows the Division to prescribe and provide a form that authorizes the assignor or transferor to provide to the Division, on behalf of the assignee or transferee, the information required under steps 1 to 3 above.

The form must be verified and signed by both the assignor or transferor and by the assignee or transferee. Submitting the form does not relieve the assignor or transferor of the obligations and liabilities until and unless all of the required information and proof of insurance and financial responsibility is filed with Division.⁸

⁶ R.C. 1509.03 and 1509.36, conforming change in R.C. 1509.221.

⁷ R.C. 1509.36.

⁸ R.C. 1509.31.

Well owner ability to obtain a drilling permit

The bill adds that an owner, for purposes of obtaining a drilling permit, means each person having the right to drill on a tract or drilling unit, to drill into and produce from a pool, and to appropriate the oil and gas produced therefrom either for the person or for others, except that a person ceases to be an owner with respect to a well when the well has been legally plugged. Current law refers only to “the” person with the right to drill.⁹ Thus, this addition essentially clarifies that *each* person who meets such criteria may apply for a drilling permit, accounting for those who are joint interest owners.

Financial statements as proof of financial responsibility

The bill eliminates the ability of a well owner to submit sworn financial statements as proof of financial responsibility to obtain a drilling permit in lieu of executing and filing a surety bond that is conditioned on compliance with the statutory restoration, plugging, and permitting requirements. Under current law, instead of a surety bond, the Chief may accept proof of financial responsibility consisting of a sworn financial statement showing a net financial worth within Ohio equal to twice the amount of the bond for which it substitutes and, as the Chief may require, a list of producing properties of the owner or other evidence showing ability and intent to comply with the law and rules concerning restoration and plugging that may be required by rule of the Chief. Filing of the statements is done according to a schedule established by the Chief.

The bill retains the well owner’s option to deposit with the Chief, in lieu of a surety bond, cash in an amount equal to the surety bond or negotiable certificates of deposit or irrevocable letters of credit, issued by any bank organized or transacting business in Ohio, having a cash value equal to or greater than the amount of the surety bond.¹⁰

Simultaneous operations

The bill explicitly prohibits the Chief from requiring a well owner to stop producing from, or limiting production from, a well in order to engage in simultaneous operations (also known as “SIMOPS”) on a well pad unless the Chief demonstrates good cause to require the owner to cease production or limit production.¹¹

Injection fee proceeds

The bill redirects the proceeds of the fee that injection well owners pay to the Oil and Gas Well Fund in current law to the county (or counties) in which the fee-generating injection well is located. Under continuing law, an injection well owner who has been issued a permit must pay the following fees based on the amount of substance being injected into the well:

⁹ R.C. 1509.01(K)(2).

¹⁰ R.C. 1509.07(B), conforming change in R.C. 1509.31(D).

¹¹ R.C. 1509.23.

1. 5¢ per barrel of each substance that is delivered to a well to be injected into it when the substance is produced within the regulatory district in which the well is located or within an adjoining district; and
2. 20¢ per barrel of each substance that is delivered to a well to be injected into it when the substance is not produced within a regulatory district or within an adjoining regulatory district in which the well is located.

Additionally, under current law, the fee can be imposed only on the first 500,000 barrels of substance injected at an injection well. The bill requires the injection well owner to forward all injection fees to the Chief, who must then transmit all money received to the Treasurer of State. The Treasurer must disburse the money to the county treasurer of the county in which the injection well is located. If the well is located in more than one county, the Treasurer must disburse the money equally to the county treasurer of each receiving county, and the county treasurer must deposit the money into the county's general fund.¹²

Statute of limitations – oil and gas lease termination action

The bill requires an action alleging that an oil and gas lease has terminated or is no longer in effect or expired to be brought within six years after the cause of the action accrued. Currently, the six-year statute of limitations only is specified for an action alleging a breach with respect to any other issue that the lease or license involves. Current law also specifies that the statute of limitations is four years for an action alleging breach of any express or implied provision of an oil and gas lease that concerns the calculation or payment of royalties.¹³

Unitization

The bill alters the legal protection of a well owner who operates pursuant to a unitization order issued by the Chief. Specifically, the bill clarifies that operations conducted pursuant to the Chief's order for the unit operation of a pool constitutes fulfillment of all the express or implied terms of each lease or contract covering lands in the unit area and cannot be construed to be a breach of any such terms. Under current law, the operations conducted pursuant to the Chief's order constitutes fulfillment of all the express or implied *obligations* of each lease or contract covering lands in the unit area to the extent that compliance with such obligations cannot be had because of the Chief's order.¹⁴

Orphaned wells

The bill relieves the Chief from certain notice requirements in the case of a landowner who discovers one or more orphaned wells on their land. Under current law, if the Chief determines that a well is an orphaned well, the Chief must do all of the following:

¹² R.C. 1509.22.

¹³ R.C. 2305.041 and 2305.06, not in the bill.

