

As Passed by the Senate

136th General Assembly

Regular Session

2025-2026

Sub. S. B. No. 219

Senator Landis

Cosponsors: Senators Schaffer, Brenner, Chavez, Cirino, Johnson, Lang, O'Brien, Patton, Reineke, Roegner, Romanchuk, Timken, Wilkin

To amend sections 155.33, 155.34, 1503.35, 1509.01, 1
1509.02, 1509.03, 1509.06, 1509.07, 1509.071, 2
1509.13, 1509.22, 1509.221, 1509.23, 1509.28, 3
1509.31, 1509.36, 2305.041, 5577.02, and 5727.02 4
and to enact section 131.52 of the Revised Code 5
and to amend Section 343.30 of H.B. 96 of the 6
136th General Assembly to make changes to the 7
law governing oil and gas wells and to address 8
federal mineral royalty payments. 9

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

Section 1. That sections 155.33, 155.34, 1503.35, 1509.01, 10
1509.02, 1509.03, 1509.06, 1509.07, 1509.071, 1509.13, 1509.22, 11
1509.221, 1509.23, 1509.28, 1509.31, 1509.36, 2305.041, 5577.02, 12
and 5727.02 be amended and section 131.52 of the Revised Code be 13
enacted to read as follows: 14

Sec. 131.52. (A) As used in this section: 15

(1) "Federal mineral royalty" means the state of Ohio's 16
share of payments received under 30 U.S.C. 191 from oil, gas, or 17
other mineral production on federal lands within this state, 18
including national forest system lands. 19

(2) "County of origin" means the county where a wellhead 20
or mine is located to which a federal mineral royalty is 21
attributable. 22

(B) The treasurer of state shall deposit all federal 23
mineral royalties received from the United States department of 24
the interior's office of natural resources revenue into the 25
federal mineral royalty clearing fund, which is hereby 26
established and shall be in the custody of the treasurer of 27
state but shall not be part of the state treasury. Within thirty 28
days after each deposit, the director of the office of budget 29
and management shall transfer from the fund to each county of 30
origin an amount equal to the royalty payments attributable to 31
that county. 32

(C) Money received by a county under division (B) of this 33
section may be appropriated by the board of county commissioners 34
solely for one of the following purposes: 35

- (1) Planning; 36
- (2) Construction and maintenance of public facilities; 37
- (3) Provision of public services. 38

Sec. 155.33. (A) (1) Beginning on April 7, 2023, and ending 39
on the effective date of the rules adopted under section 155.34 40
of the Revised Code, a state agency shall lease, in good faith, 41
a formation within a parcel of land that is owned or controlled 42
by the state agency for the exploration for and development and 43
production of oil or natural gas. The lease shall be on terms 44
that are just and reasonable, as determined by custom and 45
practice in the oil and gas industry, and shall include at least 46
the terms required under ~~divisions (A) (1) (a) to (d) division (A)~~ 47
of section 155.34 of the Revised Code as that division existed 48

prior to the effective date of this amendment. The person seeking to lease the formation shall submit to the state agency the proof described in divisions (D) (5) (a) and (b) of this section before entering into the lease. On and after the effective date of the rules adopted under section 155.34 of the Revised Code, a formation within a parcel of land that is owned or controlled by a state agency may be leased for the exploration for and development and production of oil or natural gas only in accordance with divisions (A) (2) to (H) of this section and those rules.

(2) On and after the effective date of rules adopted under section 155.34 of the Revised Code, any person or state agency that is interested in leasing a formation within a parcel of land that is owned or controlled by a state agency for the exploration for and the development and production of oil or natural gas may submit to the oil and gas land management commission a nomination that shall include all of the following:

(a) The name of the person making the nomination and the person's address, telephone number, and email address;

(b) An identification of the formation and parcel of land proposed to be leased that specifies all of the following:

(i) The percentage of the interest owned or controlled by the state agency, and whether that interest is divided, undivided, or partial;

(ii) The source deed by book and page numbers, including the description and acreage of the parcel and an identification of the county, section, township, and range in which the parcel is located;

(iii) A plat map depicting the area in which the parcel is

located.	78
(c) If the person making the nomination is not a state agency, a nomination fee of one hundred fifty dollars;	79 80
(d) The proposed lease bonus that applies to the nomination and any additional proposed gross landowner royalty that applies to the nomination that is in addition to the amount required under division (A) (1) (b) of section 155.34 of the Revised Code;	81 82 83 84 85
(e) If the person making the nomination is not a state agency, proof of both of the following:	86 87
(i) That the person has obtained the insurance and financial assurance required under section 1509.07 of the Revised Code;	88 89 90
(ii) That the person has registered with and obtained an identification number from the division of oil and gas resources management under section 1509.31 of the Revised Code.	91 92 93
(3) In order to encourage the submission of nominations and the responsible and reasonable development of the state's natural resources, only the information submitted under division (A) (2) (b) of this section may be disclosed to the public until a person is selected under division (F) of this section. Until a person is selected under division (F) of this section, all other information submitted under division (A) (2) of this section is confidential, shall not be disclosed by the commission, and is not a public record subject to inspection or copying under section 149.43 of the Revised Code.	94 95 96 97 98 99 100 101 102 103
(4) When a nomination is not submitted by a state agency, the nomination is the opening bid for purposes of division (D) of this section. However, the person submitting the nomination	104 105 106

may supplement or amend that bid by providing additional 107
information in accordance with that division. 108

(B) (1) ~~Not less than thirty days, but not more than one~~ 109
~~hundred twenty days following the receipt of a nomination, the~~ 110
~~The commission shall conduct a meeting one or more meetings~~ for 111
the purpose of determining whether to approve or disapprove the 112
nomination for the purpose of leasing a formation within the 113
parcel of land that is identified in the nomination. 114

In making its decision to approve or disapprove the 115
nomination, the commission shall consider all of the following: 116

(a) The economic benefits, including the potential income 117
from an oil or natural gas operation, that would result if the 118
lease of a formation that is the subject of the nomination were 119
approved; 120

(b) Whether the proposed oil or gas operation is 121
compatible with the current uses of the parcel of land that is 122
the subject of the nomination; 123

(c) The environmental impact that would result if the 124
lease of a formation that is the subject of the nomination were 125
approved; 126

(d) Any potential adverse geological impact that would 127
result if the lease of a formation that is the subject of the 128
nomination were approved; 129

(e) Any potential impact to visitors or users of a parcel 130
of land that is the subject of the nomination; 131

(f) Any potential impact to the operations or equipment of 132
a state agency that is a state university or college if the 133
lease of a formation within a parcel of land owned or controlled 134

by the university or college that is the subject of the nomination were executed;	135 136
(g) Any comments or objections to the nomination submitted to the commission by the state agency that owns or controls the parcel of land on which the proposed oil or natural gas operation would take place;	137 138 139 140
(h) Any comments or objections to the nomination submitted to the commission by residents of this state or other users of the parcel of land that is the subject of the nomination;	141 142 143
(i) Any special terms and conditions the state agency included in its comments or objections that the state agency believes are appropriate for the lease of the parcel of land because of specific conditions related to that parcel of land.	144 145 146 147
(2) The commission shall approve or disapprove a nomination not later than two calendar quarters-ninety days following the receipt of the nomination. The commission shall post notice of the commission's decision on the commission's web site and send notice of the decision by email and by certified mail to the person that submitted the nomination and to the state agency that owns or controls the formation within the parcel of land that is the subject of the nomination.	148 149 150 151 152 153 154 155
(C) Each calendar quarter, the <u>The</u> commission shall proceed to advertise for bids for a lease for a formation within a parcel of land that was the subject of a nomination approved during the previous calendar quarter <u>by the commission</u> . The commission shall publish the advertisement on its web site for a period of time established by the commission. The advertisement shall include all of the following:	156 157 158 159 160 161 162
(1) An identification of each formation and parcel of land	163

proposed to be leased that includes all of the information 164
specified in division (A) (2) (b) of this section; 165

 (2) The deadline for the submission of bids; 166

 (3) A statement that each bid must contain all of the 167
items required under division (D) of this section; 168

 (4) A statement that a standard lease form that is 169
consistent with the practices of the oil and natural gas 170
industries and adopted by rule by the commission will be used 171
for the lease of a formation within the parcel of land; 172

 (5) Any special terms and conditions that may apply to the 173
lease because of specific conditions related to the parcel of 174
land; 175

 (6) The amount of the bid fee that is required to be 176
submitted with a bid; 177

 (7) Any other information that the commission considers 178
pertinent to the advertisement for bids. 179

 (D) A person interested in leasing a formation within a 180
parcel of land owned or controlled by a state agency for the 181
exploration for and development and production of oil or natural 182
gas may submit a bid to the commission on a parcel by parcel 183
basis that contains all of the following: 184

 (1) A bid fee of twenty-five dollars; 185

 (2) The name of the person making the bid and the person's 186
address, telephone number, and email address; 187

 (3) An identification of the formation and parcel of land 188
for which the bid is being submitted, including all of the 189
information specified in division (A) (2) (b) of this section; 190

(4) The proposed lease bonus that applies to the bid and
any additional proposed gross landowner royalty that applies to
the bid and any additional proposed gross landowner royalty that
applies to the bid that is in addition to the amount required
under division (A) (1) (b) of section 155.34 of the Revised Code; 191
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(5) Proof of both of the following: 196

(a) That the person has obtained the insurance and
financial assurance required under section 1509.07 of the
Revised Code; 197
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(b) That the person has registered with and obtained an
identification number from the division of oil and gas resources
management under section 1509.31 of the Revised Code. 200
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(6) Any other information that the person believes is
relevant to the bid. 203
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(E) In order to encourage the submission of bids and the
responsible and reasonable development of the state's natural
resources, the information that is contained in a bid submitted
to the commission under this section is confidential, shall not
be disclosed by the commission, and is not a public record
subject to inspection and copying under section 149.43 of the
Revised Code until a person is selected under division (F) of
this section. 205
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The Not later than sixty days following a nomination's
approval, the commission shall select the person who submits the
highest and best bid, taking into account the financial
responsibility of the prospective lessee and the ability of the
prospective lessee to perform its obligations under the lease. 213
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After the commission selects a person, the commission shall
notify the applicable state agency and send the person's bid to 218
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the agency. The state agency shall enter into a lease with the
person selected by the commission. The state agency shall fully
execute the lease and deliver it to the selected person not
later than thirty days after the commission selects such person.
The person shall execute the lease and deliver it back to the
state agency not later than forty-five days after receiving such
lease. If a person fails to so execute and deliver the lease,
the lease is void.

(G) (1) Except as otherwise provided in section 155.37 of
the Revised Code, all money received by a state agency from
signing fees, rentals, and royalty payments for leases entered
into under this section shall be paid by the state agency into
the state treasury to the credit of the state land royalty fund
created in section 131.50 of the Revised Code.

(2) All money received from nomination fees and bid fees
shall be paid into the state treasury to the credit of the oil
and gas land management commission administration fund created
in section 155.35 of the Revised Code.

(H) Notwithstanding any other provision of this section to
the contrary, a nature preserve as defined in section 1517.01 of
the Revised Code that is owned or controlled by a state agency
shall not be nominated or leased under this section for the
purpose of exploring for and developing and producing oil and
natural gas resources.

(I) Except as otherwise provided in this chapter, the
commission and any state agency shall not require as part of a
bid or lease either of the following:

(1) Any royalty payment in excess of the amount specified
in division (A) (1) (b) of section 155.34 of the Revised Code;

(2) Any additional payment that the commission or agency 249
is not specifically authorized or required to charge under this 250
section. 251

Sec. 155.34. (A) ~~Not later than one hundred twenty days~~ 252
~~after September 30, 2021, the~~ The oil and gas land management 253
commission shall adopt rules in accordance with Chapter 119. of 254
the Revised Code establishing ~~both~~all of the following: 255

(1) A standard lease form that shall be used by a state 256
agency for leases entered into under this chapter, is consistent 257
with the practices of the oil and natural gas industries, and 258
contains all of the following: 259

(a) A prohibition against the use of the surface of the 260
parcel of land for oil and gas development unless the state 261
agency, in its sole discretion, chooses to negotiate and execute 262
a written surface use agreement established under this section; 263

(b) A one-eighth gross landowner royalty; 264

(c) A shut-in royalty provision, provided payments under 265
the provision shall not be less than five thousand dollars per 266
month and not less than sixty thousand dollars per calendar 267
year; 268

(d) A primary term of five years; 269

~~(d)~~(e) An option for the lessee to extend the primary term 270
of the lease for an additional ~~three~~five years by tendering to 271
the state agency the same bonus paid when first entering into 272
the lease.; 273

(f) A provision that states: "Notwithstanding any other 274
provision of this Lease to the contrary, Lessee is entitled to 275
pay any advanced delay rentals/bonus amounts owed under this 276

Lease within sixty (60) calendar days after Lessee receives a 277
copy of this Lease executed by Lessor." 278

(g) A provision that states: "Notwithstanding any other 279
provision of this Lease to the contrary, in the event that a 280
parcel subject to this Lease was acquired or improved through, 281
or is otherwise encumbered by, a federal grant program, the 282
Primary Term of the Lease shall be tolled until the requirements 283
of the program, and any related grant documents, have been fully 284
satisfied by Lessor and Lessor notifies Lessee in writing of 285
same." 286

(h) A provision that states: "Notwithstanding any other 287
provision of this Lease to the contrary, in the event that a 288
parcel subject to this Lease was acquired or improved through, 289
or is otherwise encumbered by, a federal grant program, Lessee 290
may defer payment of all sums otherwise due and owing under this 291
Lease until the requirements of the program, and any related 292
grant documents, have been fully satisfied by Lessor and Lessor 293
notifies Lessee in writing of same." 294

(i) A provision that states: "Notwithstanding any other 295
provision of this Lease to the contrary, in the event that 296
litigation of any kind or character is filed by a third party 297
that prevents the Lessee from conducting operations under the 298
Lease, including an appeal before a court or the oil and gas 299
commission, the Primary Term of the Lease shall be tolled until 300
such time as there is a final, nonappealable order entered in 301
such litigation." 302

(j) A provision that states: "Notwithstanding any other 303
provision of this Lease to the contrary, in the event that 304
litigation of any kind or character is filed by a third party 305
that prevents the Lessee from conducting operations under the 306

Lease, including an appeal before a court or the oil and gas 307
commission, Lessee may defer payment of all sums otherwise due 308
and owing under this Lease until a final, nonappealable order is 309
entered in such litigation." 310

(1) A provision that states: "Except as explicitly 311
provided in this Lease, the Primary Term of the Lease may be 312
tolled and payments may be deferred only as a result of an event 313
of force majeure." 314

(2) A requirement that, notwithstanding any provision of 315
law to the contrary, a lessee shall not be required to terminate 316
drilling operations under a lease when a civil action is filed 317
against the lessee, unless the applicable court issues an 318
injunction or otherwise orders such drilling operations to 319
cease. 320

(3) Any other procedures necessary to implement sections 321
155.30 to 155.36 of the Revised Code, subject to division (I) of 322
section 155.33 of the Revised Code. 323

(B) Not later than one hundred twenty days after September 324
30, 2021, the The commission shall establish a standard surface 325
use agreement that a state agency shall use to authorize the use 326
of the surface of a leased parcel of land. 327

(C) Section 121.95 of the Revised Code does not apply to 328
rules adopted under this section and the commission is not 329
subject to any requirements of that section. 330

Sec. 1503.35. The (A) Except as provided in division (B) 331
of this section, the director of natural resources shall 332
distribute money received by the state pursuant to 16 U.S.C. 500 333
from the sale of national forest timber and other national 334
forest products to the applicable county or counties in which 335

the national forest is situated. Money received by a county	336
under this section shall be used by a county as follows:	337
(A) Fifty per cent shall be used to maintain county	338
roads and bridges;	339
(B) Fifty per cent shall be used for the benefit of	340
public schools.	341
(B) <u>A federal mineral royalty, as defined in section</u>	342
<u>131.52 of the Revised Code, is not a forest product subject to</u>	343
<u>distribution under this section. Any federal mineral royalty</u>	344
<u>received by the state shall be deposited in accordance with that</u>	345
<u>section.</u>	346
Sec. 1509.01. As used in this chapter:	347
(A) "Well" means any borehole, whether drilled or bored,	348
within the state for production, extraction, or injection of any	349
gas or liquid mineral, excluding potable water to be used as	350
such, but including natural or artificial brines and oil field	351
waters. "Well" includes a stratigraphic well.	352
(B) "Oil" means crude petroleum oil and all other	353
hydrocarbons, regardless of gravity, that are produced in liquid	354
form by ordinary production methods, but does not include	355
hydrocarbons that were originally in a gaseous phase in the	356
reservoir.	357
(C) "Gas" means all natural gas and all other fluid	358
hydrocarbons that are not oil, including condensate.	359
(D) "Condensate" means liquid hydrocarbons separated at or	360
near the well pad or along the gas production or gathering	361
system prior to gas processing.	362
(E) "Pool" means an underground reservoir containing a	363

common accumulation of oil or gas, or both, but does not include 364
a gas storage reservoir. Each zone of a geological structure 365
that is completely separated from any other zone in the same 366
structure may contain a separate pool. 367

(F) "Field" means the general area underlaid by one or 368
more pools. 369

(G) "Drilling unit" means the minimum acreage on which one 370
well may be drilled, but does not apply to a well for injecting 371
gas into or removing gas from a gas storage reservoir and does 372
not apply to a stratigraphic well. 373

(H) "Waste" includes all of the following: 374

(1) Physical waste, as that term generally is understood 375
in the oil and gas industry; 376

(2) Inefficient, excessive, or improper use, or the 377
unnecessary dissipation, of reservoir energy; 378

(3) Inefficient storing of oil or gas; 379

(4) Locating, drilling, equipping, operating, or producing 380
an oil or gas well in a manner that reduces or tends to reduce 381
the quantity of oil or gas ultimately recoverable under prudent 382
and proper operations from the pool into which it is drilled or 383
that causes or tends to cause unnecessary or excessive surface 384
loss or destruction of oil or gas; 385

(5) Other underground or surface waste in the production 386
or storage of oil, gas, or condensate, however caused. 387

(I) "Correlative rights" means the reasonable opportunity 388
to every person entitled thereto to recover and receive the oil 389
and gas in and under the person's tract or tracts, or the 390
equivalent thereof, without having to drill unnecessary wells or 391

incur other unnecessary expense. 392

(J) "Tract" means a single, individual parcel of land or a 393
portion of a single, individual parcel of land. 394

~~(K)~~(K) (1) "Owner," unless referring to a mine or except as 395
provided in division (K) (2) of this section, means the person 396
who has the right to drill on a tract or drilling unit, to drill 397
into and produce from a pool, and to appropriate the oil or gas 398
produced therefrom either for the person or for others, except 399
that a person ceases to be an owner with respect to a well when 400
the well has been plugged in accordance with applicable rules 401
adopted and orders issued under this chapter. "Owner" 402

(2) "Owner," for purposes of obtaining a permit under 403
section 1509.06 of the Revised Code, means each person having 404
the right to drill on a tract or drilling unit, to drill into 405
and produce from a pool, and to appropriate the oil and gas 406
produced therefrom either for the person or for others, except 407
that a person ceases to be an owner with respect to a well when 408
the well has been plugged in accordance with applicable rules 409
adopted and orders issued under this chapter. 410

(3) "Owner" does not include a person who obtains a lease 411
of the mineral rights for oil and gas on a parcel of land if the 412
person does not attempt to produce or produce oil or gas from a 413
well or obtain a permit under this chapter for a well or if the 414
entire interest of a well is transferred to the person in 415
accordance with division (B) of section 1509.31 of the Revised 416
Code. 417

(L) "Royalty interest" means the fee holder's share in the 418
production from a well, except a stratigraphic well. 419

(M) "Discovery well" means the first well, except a 420

stratigraphic well, capable of producing oil or gas in	421
commercial quantities from a pool.	422
(N) "Prepared clay" means a clay that is plastic and is	423
thoroughly saturated with fresh water to a weight and	424
consistency great enough to settle through saltwater in the well	425
in which it is to be used, except as otherwise approved by the	426
chief of the division of oil and gas resources management.	427
(O) "Rock sediment" means the combined cutting and residue	428
from drilling sedimentary rocks and formation.	429
(P) "Excavations and workings," "mine," and "pillar" have	430
the same meanings as in section 1561.01 of the Revised Code.	431
(Q) "Coal bearing township" means a township designated as	432
such by the chief of the division of mineral resources	433
management under section 1561.06 of the Revised Code.	434
(R) "Gas storage reservoir" means a continuous area of a	435
subterranean porous sand or rock stratum or strata into which	436
gas is or may be injected for the purpose of storing it therein	437
and removing it therefrom and includes a gas storage reservoir	438
as defined in section 1571.01 of the Revised Code.	439
(S) "Safe Drinking Water Act" means the "Safe Drinking	440
Water Act," 88 Stat. 1661 (1974), 42 U.S.C.A. 300(f), as amended	441
by the "Safe Drinking Water Amendments of 1977," 91 Stat. 1393,	442
42 U.S.C.A. 300(f), the "Safe Drinking Water Act Amendments of	443
1986," 100 Stat. 642, 42 U.S.C.A. 300(f), and the "Safe Drinking	444
Water Act Amendments of 1996," 110 Stat. 1613, 42 U.S.C.A.	445
300(f), and regulations adopted under those acts.	446
(T) "Person" includes any political subdivision,	447
department, agency, or instrumentality of this state; the United	448
States and any department, agency, or instrumentality thereof;	449

any legal entity defined as a person under section 1.59 of the Revised Code; and any other form of business organization or entity recognized by the laws of this state.	450 451 452
(U) "Brine" means all saline geological formation water resulting from, obtained from, or produced in connection with exploration, drilling, well stimulation, production of oil or gas, or plugging of a well.	453 454 455 456
(V) "Waters of the state" means all streams, lakes, ponds, marshes, watercourses, waterways, springs, irrigation systems, drainage systems, and other bodies of water, surface or underground, natural or artificial, that are situated wholly or partially within this state or within its jurisdiction, except those private waters that do not combine or effect a junction with natural surface or underground waters.	457 458 459 460 461 462 463
(W) "Exempt Mississippian well" means a well that meets all of the following criteria:	464 465
(1) Was drilled and completed before January 1, 1980;	466
(2) Is located in an unglaciated part of the state;	467
(3) Was completed in a reservoir no deeper than the Mississippian Big Injun sandstone in areas underlain by Pennsylvanian or Permian stratigraphy, or the Mississippian Berea sandstone in areas directly underlain by Permian stratigraphy;	468 469 470 471 472
(4) Is used primarily to provide oil or gas for domestic use.	473 474
(X) "Exempt domestic well" means a well that meets all of the following criteria:	475 476
(1) Is owned by the owner of the surface estate of the	477

tract on which the well is located;	478
(2) Is used primarily to provide gas for the owner's domestic use;	479 480
(3) Is located more than two hundred feet horizontal distance from any inhabited private dwelling house other than an inhabited private dwelling house located on the tract on which the well is located;	481 482 483 484
(4) Is located more than two hundred feet horizontal distance from any public building that may be used as a place of resort, assembly, education, entertainment, lodging, trade, manufacture, repair, storage, traffic, or occupancy by the public.	485 486 487 488 489
(Y) "Urbanized area" means an area where a well or production facilities of a well are located within a municipal corporation or within a township that has an unincorporated population of more than five thousand in the most recent federal decennial census prior to the issuance of the permit for the well or production facilities.	490 491 492 493 494 495
(Z) "Well stimulation" or "stimulation of a well" means the process of enhancing well productivity, including hydraulic fracturing operations.	496 497 498
(AA) "Production operation" means all operations and activities and all related equipment, facilities, and other structures that may be used in or associated with the exploration and production of oil, gas, or other mineral resources that are regulated under this chapter, including operations and activities associated with site preparation, site construction, access road construction, well drilling, well completion, well stimulation, well site activities, reclamation,	499 500 501 502 503 504 505 506

and plugging. "Production operation" also includes all of the 507
following: 508

(1) The piping, equipment, and facilities used for the 509
production and preparation of hydrocarbon gas or liquids for 510
transportation or delivery; 511

(2) The processes of extraction and recovery, lifting, 512
stabilization, treatment, separation, production processing, 513
storage, waste disposal, and measurement of hydrocarbon gas and 514
liquids, including related equipment and facilities; 515

(3) The processes and related equipment and facilities 516
associated with production compression, gas lift, gas injection, 517
fuel gas supply, well drilling, well stimulation, and well 518
completion activities, including dikes, pits, and earthen and 519
other impoundments used for the temporary storage of fluids and 520
waste substances associated with well drilling, well 521
stimulation, and well completion activities; 522

(4) Equipment and facilities at a wellpad or other 523
location that are used for the transportation, handling, 524
recycling, temporary storage, management, processing, or 525
treatment of any equipment, material, and by-products or other 526
substances from an operation at a wellpad that may be used or 527
reused at the same or another operation at a wellpad or that 528
will be disposed of in accordance with applicable laws and rules 529
adopted under them. 530

(BB) "Annular overpressurization" means the accumulation 531
of fluids within an annulus with sufficient pressure to allow 532
migration of annular fluids into underground sources of drinking 533
water. 534

(CC) "Orphaned well" means a well that has not been 535

properly plugged or its land surface restored in accordance with 536
this chapter and the rules adopted under it to which either of 537
the following apply: 538

(1) The owner of the well is unknown, deceased, or cannot 539
be located and the well is abandoned. 540

(2) The owner of the well has abandoned the well and there 541
is no money available to plug the well in accordance with this 542
chapter and the rules adopted under it. 543

(DD) "Temporarily inactive well" means a well that has 544
been granted temporary inactive status under section 1509.062 of 545
the Revised Code. 546

(EE) "Material and substantial violation" means any of the 547
following: 548

(1) Failure to obtain a permit to drill, reopen, convert, 549
plugback, or plug a well under this chapter; 550

(2) Failure to obtain, maintain, update, or submit proof 551
of insurance coverage that is required under this chapter; 552

(3) Failure to obtain, maintain, update, or submit proof 553
of a surety bond that is required under this chapter; 554

(4) Failure to restore a disturbed land surface as 555
required by section 1509.072 of the Revised Code; 556

(5) Failure to reimburse the oil and gas well fund 557
pursuant to a final order issued under section 1509.071 of the 558
Revised Code; 559

(6) Failure to comply with a final nonappealable order of 560
the chief issued under section 1509.04 of the Revised Code; 561

(7) Failure to submit a report, test result, fee, or 562

document that is required in this chapter or rules adopted under it.	563 564
(FF) "Severer" has the same meaning as in section 5749.01 of the Revised Code.	565 566
(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.	567 568 569 570 571
(HH) "Well pad" means the area that is cleared or prepared for the drilling of one or more horizontal wells.	572 573
(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.	574 575 576 577 578 579
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 division of oil and gas resources management. The division has sole and exclusive authority to regulate the permitting, location, and spacing of oil and gas wells and production operations within the state, excepting only those activities regulated under federal laws for which oversight has been delegated to the environmental protection agency and activities regulated under sections 6111.02 to 6111.028 of the Revised Code. <u>The division's sole and exclusive authority includes the authority to regulate any portion of an oil and gas well located</u>	580 581 582 583 584 585 586 587 588 589 590 591

in this state, regardless of whether any other portion of that
oil and gas well is located outside of this state. The
regulation of oil and gas activities is a matter of general
statewide interest that requires uniform statewide regulation,
and this chapter and rules adopted under it constitute a
comprehensive plan with respect to all aspects of the locating,
drilling, well stimulation, completing, and operating of oil and
gas wells within this state, including site construction and
restoration, permitting related to those activities, and the
disposal of wastes from those wells. In order to assist the
division in the furtherance of its sole and exclusive authority
as established in this section, the chief may enter into
cooperative agreements with other state agencies for advice and
consultation, including visitations at the surface location of a
well on behalf of the division. In cases in which a well is
located both in this state and another state, the chief also may
enter into a memorandum of understanding with an agency of
another state for purposes of the interstate well. Such
cooperative agreements and memorandums of understanding do not
confer on other state agencies or entities any authority to
administer or enforce this chapter and rules adopted under it.
In addition, such cooperative agreements and memorandums of
understanding shall not be construed to dilute or diminish the
division's sole and exclusive authority as established in this
section. Nothing in this section affects the authority granted
to the director of transportation and local authorities in
section 723.01 or 4513.34 of the Revised Code, provided that the
authority granted under those sections shall not be exercised in
a manner that discriminates against, unfairly impedes, or
obstructs oil and gas activities and operations regulated under
this chapter.