¹⁴ R.C. 1509.28.

1. Make a reasonable attempt to determine from the records in the county recorder's office the identity of the current owner of the land on which the well is located, the identity of each person owning a right or interest in the oil or gas mineral interests, and the identities of the persons having a lien upon any of the equipment appurtenant to the well;
2. Mail notice to each person so identified in the records;
3. Include in the notice to each person having a lien upon any equipment appurtenant to the well, a statement informing the person that the well is to be plugged and offering the person the opportunity to remove that equipment from the well site at the person's own expense in order to avoid forfeiture of the equipment to the state; and
4. Publish notice in a newspaper of general circulation in the county where the well is located that the well is to be plugged or post the notice on the Department of Natural Resources' website.

Under the bill, the Chief is not required to perform any of those notification duties if the landowner is the one to discover one or more orphaned wells on their land, except the Chief must publish notice in a newspaper of general circulation in the county where the well is located that the well is to be plugged. In the alternative, the Chief may post notice on ODNR's website.

Additionally, the bill clarifies that the landowner who discovers an orphaned well on their property may plug it and be reimbursed by the Division for the reasonable plugging costs in accordance with procedures established in current law.¹⁵

Plugging priority

Additionally, when determining the priority of plugging wells or restoring land surfaces at orphaned well sites, the bill requires the Chief to ensure that first priority is given to orphaned wells located in close proximity, as determined by the Chief, to one or more active injection wells.¹⁶

Contractor insurance and compliance

The bill requires a contractor that contracts with a private person to plug an oil and gas well to be insured in the same amounts required of the contractor when completing work pursuant to contracts entered into with the Division. When a person submits an application to the Division to plug a well, the applicant must document how the contractor intends to comply with all the applicable rules, codes, and laws governing human health, safety, and the environment.¹⁷

Road use agreements for horizontal well owners

The bill requires any road maintenance and safe use agreement (RUMA) that is voluntarily entered into between the owner of a horizontal well and applicable local governments to

¹⁵ R.C. 1509.071(E).

¹⁶ R.C. 1509.071(C)(3).

¹⁷ R.C. 1509.071(E)(2).

terminate within three years of the agreement's execution. Such an agreement may be continually renewed, but for periods not exceeding three years.¹⁸

Special regional heavy hauling permit exemption

The bill also exempts a horizontal well permit holder from obtaining a special regional heavy hauling permit when operating a vehicle or hauling a load that is of a size or weight exceeding road weight limits set forth in current law, provided the permit holder entered into a RUMA or filed an affidavit attesting that the permit holder attempted in good faith to enter into a RUMA. However, for the exemption to apply to a permit holder that filed an affidavit, the permit holder must comply with additional obligations. First, the county engineer must determine if a bond is necessary. Second, if a bond is determined to be necessary, the permit holder must provide the bond to the county engineer in a reasonable amount determined by the county engineer, but the amount cannot be more than \$30,000 per mile. Finally, the permit holder also must notify the county engineer every two months during any period when a seasonal weight restriction applies (frost law period) of the following information for divisible and nondivisible overweight loads:

1. The time period that overweight vehicle movements are anticipated to occur;
2. The dates that overweight vehicle movements actually did occur; and
3. The number of overweight vehicles anticipated to be involved.¹⁹

Current law does not provide for any exemption and prohibits a person from operating or moving a vehicle or load on public streets and highways in excess of specified weight limits unless the Director of Transportation or the appropriate local authority has issued a special regional heavy hauling permit.²⁰

Natural gas gathering exemption from public utility tax

With respect to the existing exemption of natural gas gatherers from public utility taxation, the bill specifies that a person qualifies for that exemption, beginning in tax year 2027 and every tax year thereafter, if the total dekatherms the person gathers exceeds the total dekatherms the person purchases from nongathered sources in a calendar year.²¹ Under current law, any person whose primary business in Ohio consists of producing or gathering natural gas rather than supplying or distributing natural gas to consumers is exempted from taxes that would otherwise apply to a "public utility," "electric company," "natural gas company," "pipe-line company," "water-works company," "water transportation company," or "heating company."

¹⁸ R.C. 1509.06(A)(11).

¹⁹ R.C. 5577.02.

²⁰ See R.C. 5577.01 to 5577.14, not in the bill except for R.C. 5577.02.

²¹ R.C. 5727.02; Section 3.