The chief shall not hold any other public office, nor 623
shall the chief be engaged in any occupation or business that 624
might interfere with or be inconsistent with the duties as 625
chief. 626

Money collected by the chief pursuant to sections 1509.06, 627
1509.061, 1509.062, 1509.071, 1509.13, 1509.22, 1509.222, 628
1509.28, 1509.34, 1509.50, and 5749.02 of the Revised Code, all 629
money from the sale of carbon credits, all civil penalties paid 630
under section 1509.33 of the Revised Code, and, notwithstanding 631
any section of the Revised Code relating to the distribution or 632
crediting of fines for violations of the Revised Code, all fines 633
imposed under divisions (A) and (B) of section 1509.99 of the 634
Revised Code and fines imposed under divisions (C) and (D) of 635
section 1509.99 of the Revised Code for all violations 636
prosecuted by the attorney general and for violations prosecuted 637
by prosecuting attorneys that do not involve the transportation 638
of brine by vehicle shall be deposited into the state treasury 639
to the credit of the oil and gas well fund, which is hereby 640
created. Fines imposed under divisions (C) and (D) of section 641
1509.99 of the Revised Code for violations prosecuted by 642
prosecuting attorneys that involve the transportation of brine 643
by vehicle and penalties associated with a compliance agreement 644
entered into pursuant to this chapter shall be paid to the 645
county treasury of the county where the violation occurred. 646

The fund shall be used solely and exclusively for the 647
purposes enumerated in division (B) of section 1509.071 of the 648
Revised Code, for the expenses of the division associated with 649
the administration of this chapter and Chapter 1571. of the 650
Revised Code and rules adopted under them, and for expenses that 651
are critical and necessary for the protection of human health 652
and safety and the environment related to oil and gas production 653

in this state. The expenses of the division in excess of the
moneys available in the fund shall be paid from general revenue
fund appropriations to the department. 654
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Sec. 1509.03. (A) The chief of the division of oil and gas
resources management shall adopt, rescind, and amend, in
accordance with Chapter 119. of the Revised Code, rules for the
administration, implementation, and enforcement of this chapter. 657
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The rules shall include an identification of the subjects that
the chief shall address when attaching terms and conditions to a
permit with respect to a well and production facilities of a
well that are located within an urbanized area or with respect
to a horizontal well and production facilities associated with a
horizontal well. The subjects shall include all of the
following:

- (1) Safety concerning the drilling or operation of a well; 668
- (2) Protection of the public and private water supply,
including the amount of water used and the source or sources of
the water; 669
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- (3) Fencing and screening of surface facilities of a well; 672
- (4) Containment and disposal of drilling and production
wastes; 673
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- (5) Construction of access roads for purposes of the
drilling and operation of a well; 675
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- (6) Noise mitigation for purposes of the drilling of a
well and the operation of a well, excluding safety and
maintenance operations. 677
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No person shall violate any rule of the chief adopted
under this chapter. 680
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(B) (1) ~~Any order issuing, denying, or modifying a permit or notices required to be made by the chief pursuant to this chapter shall be made in compliance with Chapter 119. of the Revised Code, except that personal service may be used in lieu of service by mail. Every order issuing, denying, or modifying a permit under this chapter and described as such shall be considered an adjudication order for purposes of Chapter 119. of the Revised Code. Division (B) (1) of this section does not apply to a permit issued under section 1509.06 of the Revised Code does not apply to orders made by or notices required to be made by the chief pursuant to this chapter or rules adopted under it.~~ 682
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(2) ~~Where notice to any person is required by this chapter, the notice shall be given in order to meet the requirements of law~~ The chief shall adopt rules in accordance with Chapter 119. of the Revised Code establishing both of the following: 693
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(a) Procedures for notice required to be provided to any person under this chapter and rules adopted under it; 698
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(b) Procedures for serving the chief's orders and compliance notices. 700
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(C) The chief or the chief's authorized representative may at any time enter upon lands, public or private, for the purpose of administration or enforcement of this chapter, the rules adopted or orders made thereunder, or terms or conditions of permits or registration certificates issued thereunder and may examine and copy records pertaining to the drilling, conversion, or operation of a well for injection of fluids and logs required by division (C) of section 1509.223 of the Revised Code. No person shall prevent or hinder the chief or the chief's authorized representative in the performance of official duties. 702
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If entry is prevented or hindered, the chief or the chief's
authorized representative may apply for, and the court of common
pleas may issue, an appropriate inspection warrant necessary to
achieve the purposes of this chapter within the court's
territorial jurisdiction.

(D) The chief may issue orders to enforce this chapter,
rules adopted thereunder, and terms or conditions of permits
issued thereunder. ~~Any such order shall be considered an~~
~~adjudication order for the purposes of Chapter 119. of the~~
~~Revised Code.~~ No person shall violate any order of the chief
issued under this chapter. No person shall violate a term or
condition of a permit or registration certificate issued under
this chapter.

(E) Orders of the chief denying, suspending, or revoking a
registration certificate; approving or denying approval of an
application for revision of a registered transporter's plan for
disposal; or to implement, administer, or enforce division (A)
of section 1509.224 and sections 1509.22, 1509.222, 1509.223,
1509.225, and 1509.226 of the Revised Code pertaining to the
transportation of brine by vehicle and the disposal of brine so
transported are not adjudication orders for purposes of Chapter
119. of the Revised Code. The chief shall issue such orders
under division (A) or (B) of section 1509.224 of the Revised
Code, as appropriate.

Sec. 1509.06. (A) An application for a permit 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, including any portion of
a well located in this state, regardless of whether any other
portion of that well is located outside of this state, and

including associated production operations, shall be filed with 742
the chief of the division of oil and gas resources management 743
upon such form as the chief prescribes and shall contain each of 744
the following that is applicable: 745

(1) The name and address of the owner and, if a 746
corporation, the name and address of the statutory agent; 747

(2) The signature of the owner or the owner's authorized 748
agent. When an authorized agent signs an application, it shall 749
be accompanied by a certified copy of the appointment as such 750
agent. 751

(3) The names and addresses of all persons holding the 752
royalty interest in the tract upon which the well is located or 753
is to be drilled or within a proposed drilling unit; 754

(4) The location of the tract or drilling unit on which 755
the well is located or is to be drilled identified by section or 756
lot number, city, village, township, and county; 757

(5) Designation of the well by name and number; 758

(6) (a) The geological formation to be tested or used and 759
the proposed total depth of the well; 760

(b) If the well is for the injection of a liquid, identity 761
of the geological formation to be used as the injection zone and 762
the composition of the liquid to be injected. 763

(7) The type of drilling equipment to be used; 764

(8) (a) An identification, to the best of the owner's 765
knowledge, of each proposed source of ground water and surface 766
water that will be used in the production operations of the 767
well. The identification of each proposed source of water shall 768
indicate if the water will be withdrawn from the Lake Erie 769

watershed or the Ohio river watershed. In addition, the owner 770
shall provide, to the best of the owner's knowledge, the 771
proposed estimated rate and volume of the water withdrawal for 772
the production operations. If recycled water will be used in the 773
production operations, the owner shall provide the estimated 774
volume of recycled water to be used. The owner shall submit to 775
the chief an update of any of the information that is required 776
by division (A) (8) (a) of this section if any of that information 777
changes before the chief issues a permit for the application. 778

(b) Except as provided in division (A) (8) (c) of this 779
section, for an application for a permit to drill a new well 780
within an urbanized area, the results of sampling of water wells 781
within three hundred feet of the proposed well prior to 782
commencement of drilling. In addition, the owner shall include a 783
list that identifies the location of each water well where the 784
owner of the property on which the water well is located denied 785
the owner access to sample the water well. The sampling shall be 786
conducted in accordance with the guidelines established in "Best 787
Management Practices For Pre-drilling Water Sampling" in effect 788
at the time that the application is submitted. The division 789
shall furnish those guidelines upon request and shall make them 790
available on the division's web site. If the chief determines 791
that conditions at the proposed well site warrant a revision, 792
the chief may revise the distance established in this division 793
for purposes of pre-drilling water sampling. 794

(c) For an application for a permit to drill a new 795
horizontal well, the results of sampling of water wells within 796
one thousand five hundred feet of the proposed horizontal 797
wellhead prior to commencement of drilling. In addition, the 798
owner shall include a list that identifies the location of each 799
water well where the owner of the property on which the water 800

well is located denied the owner access to sample the water 801
well. The sampling shall be conducted in accordance with the 802
guidelines established in "Best Management Practices For Pre- 803
drilling Water Sampling" in effect at the time that the 804
application is submitted. The division shall furnish those 805
guidelines upon request and shall make them available on the 806
division's web site. If the chief determines that conditions at 807
the proposed well site warrant a revision, the chief may revise 808
the distance established in this division for purposes of pre- 809
drilling water sampling. 810

(9) For an application for a permit to drill a new well 811
within an urbanized area, a sworn statement that the applicant 812
has provided notice by regular mail of the application to the 813
owner of each parcel of real property that is located within 814
five hundred feet of the surface location of the well and to the 815
executive authority of the municipal corporation or the board of 816
township trustees of the township, as applicable, in which the 817
well is to be located. In addition, the notice shall contain a 818
statement that informs an owner of real property who is required 819
to receive the notice under division (A)(9) of this section that 820
within five days of receipt of the notice, the owner is required 821
to provide notice under section 1509.60 of the Revised Code to 822
each residence in an occupied dwelling that is located on the 823
owner's parcel of real property. The notice shall contain a 824
statement that an application has been filed with the division 825
of oil and gas resources management, identify the name of the 826
applicant and the proposed well location, include the name and 827
address of the division, and contain a statement that comments 828
regarding the application may be sent to the division. The 829
notice may be provided by hand delivery or regular mail. The 830
identity of the owners of parcels of real property shall be 831

determined using the tax records of the municipal corporation or
county in which a parcel of real property is located as of the
date of the notice. 832
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(10) A plan for restoration of the land surface disturbed
by drilling operations. The plan shall provide for compliance
with the restoration requirements of division (A) of section
1509.072 of the Revised Code and any rules adopted by the chief
pertaining to that restoration. 835
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(11) (a) A description by name or number of the county,
township, and municipal corporation roads, streets, and highways
that the applicant anticipates will be used for access to and
egress from the well site; 840
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(b) For an application for a permit for a horizontal well,
a copy of an agreement concerning maintenance and safe use of
the roads, streets, and highways described in division (A) (11)
(a) of this section entered into on reasonable terms with the
public official that has the legal authority to enter into such
maintenance and use agreements for each county, township, and
municipal corporation, as applicable, in which any such road,
street, or highway is located or an affidavit on a form
prescribed by the chief attesting that the owner attempted in
good faith to enter into an agreement under division (A) (11) (b)
of this section with the applicable public official of each such
county, township, or municipal corporation, but that no
agreement was executed. 844
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(c) An agreement described in division (A) (11) (b) of this
section that is entered into on or after the effective date of
this amendment shall be on terms expressly agreed upon by the
parties and shall expire not later than three years after the
agreement is executed. Such an agreement may be renewed by the 857
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parties for up to three years and may be subsequently renewed indefinitely, but each such renewal shall be for a term not to exceed three years. 862
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(12) Such other relevant information as the chief prescribes by rule. 865
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Each application shall be accompanied by a map, on a scale not smaller than four hundred feet to the inch, prepared by an Ohio registered surveyor, showing the location of the well and containing such other data as may be prescribed by the chief. If the well is or is to be located within the excavations and workings of a mine, the map also shall include the location of the mine, the name of the mine, and the name of the person operating the mine. 867
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(B) The chief shall cause a copy of the weekly circular prepared by the division to be provided to the county engineer of each county that contains active or proposed drilling activity. The weekly circular shall contain, in the manner prescribed by the chief, the names of all applicants for permits, the location of each well or proposed well, the information required by division (A)(11) of this section, and any additional information the chief prescribes. In addition, 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 875
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mailing address. 892

(C) (1) Except as provided in division (C) (2) of this 893
section, the chief shall not issue a permit for at least ten 894
days after the date of filing of the application for the permit 895
unless, upon reasonable cause shown, the chief waives that 896
period or a request for expedited review is filed under this 897
section. However, the chief shall issue a permit within twenty- 898
one days of the filing of the application unless the chief 899
denies the application by order. 900

(2) If the location of a well or proposed well will be or 901
is within an urbanized area, the chief shall not issue a permit 902
for at least eighteen days after the date of filing of the 903
application for the permit unless, upon reasonable cause shown, 904
the chief waives that period or the chief at the chief's 905
discretion grants a request for an expedited review. However, 906
the chief shall issue a permit for a well or proposed well 907
within an urbanized area within thirty days of the filing of the 908
application unless the chief denies the application by order. 909

~~(D) An~~ (D) (1) Except as provided in division (D) (3) of 910
this section, an applicant may file a request with the chief for 911
expedited review of a permit application if the well is not or 912
is not to be located in a gas storage reservoir or reservoir 913
protective area, as "reservoir protective area" is defined in 914
section 1571.01 of the Revised Code. If the well is or is to be 915
located in a coal bearing township, the application shall be 916
accompanied by the affidavit of the landowner prescribed in 917
section 1509.08 of the Revised Code. 918

(2) In addition to a complete application for a permit 919
that meets the requirements of this section and the permit fee 920
prescribed by this section, a request for expedited review shall 921

be accompanied by a separate nonrefundable filing fee of two 922
hundred fifty dollars. Upon the filing of a request for 923
expedited review, the chief shall cause the county engineer of 924
the county in which the well is or is to be located to be 925
notified of the filing of the permit application and the request 926
for expedited review by telephone or other means that in the 927
judgment of the chief will provide timely notice of the 928
application and request. The chief shall issue a permit within 929
seven days of the filing of the request unless the chief denies 930
the application by order. ~~Notwithstanding the provisions of this~~ 931
~~section governing expedited review of permit applications, the~~ 932
~~chief may refuse to accept requests for expedited review if, in~~ 933
~~the chief's judgment, the acceptance of the requests would~~ 934
~~prevent the issuance, within twenty-one days of their filing, of~~ 935
~~permits for which applications are pending.~~ 936

(3) No owner shall apply for an expedited permit under 937
this section more than ten times within a calendar year. 938
Accordingly, the chief shall not issue more than ten expedited 939
permits to an owner within a calendar year. However, if an 940
emergency requires that an expedited permit be issued, as 941
determined by the chief, an owner that is otherwise prohibited 942
from obtaining an expedited permit under this division may apply 943
for an expedited permit and the chief may so issue it. 944

(E) A well shall be drilled and operated in accordance 945
with the plans, sworn statements, and other information 946
submitted in the approved application. 947

(F) The chief shall issue an order denying a permit if the 948
chief finds that there is a substantial risk that the operation 949
will result in violations of this chapter or rules adopted under 950
it that will present an imminent danger to public health or 951

safety or damage to the environment, provided that where the 952
chief finds that terms or conditions to the permit can 953
reasonably be expected to prevent such violations, the chief 954
shall issue the permit subject to those terms or conditions, 955
including, if applicable, terms and conditions regarding 956
subjects identified in rules adopted under section 1509.03 of 957
the Revised Code. The issuance of a permit shall not be 958
considered an order of the chief. 959

The chief shall post notice of each permit that has been 960
approved under this section on the division's web site not later 961
than two business days after the application for a permit has 962
been approved. 963

(G) Each application for a permit required by section 964
1509.05 of the Revised Code, except an application for a well 965
drilled or reopened for purposes of section 1509.22 of the 966
Revised Code, also shall be accompanied by a nonrefundable fee 967
as follows: 968

(1) Five hundred dollars for a permit to conduct 969
activities in a township with a population of fewer than ten 970
thousand; 971

(2) Seven hundred fifty dollars for a permit to conduct 972
activities in a township with a population of ten thousand or 973
more, but fewer than fifteen thousand; 974

(3) One thousand dollars for a permit to conduct 975
activities in either of the following: 976

(a) A township with a population of fifteen thousand or 977
more; 978

(b) A municipal corporation regardless of population. 979

(4) If the application is for a permit that requires mandatory pooling, an additional five thousand dollars.	980 981
For purposes of calculating fee amounts, populations shall be determined using the most recent federal decennial census.	982 983
Each application for the revision or reissuance of a permit shall be accompanied by a nonrefundable fee of two hundred fifty dollars.	984 985 986
(H) (1) Prior to the commencement of well pad construction and prior to the issuance of a permit to drill a proposed horizontal well or a proposed well that is to be located in an urbanized area, the division shall conduct a site review to identify and evaluate any site-specific terms and conditions that may be attached to the permit. At the site review, a representative of the division shall consider fencing, screening, and landscaping requirements, if any, for similar structures in the community in which the well is proposed to be located. The terms and conditions that are attached to the permit shall include the establishment of fencing, screening, and landscaping requirements for the surface facilities of the proposed well, including a tank battery of the well.	987 988 989 990 991 992 993 994 995 996 997 998 999
(2) Prior to the issuance of a permit to drill a proposed well, the division shall conduct a review to identify and evaluate any site-specific terms and conditions that may be attached to the permit if the proposed well will be located in a one-hundred-year floodplain or within the five-year time of travel associated with a public drinking water supply.	1000 1001 1002 1003 1004 1005
(I) A permit shall be issued by the chief in accordance with this chapter. A permit issued under this section for a well that is or is to be located in an urbanized area shall be valid	1006 1007 1008

for twelve months, and all other permits issued under this 1009
section shall be valid for twenty-four months. 1010

(J) An applicant or a permittee, as applicable, shall 1011
submit to the chief an update of the information that is 1012
required under division (A) (8) (a) of this section if any of that 1013
information changes prior to commencement of production 1014
operations. 1015

(K) A permittee or a permittee's authorized representative 1016
shall notify an inspector from the division at least twenty-four 1017
hours, or another time period agreed to by the chief's 1018
authorized representative, prior to the commencement of well pad 1019
construction and of drilling, reopening, converting, well 1020
stimulation, or plugback operations. 1021

Sec. 1509.07. (A) (1) (a) Except as provided in division (A) 1022
(1) (b) or (A) (2) of this section, an owner of any well, except 1023
an exempt Mississippian well or an exempt domestic well, shall 1024
obtain liability insurance coverage from a company authorized or 1025
approved to do business in this state in an amount of not less 1026
than one million dollars bodily injury coverage and property 1027
damage coverage to pay damages for injury to persons or damage 1028
to property caused by the drilling, operation, or plugging of 1029
all the owner's wells in this state. However, if any well is 1030
located within an urbanized area, the owner shall obtain 1031
liability insurance coverage in an amount of not less than three 1032
million dollars for bodily injury coverage and property damage 1033
coverage to pay damages for injury to persons or damage to 1034
property caused by the drilling, operation, or plugging of all 1035
of the owner's wells in this state. 1036

(b) A board of county commissioners of a county that is an 1037
owner of a well or a board of township trustees of a township 1038

that is an owner of a well may elect to satisfy the liability
coverage requirements specified in division (A)(1)(a) of this
section by participating in a joint self-insurance pool in
accordance with the requirements established under section
2744.081 of the Revised Code. Nothing in division (A)(1)(b) of
this section shall be construed to allow an entity, other than a
county or township, to participate in a joint self-insurance
pool to satisfy the liability coverage requirements specified in
division (A)(1)(a) of this section.

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

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

(B) (1) Except as otherwise provided in this section, an owner of any well, before being issued a permit under section 1509.06 of the Revised Code or before operating or producing from a well, shall execute and file with the division of oil and gas resources management a surety bond conditioned on compliance with the restoration requirements of section 1509.072, the plugging requirements of section 1509.12, the permit provisions of section 1509.13 of the Revised Code, and all rules and orders of the chief relating thereto, in an amount set by rule of the chief. 1070
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(2) The owner may deposit with the chief, instead of a surety bond, cash in an amount equal to the surety bond as prescribed pursuant to this section or negotiable certificates of deposit or irrevocable letters of credit, issued by any bank organized or transacting business in this state, having a cash value equal to or greater than the amount of the surety bond as prescribed pursuant to this section. Cash or certificates of deposit shall be deposited upon the same terms as those upon which surety bonds may be deposited. If the owner deposits cash, the cash shall be credited to the performance cash bond refunds fund created in section 1501.16 of the Revised Code. If the owner deposits certificates of deposit, the chief shall require the bank that issued any such certificate to pledge securities of a cash value equal to the amount of the certificate that is in excess of the amount insured by the federal deposit insurance corporation. The securities shall be security for the repayment of the certificate of deposit. 1080
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Upon a deposit of cash, certificates of deposit, or letters of credit with the chief, the chief shall hold them in trust for the purposes for which they have been deposited. 1097
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(3) 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 this state equal to twice the amount of the bond for which it substitutes and, as may be required by the chief, a list of producing properties of the owner within this state 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. The owner of an exempt Mississippian well is not required to file scheduled updates of the financial documents, but shall file updates of those documents if requested to do so by the chief. The owner of a nonexempt Mississippian well shall file updates of the financial documents in accordance with a schedule established by rule of the chief. The chief, upon determining that an owner for whom the chief has accepted proof of financial responsibility instead of bond cannot demonstrate financial responsibility, shall order that the owner execute and file a bond or deposit cash, certificates of deposit, or irrevocable letters of credit as required by this section for the wells specified in the order within ten days of receipt of the order. If the order is not complied with, all wells of the owner that are specified in the order and for which no bond is filed or cash, certificates of deposit, or letters of credit are deposited shall be plugged. No owner shall fail or refuse to plug such a well. Each day on which such a well remains unplugged thereafter constitutes a separate offense.

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

The chief shall not approve any bond until it is personally signed and acknowledged by both principal and surety,

or as to either by the principal's or surety's attorney in fact, 1131
with a certified copy of the power of attorney attached thereto. 1132
The chief shall not approve a bond unless there is attached a 1133
certificate of the superintendent of insurance that the company 1134
is authorized to transact a fidelity and surety business in this 1135
state. 1136

All bonds shall be given in a form to be prescribed by the 1137
chief and shall run to the state as obligee. 1138

(5)(4) An owner of an exempt Mississippian well or an 1139
exempt domestic well, in lieu of filing a surety bond, cash in 1140
an amount equal to the surety bond, certificates of deposit, or 1141
~~irrevocable letters of credit, or a sworn financial statement,~~ 1142
may file a one-time fee of fifty dollars, which shall be 1143
deposited in the oil and gas well plugging fund created in 1144
section 1509.071 of the Revised Code. 1145

(C) An owner, operator, producer, or other person shall 1146
not operate a well or produce from a well at any time if the 1147
owner, operator, producer, or other person has not satisfied the 1148
requirements established in this section. 1149

Sec. 1509.071. (A) When the chief of the division of oil 1150
and gas resources management finds that an owner has failed to 1151
comply with a final nonappealable order issued or compliance 1152
agreement entered into under section 1509.04, the restoration 1153
requirements of section 1509.072, plugging requirements of 1154
section 1509.12, or permit provisions of section 1509.13 of the 1155
Revised Code, or rules and orders relating thereto, the chief 1156
shall make a finding of that fact and declare any surety bond 1157
filed to ensure compliance with those sections and rules 1158
forfeited in the amount set by rule of the chief. The chief 1159
thereupon shall certify the total forfeiture to the attorney 1160

general, who shall proceed to collect the amount of the 1161
forfeiture. In addition, the chief may require an owner, 1162
operator, producer, or other person who forfeited a surety bond 1163
to post a new surety bond in the amount of fifteen thousand 1164
dollars for a single well, thirty thousand dollars for two 1165
wells, or fifty thousand dollars for three or more wells. 1166

In lieu of total forfeiture, the surety or owner, at the 1167
surety's or owner's option, may cause the well to be properly 1168
plugged and abandoned and the area properly restored or pay to 1169
the treasurer of state the cost of plugging and abandonment. 1170

(B) (1) All moneys collected because of forfeitures of 1171
bonds as provided in this section shall be deposited in the 1172
state treasury to the credit of the oil and gas well fund 1173
created in section 1509.02 of the Revised Code. 1174

For purposes of promoting the competent management and 1175
conservation of the state's oil and natural gas resources and 1176
the proper and lawful plugging of historic oil and gas wells for 1177
which there is no known responsible owner, the chief annually 1178
shall spend not less than thirty per cent of the revenue 1179
credited to the oil and gas well fund during the previous fiscal 1180
year for both of the following purposes: 1181

(a) In accordance with division (E) of this section, to 1182
plug orphaned wells or to restore the land surface properly as 1183
required in section 1509.072 of the Revised Code; 1184