State land oil and gas leases

Standard lease

The bill requires the standard oil and gas lease used by state agencies to include an option to extend the primary term of the lease for an additional five years, instead of three years under current law, by tendering to the state agency the same bonus paid when first entering into the lease. It also requires the standard lease to include a shut-in royalty provision, which is a lease term that allows the lessee to maintain the lease by making specified “shut-in” royalty payments on a well even if well production is halted. However, the shut-in royalty provision must cap payments under the provision at \$5,000 per month and \$60,000 per calendar year. Additionally, it requires the standard lease to include the following specific provisions, notwithstanding any other provision of the lease to the contrary:

1. “Lessee is entitled to pay any advanced delay rentals/bonus amounts owed under this Lease within 60 calendar days after Lessee receives a copy of this Lease executed by Lessor.”
2. “In the event that a parcel subject to this Lease was acquired or improved through, or is otherwise encumbered by, a federal grant program, the Primary Term of the Lease shall be tolled until the requirements of the program, and any related grant documents, have been fully satisfied by Lessor and Lessor notifies Lessee in writing of same.”
3. “In the event that a parcel subject to this Lease was acquired or improved through, or is otherwise encumbered by, a federal grant program, Lessee may defer payment of all sums otherwise due and owing under this Lease until the requirements of the program, and any related grant documents, have been fully satisfied by Lessor and Lessor notifies Lessee in writing of same.”
4. “In the event that litigation of any kind or character is filed by a third party that prevents the Lessee from conducting operations under the Lease, including an appeal before a court or the oil and gas commission, the Primary Term of the Lease shall be tolled until such time as there is a final, nonappealable order entered in such litigation.”
5. “In the event that litigation of any kind or character is filed by a third party that prevents the Lessee from conducting operations under the Lease, including an appeal before a court or the oil and gas commission, Lessee may defer payment of all sums otherwise due and owing under this Lease until a final, nonappealable order is entered in such litigation.”
6. “Except as explicitly provided in this Lease, the Primary Term of the Lease may be tolled and payments may be deferred only as a result of an event of force majeure.”

The bill also requires the Oil and Gas Land Management Commission to establish a requirement that a lessee cannot be required to terminate drilling operations under a lease when a civil action is filed against the lessee, unless the applicable court issues an injunction or otherwise orders such drilling operations to cease.²²

²² R.C. 155.34.

Bids and leases for exploration on state-owned land

The bill revises the timeline governing nominations, bids, and leases for oil and gas exploration on state-owned land.

Under current law, between 30 and 120 days following a nomination (proposing land to be leased and explored), the Oil and Gas Land Management Commission must conduct a meeting to determine whether to approve or disapprove the nomination. Then, the Commission must approve or disapprove the nomination within two calendar quarters after receiving it. Each calendar quarter the Commission must advertise for bids for a lease for a formation within a parcel of land that was the subject of an approved nomination the previous calendar quarter. The Commission then selects the highest and best bid and the applicable state agency enters into a lease with the person (these two final steps do not have to occur within a statutorily specified time period).

The bill revises the timeline governing such nomination, bids, and leases as follows:

- **Nomination:** Instead of approving or disapproving a nomination within two calendar quarters, the bill decreases the time for the Commission to do so to 90 days. Within those 90 days, the Commission must conduct one or more meetings to determine whether to approve or disapprove the nomination.
- **Bids:** The Commission must advertise and select the highest and best bid within 60 days following a nomination's approval.
- **Lease:** The applicable state agency must fully execute the lease and deliver it to the highest and best bidder within 60 days after the Commission selects the bidder. The selected bidder must execute the lease and deliver it back to the state agency within 45 days after receiving the lease. If the selected bidder fails to so execute and deliver the lease, the lease is void.

The bill also prohibits a state agency (generally ODNR) and the Commission from requiring as part of a bid or lease either of the following:

1. Any royalty fee payment in excess of the required $\frac{1}{8}$ gross landowner royalty; or
2. Any additional fee that is not specifically authorized or required.

However, current law allows the person so bidding to offer an extra gross landowner royalty in addition to the required $\frac{1}{8}$ gross landowner royalty amount and any proposed lease bonus.²³

Federal Mineral Royalty Clearing Fund

The bill requires the Treasurer of State to deposit all federal mineral royalties received from the U.S. Department of the Interior's Office of Natural Resources Revenue into the Federal Mineral Royalty Clearing Fund created by the bill. A federal mineral royalty is Ohio's share of

²³ R.C. 155.33.

payments received under federal law from oil, gas, or other mineral production on federal lands within Ohio, including national forest system lands.

Within 30 days after each deposit, the Director of the Office and Budget Management must transfer payments deposited in the fund to each county where a federal mineral royalty is attributable.²⁴ The board of county commissioners may appropriate the money a county receives solely for one of the following purposes:

- Planning;
- Construction and maintenance of public facilities;
- Provision of public services.²⁵

The bill also clarifies that a federal mineral royalty is not a forest product and therefore not subject to distribution in the same manner as money received by the state from the sale of national forest timber and other national forest products.²⁶

HISTORY

| Action | Date |
|----------------------|----------|
| Introduced | 06-10-25 |
| Reported, S. Energy | 11-19-25 |
| Passed Senate (25-8) | 11-19-25 |

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²⁴ R.C. 131.52(A) and (B).

²⁵ R.C. 131.52(C).

²⁶ R.C. 1503.35.