(b) In accordance with division (F) of this section, to 1185
correct conditions that the chief reasonably has determined are 1186
causing imminent health or safety risks at an orphaned well or 1187
associated with a well for which the owner has not initiated a 1188
corrective action within a reasonable period of time as 1189

determined by the chief after the chief has attempted to notify	1190
the owner.	1191
(2) Expenditures from the fund shall be made only for	1192
lawful purposes. In addition, expenditures from the fund shall	1193
not be made to purchase real property or to remove a structure	1194
in order to access a well.	1195
The director of budget and management, in consultation	1196
with the chief, shall establish an accounting code for purposes	1197
of tracking expenditures made as required under this division.	1198
(C) (1) If a landowner discovers a well on the landowner's	1199
real property and the landowner is not the owner of the well,	1200
the landowner may report the existence of the well in writing to	1201
the chief.	1202
(2) If the chief receives a written report from a	1203
landowner of the discovery of a well previously unknown to the	1204
division, the chief shall inspect the well not later than thirty	1205
days after the date of receipt of the landowner's report.	1206
(3) The chief shall establish a scoring matrix for use in	1207
determining the priority of plugging wells or restoring land	1208
surfaces at orphaned well sites for purposes of this section.	1209
The matrix shall include a classification system that	1210
categorizes orphaned wells as high priority, medium priority,	1211
and low priority. <u>However, when determining the priority of</u>	1212
<u>plugging wells or restoring land surfaces at orphaned well</u>	1213
<u>sites, the chief shall ensure that first priority is given to</u>	1214
<u>orphaned wells located in close proximity, as determined by the</u>	1215
<u>chief, to one or more active injection wells.</u>	1216
(4) The chief shall use the matrix developed under	1217
division (C) (3) of this section to prioritize plugging and land	1218

restoration projects under this section. The chief may add 1219
additional orphaned wells to a project regardless of 1220
classification. 1221

(D) (1) After Except as provided in division (E) (2) (a) of 1222
this section, after determining that a well is an orphaned well, 1223
the chief shall do all of the following: 1224

(a) Make a reasonable attempt to determine from the 1225
records in the office of the county recorder of the county in 1226
which the well is located the identity of the current owner of 1227
the land on which the well is located, the identity of each 1228
person owning a right or interest in the oil or gas mineral 1229
interests, and the identities of the persons having a lien upon 1230
any of the equipment appurtenant to the well. For purposes of 1231
division (D) (1) (a) of this section, the chief is not required to 1232
review records in the office of the county recorder that are 1233
older than forty years from the date on which the chief made the 1234
determination that the well is an orphaned well. 1235

(b) Mail notice to each person identified in division (D) 1236
(1) (a) of this section; 1237

(c) Include in the notice to each person having a lien 1238
upon any equipment appurtenant to the well, a statement 1239
informing the person that the well is to be plugged and offering 1240
the person the opportunity to remove that equipment from the 1241
well site at the person's own expense in order to avoid 1242
forfeiture of the equipment to this state; 1243

(d) Publish notice in a newspaper of general circulation 1244
in the county where the well is located that the well is to be 1245
plugged or post the notice on the department of natural 1246
resources web site. 1247

(2) If the current address of a person identified in division (D)(1)(a) of this section cannot be determined, or if a notice provided by mail to a person under division (D)(1)(b) of this section is returned undeliverable, the notice published under division (D)(1)(d) of this section constitutes sufficient notice to the person. 1248
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(3) If none of the persons described in division (D)(1)(a) of this section removes equipment from the well within thirty days after the mailing of the notice or publication or posting of notice described in division (D)(1)(d) of this section, whichever is later, all equipment appurtenant to the well is hereby declared to be forfeited to this state without compensation and without the necessity for any action by the state for use to defray the cost of plugging the well and restoring the land surface at the well site. 1254
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(E) The chief may expend money from the oil and gas well fund for the purpose of division (B)(1)(a) of this section, and such expenditures shall be made in accordance with either of the following: 1263
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(1) The chief may make expenditures pursuant to contracts entered into by either the chief or another agency of the state with persons who agree to furnish the materials, equipment, work, and labor as specified and provided in such a contract for activities associated with the restoration or plugging of an orphaned well as determined by the chief. If another agency of the state enters into the contract, the chief shall prepare the scope of work for the restoration or plugging of the well. The activities may include excavation to uncover a well, methods to locate a well, analyzing the well, stabilizing or other work conducted prior to plugging the well, drilling out or cleanout 1267
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of wellbores to remove material from a well, plugging 1278
operations, installation of vault and vent systems, including 1279
associated engineering certifications and permits, removal of 1280
associated equipment, restoration of property, replugging of 1281
previously plugged orphaned wells or wells for which final 1282
restoration was completed under section 1509.072 of the Revised 1283
Code and rules adopted under it, and repair of damage to 1284
property that is caused by such activities. The chief may make 1285
expenditures for salaries, maintenance, equipment, or other 1286
administrative purposes, for costs directly attributed to 1287
locating, analyzing, stabilizing, designing, plugging, 1288
remediating, or restoring an orphaned well, and for determining 1289
if a well is an orphaned well. 1290

Agents or employees of persons contracting with the chief 1291
to locate, analyze, stabilize, design, plug, remediate, or 1292
restore a well may enter upon any land, public or private, on 1293
which the well is located, or on adjacent parcels needed for 1294
access, for the purpose of performing the work. Prior to such 1295
entry, the chief shall give to the following persons written 1296
notice of the existence of a contract to locate, analyze, 1297
stabilize, design, plug, remediate, or restore a well, the names 1298
of the persons with whom the contract is made, and the date that 1299
the project will commence: the owner of the well, the owner of 1300
the land upon which the well is located, the owner of the land 1301
of an adjacent parcel that will be entered upon, and, if the 1302
well is located in the same township as or in a township 1303
adjacent to the excavations and workings of a mine and the owner 1304
or lessee of that mine has provided written notice identifying 1305
those townships to the chief at any time during the immediately 1306
preceding three years, the owner or lessee of the mine. The 1307
chief may include in the notice to the owner or lessee of the 1308

mine additional information, such as authorization to plug an 1309
orphaned well under section 1509.151 of the Revised Code. 1310

(2) (a) The owner of the land on which at least one 1311
orphaned well is located who either discovers the orphaned well 1312
or who has received notice under division (D) (1) (b) of this 1313
section may plug any such orphaned well and be reimbursed by the 1314
division of oil and gas resources management for the reasonable 1315
cost of plugging such wells. In order to plug the orphaned 1316
wells, the landowner shall submit an application to the chief on 1317
a form prescribed by the chief and approved by the technical 1318
advisory council on oil and gas created in section 1509.38 of 1319
the Revised Code. The application, at a minimum, shall require 1320
the landowner to provide the same information as is required to 1321
be included in the application for a permit to plug and abandon 1322
under section 1509.13 of the Revised Code. 1323

The application shall be accompanied by a copy of a 1324
proposed contract to plug and abandon the orphaned wells 1325
prepared by a contractor regularly engaged in the business of 1326
plugging oil and gas wells. The proposed contract shall require 1327
the contractor to furnish all of the materials, equipment, work, 1328
and labor necessary to plug the orphaned wells properly and 1329
restore the site including the removal of all associated 1330
equipment and shall specify the price for doing the work. The 1331
contractor shall be insured in the same amounts required of the 1332
contractor when completing work pursuant to contracts entered 1333
into under division (E) (1) of this section. The application 1334
shall document how the contractor intends to comply with all 1335
applicable rules, codes, and laws governing human health, 1336
safety, and the environment. 1337

In the case of a landowner who discovers one or more

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orphaned wells on the land, the chief need not fulfill the 1339
notice requirements specified in division (D) (1) of this 1340
section, except the chief shall publish notice in a newspaper of 1341
general circulation in the county where the well is located that 1342
the well is to be plugged or post the notice on the department 1343
of natural resources web site. 1344

Expenditures made under division (E) (2) (a) of this section 1345
shall be consistent with the expenditures for activities 1346
described in division (E) (1) of this section. In addition, 1347
expenditures made under division (E) (2) of this section are not 1348
subject to section 127.16 of the Revised Code. The application 1349
constitutes an application for a permit to plug the well for the 1350
purposes of section 1509.13 of the Revised Code. 1351

(b) Within thirty days after receiving an application and 1352
accompanying proposed contract under division (E) (2) (a) of this 1353
section, the chief shall determine whether the plugging would 1354
comply with the applicable requirements of this chapter and 1355
applicable rules adopted and orders issued under it and whether 1356
the cost of the plugging under the proposed contract is 1357
reasonable. If the chief determines that the proposed plugging 1358
would comply with those requirements and that the proposed cost 1359
of the plugging is reasonable, the chief shall notify the 1360
landowner of that determination and issue to the landowner a 1361
permit to plug the well under section 1509.13 of the Revised 1362
Code. The chief may disapprove an application submitted under 1363
division (E) (2) (a) of this section if the chief determines that 1364
the proposed plugging would not comply with the applicable 1365
requirements of this chapter and applicable rules adopted and 1366
orders issued under it, that the cost of the plugging under the 1367
proposed contract is unreasonable, or that the proposed contract 1368
is not a bona fide, arm's length contract. 1369

(c) After receiving the chief's notice of the approval of the application and permit to plug and abandon a well under division (E) (2) (b) of this section, the landowner may enter into the proposed contract to plug the well. 1370
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(d) Upon determining that the plugging has been completed in compliance with the applicable requirements of this chapter and applicable rules adopted and orders issued under it, the chief shall pay the contractor for the cost of the plugging and restoration as set forth in the proposed contract approved by the chief and changes or costs approved by the chief. The payment shall be paid from the oil and gas well fund. The chief shall only make payments for purposes of division (E) (2) of this section pursuant to a proper invoice as defined under section 125.01 of the Revised Code. 1374
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(e) If the chief determines that the plugging was not completed in accordance with the applicable requirements, the chief shall not pay the contractor or landowner for the cost of the plugging. 1384
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(f) If any equipment was removed from the well during the plugging and sold, the chief shall deduct the sale amount of the equipment from the payment to the contractor. 1388
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(g) Changes made to a contract executed under division (E) (2) of this section due to unanticipated conditions may be presented to the chief in the form of a written request for approval of the additional costs prior to completion of the work. The chief shall determine if the changes are necessary to comply with this chapter and rules adopted and orders issued under it and if the cost of the changes are reasonable. The chief shall provide to the contractor a written decision regarding the proposed changes. If the chief determines that the 1391
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changes are not necessary or that the costs are not reasonable, 1400
the chief may either deny the request or establish the amount of 1401
the cost that the chief approves. Work completed prior to 1402
receipt of written approval from the chief is not eligible for 1403
payment, unless waived by the chief. 1404

(3) The chief may establish an annual limit on the number 1405
of wells that may be plugged under division (E) (2) of this 1406
section or an annual limit on the expenditures to be made under 1407
that division. The chief may reject an application submitted 1408
under division (E) (2) of this section if the chief determines 1409
that the plugging of other wells take priority. 1410

(4) As used in division (E) (2) of this section, "plug" and 1411
"plugging" include the plugging of the well, replugging of a 1412
previously plugged orphaned well or a well for which final 1413
restoration was completed under section 1509.072 of the Revised 1414
Code and rules adopted under it, drilling out or cleanout of a 1415
well bore to remove material from a well, installation of 1416
casings, installation of a vault and vent, restoration, and the 1417
restoration of the land surface disturbed by the plugging. 1418

(F) (1) Expenditures from the oil and gas well fund for the 1419
purpose of division (B) (1) (b) of this section may be made 1420
pursuant to contracts entered into by either the chief or 1421
another agency of the state with persons who agree to furnish 1422
the materials, equipment, work, and labor as specified and 1423
provided in such a contract. The competitive bidding 1424
requirements of Chapter 153. of the Revised Code do not apply if 1425
the chief reasonably determines that a situation exists 1426
requiring immediate action for the correction of the applicable 1427
health or safety risk. A contract or purchase of materials for 1428
purposes of addressing the emergency situation is not subject to 1429

division (B) of section 127.16 of the Revised Code. The chief, designated representatives of the chief, and agents or employees of persons contracting with the chief to locate, analyze, stabilize, design, plug, remediate, or restore a well under this division may enter upon any land, public or private, on which the well is located, or on parcels needed for access, for the purpose of performing the work.	1430 1431 1432 1433 1434 1435 1436
(2) The chief shall issue an order that requires the owner of a well to pay the actual documented costs of a corrective action that is described in division (B)(1)(b) of this section concerning the well. The chief shall transmit the money so recovered to the treasurer of state who shall deposit the money in the state treasury to the credit of the oil and gas well fund.	1437 1438 1439 1440 1441 1442 1443
(G) Contracts entered into by either the chief or another agency of the state under this section are not subject to any of the following:	1444 1445 1446
(1) Chapter 4115. of the Revised Code;	1447
(2) Chapter 153. of the Revised Code;	1448
(3) Section 4733.17 of the Revised Code.	1449
(H) The owner of land on which a well is located who has received notice under division (D)(1)(b) of this section, in lieu of plugging the well in accordance with division (E)(2) of this section, may cause ownership of the well to be transferred in accordance with section 1509.31 of the Revised Code.	1450 1451 1452 1453 1454
If a well is transferred, the owner to whom it is transferred shall comply with this chapter and rules adopted under it and shall take title to and possession of the equipment appurtenant to the well that has been identified by the chief as	1455 1456 1457 1458

having been abandoned by the former owner of the well.	1459
(I) The chief may engage in cooperative projects under this section with any agency of this state, another state, or the United States; any other governmental agencies; any state university or college as defined in section 3345.27 of the Revised Code; or a nonprofit corporation that is exempt from federal income taxation under section 501(c)(3) of the "Internal Revenue Code of 1986," 26 U.S.C. 1, as amended. A contract entered into for purposes of a cooperative project is not subject to division (B) of section 127.16 of the Revised Code.	1460 1461 1462 1463 1464 1465 1466 1467 1468
(J) (1) On or before the close of each calendar quarter, the chief shall submit a written report to the technical advisory council established under section 1509.38 of the Revised Code describing the efforts of the division of oil and gas resources management to plug orphaned wells during the immediately preceding calendar quarter. The chief also shall include in the report all of the following information:	1469 1470 1471 1472 1473 1474 1475
(a) The total number of known orphaned wells in the state and the total number in each county of the state;	1476 1477
(b) The total number of newly discovered orphaned wells during the immediately preceding calendar quarter;	1478 1479
(c) The total number of wells plugged in accordance with this section during the immediately preceding calendar quarter;	1480 1481
(d) The total number of wells plugged in accordance with this section and the estimated average and indirect costs of plugging activities conducted under this section prior to the date of the report;	1482 1483 1484 1485
(e) The number of wells approved for plugging in accordance with this section and the estimated average and	1486 1487

indirect costs of plugging activities conducted under this	1488
section during the immediately preceding calendar quarter.	1489
(2) Not later than the thirty-first day of March of each	1490
year, the chief and the technical advisory council shall jointly	1491
provide a report containing, at a minimum, the information	1492
required to be included in the quarterly reports during the	1493
previous one-year period to all of the following:	1494
(a) The speaker of the house of representatives;	1495
(b) The president of the senate;	1496
(c) The chair of the committee of the house of	1497
representatives responsible for energy and natural resources	1498
issues;	1499
(d) The chair of the committee of the senate responsible	1500
for energy and natural resources issues.	1501
(K) (1) Notwithstanding any section of the Revised Code to	1502
the contrary, the division of oil and gas resources management,	1503
on behalf of the state, shall own the right to carbon credits	1504
for any orphaned well plugged using state or federal money.	1505
(2) The chief may enter into agreements to obtain or to	1506
sell carbon credits. The chief may use money from the sale of	1507
carbon credits for the purposes established in this section.	1508
Sec. 1509.13. (A) (1) Except as otherwise provided in	1509
division (A) (2) of this section and division (E) (1) of section	1510
1509.071 of the Revised Code, no person shall plug and abandon a	1511
well without having a permit to do so issued by the chief of the	1512
division of oil and gas resources management. The permit shall	1513
be issued by the chief in accordance with this chapter and shall	1514
be valid for a period of twenty-four months from the date of	1515

issue.	1516
(2) The holder of a valid permit issued under section	1517
1509.06 of the Revised Code may receive approval from an oil and	1518
gas resources inspector to plug and abandon the well associated	1519
with that permit, without obtaining the permit required under	1520
division (A) of this section, if either of the following apply:	1521
(a) The well was drilled to total depth and the well	1522
cannot or will not be completed.	1523
(b) The well is a lost hole or dry hole.	1524
(3) A permit holder plugging a well pursuant to division	1525
(A) (2) (a) of this section shall plug the well within thirty days	1526
of receipt of approval from the oil and gas resources inspector.	1527
(4) A permit holder plugging a well pursuant to division	1528
(A) (2) (b) of this section shall plug the well immediately after	1529
determining that the well is a lost hole or dry hole in	1530
accordance with rules adopted under this chapter.	1531
(B) The application for a permit to plug and abandon shall	1532
be filed as many days in advance as will be necessary for an oil	1533
and gas resources inspector or, if the well is located in a coal	1534
bearing township, both a deputy mine inspector and an oil and	1535
gas resources inspector to be present at the plugging. The	1536
application shall be filed with the chief upon a form that the	1537
chief prescribes and shall contain the following information:	1538
(1) The name and address of the applicant;	1539
(2) The signature of the applicant or the applicant's	1540
authorized agent. When an authorized agent signs an application,	1541
it shall be accompanied by a certified copy of the appointment	1542
as that agent.	1543

(3) The location of the well identified by section or lot number, city, village, township, and county;	1544
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(4) Designation of well by name and number;	1546
(5) The total depth of the well to be plugged;	1547
(6) The date and amount of last production from the well;	1548
(7) Other information that the chief may require.	1549
(C) Unless waived by an oil and gas resources inspector, the owner of a well or the owner's authorized representative shall notify an oil and gas resources inspector at least twenty-four hours prior to the commencement of the plugging of a well. No well shall be plugged and abandoned without an oil and gas resources inspector present unless permission has been granted by the chief. The owner of a well that has produced oil or gas shall give written notice at the same time to the owner of the land upon which the well is located and to all lessors that receive gas from the well pursuant to an agreement. If the well penetrates or passes within one hundred feet of the excavations and workings of a mine, the owner of the well shall give written notice to the owner or lessee of that mine of the intention to abandon the well and of the time when the owner of the well will be prepared to commence plugging it.	1550
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(D) (1) An applicant may file a request with the chief for expedited review of an application for a permit to plug and abandon a well. The chief may refuse to accept a request for expedited review if, in the chief's judgment, acceptance of the request will prevent the issuance, within twenty-one days of filing, of permits for which applications filed under section 1509.06 of the Revised Code are pending. In addition to a complete application for a permit that meets the requirements of	1565
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this section, a request for expedited review shall be 1573
accompanied by a nonrefundable filing fee of five hundred 1574
dollars unless the chief has ordered the applicant to plug and 1575
abandon the well. When a request for expedited review is filed, 1576
the chief shall immediately begin to process the application and 1577
shall issue a permit within seven days of the filing of the 1578
request unless the chief, by order, denies the application. 1579

(2) No owner shall apply for an expedited permit under 1580
this section more than ten times within a calendar year. 1581
However, if an emergency requires that an expedited permit be 1582
issued, as determined by the chief, an owner that is otherwise 1583
prohibited from obtaining an expedited permit under this 1584
division may apply for an expedited permit and the chief may so 1585
issue it. 1586

(E) (1) Except as otherwise provided in division (E) (2) of 1587
this section, any person undertaking the plugging of a well for 1588
which a permit has been issued under this section shall obtain 1589
insurance for bodily injury coverage and property damage 1590
coverage in the amount established under section 1509.07 of the 1591
Revised Code to pay for damages or injury to property or person, 1592
including damages caused by the plugging of the well. The person 1593
shall electronically submit proof of insurance to the chief upon 1594
the chief's request. 1595

(2) Division (E) (1) of this section does not apply to a 1596
person already required to maintain an insurance policy under 1597
section 1509.07 of the Revised Code. 1598

(F) This section does not apply to a well plugged or 1599
abandoned in compliance with section 1571.05 of the Revised 1600
Code. 1601

Sec. 1509.22. (A) Except when acting in accordance with section 1509.226 of the Revised Code, no person shall place or cause to be placed in ground water or in or on the land or discharge or cause to be discharged in surface water brine, crude oil, natural gas, or other fluids associated with the exploration, development, well stimulation, production operations, or plugging of oil and gas resources that causes or could reasonably be anticipated to cause damage or injury to public health or safety or the environment.

(B) (1) No person shall store or dispose of brine in violation of a plan approved under division (A) of section 1509.222 or section 1509.226 of the Revised Code, in violation of a resolution submitted under section 1509.226 of the Revised Code, or in violation of rules or orders applicable to those plans or resolutions.

(2) (a) On and after January 1, 2014, no person shall store, recycle, treat, process, or dispose of in this state brine or other waste substances associated with the exploration, development, well stimulation, production operations, or plugging of oil and gas resources without an order or a permit issued under this section or section 1509.06 or 1509.21 of the Revised Code or rules adopted under any of those sections. For purposes of division (B) (2) (a) of this section, a permit or other form of authorization issued by another agency of the state or a political subdivision of the state shall not be considered a permit or order issued by the chief of the division of oil and gas resources management under this chapter.

(b) Division (B) (2) (a) of this section does not apply to a person that disposes of such waste substances other than brine in accordance with Chapter 3734. of the Revised Code and rules

adopted under it. 1632

(C) The chief shall adopt rules regarding storage, 1633
recycling, treatment, processing, and disposal of brine and 1634
other waste substances. The rules shall establish procedures and 1635
requirements in accordance with which a person shall apply for a 1636
permit or order for the storage, recycling, treatment, 1637
processing, or disposal of brine and other waste substances that 1638
are not subject to a permit issued under section 1509.06 or 1639
1509.21 of the Revised Code and in accordance with which the 1640
chief may issue such a permit or order. An application for such 1641
a permit shall be accompanied by a nonrefundable fee of two 1642
thousand five hundred dollars. 1643

The storage, recycling, treatment, processing, and 1644
disposal of brine and other waste substances and the chief's 1645
rules relating to storage, recycling, treatment, processing, and 1646
disposal are subject to all of the following standards: 1647

(1) Brine from any well except an exempt Mississippian 1648
well shall be disposed of only as follows: 1649

(a) By injection into an underground formation, including 1650
annular disposal if approved by rule of the chief, which 1651
injection shall be subject to division (D) of this section; 1652

(b) By surface application in accordance with section 1653
1509.226 of the Revised Code; 1654

(c) In association with a method of enhanced recovery as 1655
provided in section 1509.21 of the Revised Code; 1656

(d) In any other manner not specified in divisions (C) (1) 1657
(a) to (c) of this section that is approved by a permit or order 1658
issued by the chief. 1659

(2) Brine from exempt Mississippian wells shall not be discharged directly into the waters of the state.	1660 1661
(3) Muds, cuttings, and other waste substances shall not be disposed of in violation of this chapter or any rule adopted under it.	1662 1663 1664
(4) Pits or steel tanks shall be used as authorized by the chief for containing brine and other waste substances resulting from, obtained from, or produced in connection with drilling, well stimulation, reworking, reconditioning, plugging back, or plugging operations. The pits and steel tanks shall be constructed and maintained to prevent the escape of brine and other waste substances.	1665 1666 1667 1668 1669 1670 1671
(5) A dike or pit may be used for spill prevention and control. A dike or pit so used shall be constructed and maintained to prevent the escape of brine and crude oil, and the reservoir within such a dike or pit shall be kept reasonably free of brine, crude oil, and other waste substances.	1672 1673 1674 1675 1676
(6) Impoundments constructed utilizing a synthetic liner pursuant to the division's specifications may be used for the temporary storage of waste substances used in the construction, stimulation, or plugging of a well.	1677 1678 1679 1680
(7) No pit or dike shall be used for the temporary storage of brine or other waste substances except in accordance with divisions (C) (4) and (5) of this section.	1681 1682 1683
(8) No pit or dike shall be used for the ultimate disposal of brine or other liquid waste substances.	1684 1685
(D) (1) No person, without first having obtained a permit from the chief, shall inject brine or other waste substances resulting from, obtained from, or produced in connection with	1686 1687 1688

oil or gas drilling, exploration, or production into an 1689
underground formation unless a rule of the chief expressly 1690
authorizes the injection without a permit. The permit shall be 1691
in addition to any permit required by section 1509.05 of the 1692
Revised Code, and the permit application shall be accompanied by 1693
a permit fee of one thousand dollars. The chief shall adopt 1694
rules in accordance with Chapter 119. of the Revised Code 1695
regarding the injection into wells of brine and other waste 1696
substances resulting from, obtained from, or produced in 1697
connection with oil or gas drilling, exploration, or production. 1698
The rules shall include provisions regarding all of the 1699
following: 1700

(a) Applications for and issuance of the permits required 1701
by this division; 1702

(b) Entry to conduct inspections and to examine and copy 1703
records to ascertain compliance with this division and rules, 1704
orders, and terms and conditions of permits adopted or issued 1705
under it; 1706

(c) The provision and maintenance of information through 1707
monitoring, recordkeeping, and reporting. In addition, the rules 1708
shall require the owner of an injection well who has been issued 1709
a permit under division (D) of this section to quarterly submit 1710
electronically to the chief information concerning each shipment 1711
of brine or other waste substances received by the owner for 1712
injection into the well. 1713

(d) The provision and electronic reporting quarterly of 1714
information concerning brine and other waste substances from a 1715
transporter that is registered under section 1509.222 of the 1716
Revised Code prior to the injection of the transported brine or 1717
other waste substances; 1718

(e) Any other provisions in furtherance of the goals of 1719
this section and the Safe Drinking Water Act. 1720

(2) The chief may adopt rules in accordance with Chapter 1721
119. of the Revised Code authorizing tests to evaluate whether 1722
fluids or carbon dioxide may be injected in a reservoir and to 1723
determine the maximum allowable injection pressure, which shall 1724
be conducted in accordance with methods prescribed in the rules 1725
or in accordance with conditions of the permit. In addition, the 1726
chief may adopt rules that do both of the following: 1727

(a) Establish the total depth of a well for which a permit 1728
has been applied for or issued under this division; 1729

(b) Establish requirements and procedures to protect 1730
public health and safety. 1731

(3) To implement the goals of the Safe Drinking Water Act, 1732
the chief shall not issue a permit for the injection of brine or 1733
other waste substances resulting from, obtained from, or 1734
produced in connection with oil or gas drilling, exploration, or 1735
production unless the chief concludes that the applicant has 1736
demonstrated that the injection will not result in the presence 1737
of any contaminant in ground water that supplies or can 1738
reasonably be expected to supply any public water system, such 1739
that the presence of the contaminant may result in the system's 1740
not complying with any national primary drinking water 1741
regulation or may otherwise adversely affect the health of 1742
persons. 1743

(4) The chief may issue an order to the owner of a well in 1744
existence on September 10, 2012, to make changes in the 1745
operation of the well in order to correct problems or to address 1746
safety concerns. 1747

(5) This division and rules, orders, and terms and conditions of permits adopted or issued under it shall be construed to be no more stringent than required for compliance with the Safe Drinking Water Act unless essential to ensure that underground sources of drinking water will not be endangered.	1748 1749 1750 1751 1752
(E) The owner holding a permit, or an assignee or transferee who has assumed the obligations and liabilities imposed by this chapter and any rules adopted or orders issued under it pursuant to section 1509.31 of the Revised Code, and the operator of a well shall be liable for a violation of this section or any rules adopted or orders or terms or conditions of a permit issued under it.	1753 1754 1755 1756 1757 1758 1759
(F) An owner shall replace the water supply of the holder of an interest in real property who obtains all or part of the holder's supply of water for domestic, agricultural, industrial, or other legitimate use from an underground or surface source where the supply has been substantially disrupted by contamination, diminution, or interruption proximately resulting from the owner's oil or gas operation, or the owner may elect to compensate the holder of the interest in real property for the difference between the fair market value of the interest before the damage occurred to the water supply and the fair market value after the damage occurred if the cost of replacing the water supply exceeds this difference in fair market values. However, during the pendency of any order issued under this division, the owner shall obtain for the holder or shall reimburse the holder for the reasonable cost of obtaining a water supply from the time of the contamination, diminution, or interruption by the operation until the owner has complied with an order of the chief for compliance with this division or such an order has been revoked or otherwise becomes not effective. If	1760 1761 1762 1763 1764 1765 1766 1767 1768 1769 1770 1771 1772 1773 1774 1775 1776 1777 1778

the owner elects to pay the difference in fair market values, 1779
but the owner and the holder have not agreed on the difference 1780
within thirty days after the chief issues an order for 1781
compliance with this division, within ten days after the 1782
expiration of that thirty-day period, the owner and the chief 1783
each shall appoint an appraiser to determine the difference in 1784
fair market values, except that the holder of the interest in 1785
real property may elect to appoint and compensate the holder's 1786
own appraiser, in which case the chief shall not appoint an 1787
appraiser. The two appraisers appointed shall appoint a third 1788
appraiser, and within thirty days after the appointment of the 1789
third appraiser, the three appraisers shall hold a hearing to 1790
determine the difference in fair market values. Within ten days 1791
after the hearing, the appraisers shall make their determination 1792
by majority vote and issue their final determination of the 1793
difference in fair market values. The chief shall accept a 1794
determination of the difference in fair market values made by 1795
agreement of the owner and holder or by appraisers under this 1796
division and shall make and dissolve orders accordingly. This 1797
division does not affect in any way the right of any person to 1798
enforce or protect, under applicable law, the person's interest 1799
in water resources affected by an oil or gas operation. 1800

(G) In any action brought by the state for a violation of 1801
division (A) of this section involving any well at which annular 1802
disposal is used, there shall be a rebuttable presumption 1803
available to the state that the annular disposal caused the 1804
violation if the well is located within a one-quarter-mile 1805
radius of the site of the violation. 1806

(H) (1) There is levied on the owner of an injection well 1807
who has been issued a permit under division (D) of this section 1808
the following fees: 1809

(a) Five cents per barrel of each substance that is 1810
delivered to a well to be injected in the well when the 1811
substance is produced within the division of oil and gas 1812
resources management regulatory district in which the well is 1813
located or within an adjoining oil and gas resources management 1814
regulatory district; 1815

(b) Twenty cents per barrel of each substance that is 1816
delivered to a well to be injected in the well when the 1817
substance is not produced within the division of oil and gas 1818
resources management regulatory district in which the well is 1819
located or within an adjoining oil and gas resources management 1820
regulatory district. 1821

(2) The maximum number of barrels of substance per 1822
injection well in a calendar year on which a fee may be levied 1823
under division (H) of this section is five hundred thousand. If 1824
in a calendar year the owner of an injection well receives more 1825
than five hundred thousand barrels of substance to be injected 1826
in the owner's well and if the owner receives at least one 1827
substance that is produced within the division's regulatory 1828
district in which the well is located or within an adjoining 1829
regulatory district and at least one substance that is not 1830
produced within the division's regulatory district in which the 1831
well is located or within an adjoining regulatory district, the 1832
fee shall be calculated first on all of the barrels of substance 1833
that are not produced within the division's regulatory district 1834
in which the well is located or within an adjoining district at 1835
the rate established in division (H)(2) of this section. The fee 1836
then shall be calculated on the barrels of substance that are 1837
produced within the division's regulatory district in which the 1838
well is located or within an adjoining district at the rate 1839
established in division (H)(1) of this section until the maximum 1840

number of barrels established in division (H) (2) of this section 1841
has been attained. 1842

(3) The owner of an injection well who is issued a permit 1843
under division (D) of this section shall collect the fee levied 1844
by division (H) of this section on behalf of the division of oil 1845
and gas resources management and forward the fee to the 1846
division. The chief shall transmit all money received under 1847
division (H) of this section to the treasurer of state who shall 1848
~~deposit the money in the state treasury to the credit of the oil~~ 1849
~~and gas well fund created in section 1509.02 of the Revised~~ 1850
~~Code~~disburse the money to the county treasurer of the county in 1851
which the injection well is located. If the injection well is 1852
located in more than one county, the treasurer of state shall 1853
disburse the money equally to the county treasurer of each such 1854
county. The county treasurer shall deposit such money in the 1855
county's general fund. The owner of an injection well who 1856
collects the fee levied by this division may retain up to three 1857
per cent of the amount that is collected. 1858

(4) The chief shall adopt rules in accordance with Chapter 1859
119. of the Revised Code establishing requirements and 1860
procedures for collection of the fee levied by division (H) of 1861
this section. 1862

Sec. 1509.221. (A) No person, without first having 1863
obtained a permit from the chief of the division of oil and gas 1864
resources management, shall drill a well or inject a substance 1865
into a well for the exploration for or extraction of minerals or 1866
energy, other than oil or natural gas, including, but not 1867
limited to, the mining of sulfur by the Frasch process, the 1868
solution mining of minerals, the in situ combustion of fossil 1869
fuel, or the recovery of geothermal energy to produce electric 1870

power, unless a rule of the chief expressly authorizes the 1871
activity without a permit. The permit shall be in addition to 1872
any permit required by section 1509.05 of the Revised Code. The 1873
chief shall adopt rules in accordance with Chapter 119. of the 1874
Revised Code governing the issuance of permits under this 1875
section. The rules shall include provisions regarding the 1876
matters the applicant for a permit shall demonstrate to 1877
establish eligibility for a permit; the form and content of 1878
applications for permits; the terms and conditions of permits; 1879
entry to conduct inspections and to examine and copy records to 1880
ascertain compliance with this section and rules, orders, and 1881
terms and conditions of permits adopted or issued thereunder; 1882
provision and maintenance of information through monitoring, 1883
recordkeeping, and reporting; and other provisions in 1884
furtherance of the goals of this section and the Safe Drinking 1885
Water Act. To implement the goals of the Safe Drinking Water 1886
Act, the chief shall not issue a permit under this section, 1887
unless the chief concludes that the applicant has demonstrated 1888
that the drilling, injection of a substance, and extraction of 1889
minerals or energy will not result in the presence of any 1890
contaminant in underground water that supplies or can reasonably 1891
be expected to supply any public water system, such that the 1892
presence of the contaminant may result in the system's not 1893
complying with any national primary drinking water regulation or 1894
may otherwise adversely affect the health of persons. The chief 1895
may issue, without a prior adjudication hearing, orders 1896
requiring compliance with this section and rules, orders, and 1897
terms and conditions of permits adopted or issued thereunder. 1898
This section and rules, orders, and terms and conditions of 1899
permits adopted or issued thereunder shall be construed to be no 1900
more stringent than required for compliance with the Safe 1901
Drinking Water Act, unless essential to ensure that underground 1902

sources of drinking water will not be endangered. 1903

(B) In an action under section 1509.04 or 1509.33 of the Revised Code to enforce this section, the court shall grant preliminary and permanent injunctive relief and impose a civil penalty upon the showing that the person against whom the action is brought has violated, is violating, or will violate this section or rules, orders, or terms or conditions of permits adopted or issued thereunder. The court shall not require, prior to granting such preliminary and permanent injunctive relief or imposing a civil penalty, proof that the violation was, is, or will be the result of intentional conduct or negligence. In any such action, any person may intervene as a plaintiff upon the demonstration that the person has an interest that is or may be adversely affected by the activity for which injunctive relief or a civil penalty is sought. 1904
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Sec. 1509.23. (A) Rules of the chief of the division of oil and gas resources management may specify practices to be followed in the drilling and treatment of wells, production of oil and gas, and plugging of wells for protection of public health or safety or to prevent damage to natural resources, including specification of the following: 1918
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(A)(1) Appropriate devices; 1924

(B)(2) Minimum distances that wells and other excavations, structures, and equipment shall be located from water wells, streets, roads, highways, rivers, lakes, streams, ponds, other bodies of water, railroad tracks, public or private recreational areas, zoning districts, and buildings or other structures. 1925
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Rules adopted under this division shall not conflict with section 1509.021 of the Revised Code. 1930
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<u>(C)(3) Other methods of operation;</u>	1932
<u>(D)(4) Procedures, methods, and equipment and other requirements for equipment to prevent and contain discharges of oil and brine from oil production facilities and oil drilling and workover facilities consistent with and equivalent in scope, content, and coverage to section 311(j)(1)(c) of the "Federal Water Pollution Control Act Amendments of 1972," 86 Stat. 886, 33 U.S.C.A. 1251, as amended, and regulations adopted under it. In addition, the rules may specify procedures, methods, and equipment and other requirements for equipment to prevent and contain surface and subsurface discharges of fluids, condensates, and gases.</u>	1933 1934 1935 1936 1937 1938 1939 1940 1941 1942 1943
<u>(E)(5) Notifications;</u>	1944
<u>(F)(6) Requirements governing the location and construction of fresh water impoundments that are part of a production operation.</u>	1945 1946 1947
<u>(B) The chief shall not require an owner of a well to cease producing from, or limit 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.</u>	1948 1949 1950 1951 1952
Sec. 1509.28. (A)(1) A person who has obtained the consent of the owners of at least sixty-five per cent of the land area overlying a pool or a part of a pool may submit an application for the operation as a unit of the entire pool or part of the pool to the chief of the division of oil and gas resources management. In calculating the sixty-five per cent, an owner's entire interest in each tract in the proposed unit area, including any divided, undivided, partial, fee, or other	1953 1954 1955 1956 1957 1958 1959 1960

interest in the tract, shall be included to the fullest extent of that interest.	1961 1962
(2) The chief may make a motion, without application, for the operation as a unit of an entire pool or part of the pool.	1963 1964
(B) An applicant shall include with the application for unit operation both of the following:	1965 1966
(1) A nonrefundable fee of ten thousand dollars;	1967
(2) Any additional information requested by the chief.	1968
(C) (1) The chief shall hold a hearing regarding an application submitted under division (A) (1) of this section or regarding the chief's motion made under division (A) (2) of this section. Except as otherwise provided in division (C) (2) of this section, the chief shall hold the hearing not more than sixty days after the date the chief receives the application or makes the motion, as applicable.	1969 1970 1971 1972 1973 1974 1975
(2) If the chief determines that an application is materially incomplete before the required hearing date, the chief shall notify the applicant. The applicant shall respond to the chief not later than three business days from receipt of the notice to correct the application. If the applicant does not timely correct the application, the chief may reschedule the hearing date.	1976 1977 1978 1979 1980 1981 1982
(3) At the hearing, the chief shall consider the need for the operation as a unit of an entire pool or part thereof.	1983 1984
(D) The chief shall make an order providing for the unit operation of a pool or part thereof if the chief finds that such operation is reasonably necessary to increase substantially the ultimate recovery of oil and gas, and the value of the estimated	1985 1986 1987 1988

additional recovery of oil or gas exceeds the estimated 1989
additional cost incident to conducting the operation. The chief 1990
shall issue the order not later than sixty days after the date 1991
of the hearing, unless the chief denies the application or 1992
motion by order within that sixty-day period. 1993

(E) The order shall be upon terms and conditions that are 1994
just and reasonable and shall prescribe a plan for unit 1995
operations that shall include: 1996

(1) A description of the unitized area, termed the unit 1997
area; 1998

(2) A statement of the nature of the operations 1999
contemplated; 2000

(3) An allocation to the separately owned tracts in the 2001
unit area of all the oil and gas that is produced from the unit 2002
area and is saved, being the production that is not used in the 2003
conduct of operations on the unit area or not unavoidably lost. 2004
The allocation shall be in accord with the agreement, if any, of 2005
the interested parties. If there is no such agreement, the chief 2006
shall determine the value, from the evidence introduced at the 2007
hearing, of each separately owned tract in the unit area, 2008
exclusive of physical equipment, for development of oil and gas 2009
by unit operations, and the production allocated to each tract 2010
shall be the proportion that the value of each tract so 2011
determined bears to the value of all tracts in the unit area. 2012

(4) A provision for the credits and charges to be made in 2013
the adjustment among the owners in the unit area for their 2014
respective investments in wells, tanks, pumps, machinery, 2015
materials, and equipment contributed to the unit operations; 2016

(5) A provision providing how the expenses of unit 2017

operations, including capital investment, shall be determined 2018
and charged to the separately owned tracts and how the expenses 2019
shall be paid; 2020

(6) A provision, if necessary, for carrying or otherwise 2021
financing any person who is unable to meet the person's 2022
financial obligations in connection with the unit, allowing a 2023
reasonable interest charge for such service; 2024

(7) A provision for the supervision and conduct of the 2025
unit operations, in respect to which each person shall have a 2026
vote with a value corresponding to the percentage of the 2027
expenses of unit operations chargeable against the interest of 2028
that person; 2029

(8) The time when the unit operations shall commence, and 2030
the manner in which, and the circumstances under which, the unit 2031
operations shall terminate; 2032

(9) Such additional provisions as are found to be 2033
appropriate for carrying on the unit operations, and for the 2034
protection or adjustment of correlative rights. 2035

(F) No order of the chief providing for unit operations 2036
shall become effective unless and until the plan for unit 2037
operations prescribed by the chief has been approved in writing 2038
by those owners who, under the chief's order, will be required 2039
to pay at least sixty-five per cent of the costs of the unit 2040
operation, and also by the royalty or, with respect to unleased 2041
acreage, fee owners of sixty-five per cent of the acreage to be 2042
included in the unit. If the plan for unit operations has not 2043
been so approved by owners and royalty owners at the time the 2044
order providing for unit operations is made, the chief shall 2045
upon application and notice hold such supplemental hearings as 2046

may be required to determine if and when the plan for unit operations has been so approved. If the owners and royalty owners, or either, owning the required percentage of interest in the unit area do not approve the plan for unit operations within a period of six months from the date on which the order providing for unit operations is made, the order shall cease to be of force and shall be revoked by the chief.

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

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

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

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

(I) Oil and gas allocated to a separately owned tract shall be deemed, for all purposes, to have been actually

produced from the tract, and all operations, including, but not limited to, the commencement, drilling, operation of, or production from a well upon any portion of the unit area shall be deemed for all purposes the conduct of such operations and production from any lease or contract for lands any portion of which is included in the unit area. ~~The operations~~ Operations conducted pursuant to the order of the chief shall constitute a fulfillment of all the express or implied ~~obligations~~ terms of each lease or contract covering lands in the unit area and shall not be construed to be a breach of any such terms ~~to the extent~~ ~~that compliance with such obligations cannot be had because of~~ ~~the order of the chief~~.

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

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

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

(M) Except to the extent that the parties affected so

agree, no order providing for unit operations shall be construed 2106
to result in a transfer of all or any part of the title of any 2107
person to the oil and gas rights in any tract in the unit area. 2108
All property, whether real or personal, that may be acquired for 2109
the account of the owners within the unit area shall be the 2110
property of such owners in the proportion that the expenses of 2111
unit operations are charged. 2112

Sec. 1509.31. (A) (1) No person shall operate a well in 2113
this state unless the person first registers with and obtains an 2114
identification number from the chief of the division of oil and 2115
gas resources management. 2116

(2) Whenever the entire interest of an oil and gas lease 2117
is assigned or otherwise transferred, the assignor or transferor 2118
shall notify the holders of the royalty interests, and, if a 2119
well or wells exist on the lease, the division of oil and gas 2120
resources management, of the name and address of the assignee or 2121
transferee by certified mail, return receipt requested, not 2122
later than thirty days after the date of the assignment or 2123
transfer. When notice of any such assignment or transfer is 2124
required to be provided to the division, it shall be provided on 2125
a form prescribed and provided by the division and verified by 2126
both the assignor or transferor and by the assignee or 2127
transferee. The notice form applicable to assignments or 2128
transfers of a well to the owner of the surface estate of the 2129
tract on which the well is located shall contain a statement 2130
informing the landowner that the well may require periodic 2131
servicing to maintain its productivity; that, upon assignment or 2132
transfer of the well to the landowner, the landowner becomes 2133
responsible for compliance with the requirements of this chapter 2134
and rules adopted under it, including, without limitation, the 2135
proper disposal of brine obtained from the well, the plugging of 2136

the well when it becomes incapable of producing oil or gas, and 2137
the restoration of the well site; and that, upon assignment or 2138
transfer of the well to the landowner, the landowner becomes 2139
responsible for the costs of compliance with the requirements of 2140
this chapter and rules adopted under it and the costs for 2141
operating and servicing the well. 2142

(3) Notwithstanding division (A)(2) of this section, the 2143
assignee or transferee shall notify the division of oil and gas 2144
resources management of the assignment or transfer if both of 2145
the following apply: 2146

(a) The assignor or transferor failed to notify the 2147
division of the assignment or transfer as required by division 2148
(A)(2) of this section; 2149

(b) The assignor or transferor is deceased, dissolved, 2150
cannot be located, or is otherwise incapable of complying with 2151
the notification requirement. 2152

The assignee or transferee shall notify the division of 2153
the assignment or transfer on a form prescribed and provided by 2154
the division. At a minimum, the form shall require the assignee 2155
or transferee to attest that the assignee or transferee is the 2156
owner. The division shall not charge a fee for such assignment 2157
or transfer when notice is provided in accordance with division 2158
(A)(3) of this section. 2159

(B) When the entire interest of a well is proposed to be 2160
assigned or otherwise transferred to the landowner for use as an 2161
exempt domestic well, the owner who has been issued a permit 2162
under this chapter for the well shall submit to the chief of the 2163
division of oil and gas resources management an application for 2164
the assignment or transfer that contains all documents that the 2165

chief requires. The application for such an assignment or transfer shall be prescribed and provided by the chief. The chief may approve the application if the application is accompanied by a release of all of the oil and gas leases that are included in the applicable formation of the drilling unit, the release is in a form such that the well ownership merges with the fee simple interest of the surface tract, and the release is in a form that may be recorded. However, if the owner of the well does not release the oil and gas leases associated with the well that is proposed to be assigned or otherwise transferred or if the fee simple tract that results from the merger of the well ownership with the fee simple interest of the surface tract is less than five acres, the proposed exempt domestic well owner shall post a five thousand dollar bond with the division prior to the assignment or transfer of the well to ensure that the well will be properly plugged. The chief, for good cause, may modify the requirements of this section governing the assignment or transfer of the interests of a well to the landowner. Upon the assignment or transfer of the well, the owner of an exempt domestic well is not subject to the severance tax levied under section 5749.02 of the Revised Code, but is subject to all applicable fees established in this chapter.

~~(C) The (C) (1) Except as otherwise provided in division (C) (2) of this section, the owner holding a permit under section 1509.05 of the Revised Code is responsible for all obligations and liabilities imposed by this chapter and any rules, orders, and terms and conditions of a permit adopted or issued under it, and no assignment or transfer by the owner relieves the owner of the obligations and liabilities until and unless the assignee or transferee files with the division the information described in~~

divisions (A) (1), (2), (3), (4), (5), (10), (11), and (12) of 2197
section 1509.06 of the Revised Code; transferee obtains 2198
liability insurance coverage required by section 1509.07 of the 2199
Revised Code, except when none is required by that section; and 2200
executes and files a surety bond, negotiable certificates of 2201
deposit or irrevocable letters of credit, or cash, as described 2202
in ~~that~~ section 1509.07 of the Revised Code. ~~Instead of a bond,~~ 2203
~~but only upon acceptance by the chief, the assignee or~~ 2204
~~transferee may file proof of financial responsibility, described~~ 2205
~~in section 1509.07 of the Revised Code~~. Section 1509.071 of the 2206
Revised Code applies to the surety bond, cash, and negotiable 2207
certificates of deposit and irrevocable letters of credit 2208
described in this section. Unless the chief approves a 2209
modification, each assignee or transferee shall operate in 2210
accordance with the plans and information filed by the permit 2211
holder pursuant to section 1509.06 of the Revised Code. 2212

(2) For purposes of division (C)(1) of this section, the 2213
division may prescribe and provide a form that authorizes the 2214
assignor or transferor to provide on behalf of the assignee or 2215
transferee all of the following: 2216

(a) The information that is described in divisions (A) (1), 2217
(2), (3), (4), (5), (10), (11), and (12) of section 1509.06 of 2218
the Revised Code; 2219

(b) Proof of liability insurance as required under 2220
division (C)(1) of this section; 2221

(c) Proof of the filing of a surety bond, negotiable 2222
certificates of deposit or irrevocable letters of credit, or 2223
cash as required under division (C)(1) of this section. 2224

The form shall be verified and signed by both the assignor 2225

or transferor and by the assignee or transferee. A form 2226
submitted under this division does not relieve the assignor or 2227
transferor of the obligations and liabilities until and unless 2228
all of the information required under division (C) (2) of this 2229
section is filed with division. 2230

(D) If a mortgaged property that is being foreclosed is 2231
subject to an oil or gas lease, pipeline agreement, or other 2232
instrument related to the production or sale of oil or natural 2233
gas and the lease, agreement, or other instrument was recorded 2234
subsequent to the mortgage, and if the lease, agreement, or 2235
other instrument is not in default, the oil or gas lease, 2236
pipeline agreement, or other instrument, as applicable, has 2237
priority over all other liens, claims, or encumbrances on the 2238
property so that the oil or gas lease, pipeline agreement, or 2239
other instrument is not terminated or extinguished upon the 2240
foreclosure sale of the mortgaged property. If the owner of the 2241
mortgaged property was entitled to oil and gas royalties before 2242
the foreclosure sale, the oil or gas royalties shall be paid to 2243
the purchaser of the foreclosed property. 2244

Sec. 1509.36. Any person adversely affected by an order by 2245
the chief of the division of oil and gas resources management 2246
may appeal to the oil and gas commission for an order vacating 2247
or modifying the order. Notwithstanding any provision of the 2248
Revised Code to the contrary, a person to whom a permit is 2249
issued by the chief may appeal any of the terms and conditions 2250
included in the permit to the commission. 2251

The person so appealing to the commission shall be known 2252
as appellant and the chief shall be known as appellee. Appellant 2253
and appellee shall be deemed to be parties to the appeal. 2254

The appeal shall be in writing and shall set forth the 2255

order complained of and the grounds upon which the appeal is 2256
based. The appeal shall be filed with the commission within 2257
thirty days after the date upon which the person to whom the 2258
order was issued received the order and, for all other persons 2259
adversely affected by the order, within thirty days after the 2260
date of the order complained of. Notice of the filing of the 2261
appeal shall be filed with the chief within three days after the 2262
appeal is filed with the commission. 2263

Upon the filing of the appeal, the commission may decide 2264
the appeal, in whole or in part, without a hearing when, in its 2265
judgment, it is appropriate to do so. If the commission decides 2266
to hold a hearing, the commission promptly shall fix the time 2267
and place at which the hearing on the appeal will be held, and 2268
shall give the appellant and the chief at least ten days' 2269
written notice thereof by mail. The commission may postpone or 2270
continue any hearing upon its own motion or upon application of 2271
the appellant or of the chief. 2272

The filing of an appeal provided for in this section does 2273
not automatically suspend or stay execution of the order 2274
appealed from, but upon application by the appellant the 2275
commission may suspend or stay the execution pending 2276
determination of the appeal upon such terms as the commission 2277
considers proper. 2278

Either party to the appeal or any interested person who, 2279
pursuant to commission rules has been granted permission to 2280
appear, may submit such evidence as the commission considers 2281
admissible. 2282

For the purpose of conducting a hearing on an appeal, the 2283
commission may require the attendance of witnesses and the 2284
production of books, records, and papers, and it may, and at the 2285

request of any party it shall, issue subpoenas for witnesses or 2286
subpoenas duces tecum to compel the production of any books, 2287
records, or papers, directed to the sheriffs of the counties 2288
where the witnesses are found. The subpoenas shall be served and 2289
returned in the same manner as subpoenas in criminal cases are 2290
served and returned. The fees of sheriffs shall be the same as 2291
those allowed by the court of common pleas in criminal cases. 2292
Witnesses shall be paid the fees and mileage provided for under 2293
section 119.094 of the Revised Code. Such fees and mileage 2294
expenses incurred at the request of appellant shall be paid in 2295
advance by the appellant, and the remainder of those expenses 2296
shall be paid out of funds appropriated for the expenses of the 2297
division of oil and gas resources management. 2298

In case of disobedience or neglect of any subpoena served 2299
on any person, or the refusal of any witness to testify to any 2300
matter regarding which the witness may be lawfully interrogated, 2301
the court of common pleas of the county in which the 2302
disobedience, neglect, or refusal occurs, or any judge thereof, 2303
on application of the commission or any member thereof, shall 2304
compel obedience by attachment proceedings for contempt as in 2305
the case of disobedience of the requirements of a subpoena 2306
issued from that court or a refusal to testify therein. 2307
Witnesses at such hearings shall testify under oath, and any 2308
member of the commission may administer oaths or affirmations to 2309
persons who so testify. 2310

If a hearing occurs and at the request of any party to the 2311
appeal, a record of the testimony and other evidence submitted 2312
shall be taken by an official court reporter at the expense of 2313
the party making the request for the record. The record shall 2314
include all of the testimony and other evidence and the rulings 2315
on the admissibility thereof presented at the hearing. The 2316

commission shall pass upon the admissibility of evidence, but 2317
any party may at the time object to the admission of any 2318
evidence and except to the rulings of the commission thereon, 2319
and if the commission refuses to admit evidence the party 2320
offering same may make a proffer thereof, and such proffer shall 2321
be made a part of the record of the hearing. 2322

If the commission finds that the order appealed from was 2323
lawful and reasonable, it shall make a written order affirming 2324
the order appealed from; if the commission finds that the order 2325
was unreasonable or unlawful, it shall make a written order 2326
vacating the order appealed from and making the order that it 2327
finds the chief should have made. Every order made by the 2328
commission shall contain a written finding by the commission of 2329
the facts upon which the order is based. 2330

Notice of the making of the order shall be given forthwith 2331
to each party to the appeal by mailing a certified copy thereof 2332
to each such party by certified mail. 2333

The order of the commission is final unless vacated by the 2334
court of common pleas of Franklin county in an appeal as 2335
provided for in section 1509.37 of the Revised Code.—~~Sections~~ 2336
~~1509.01 to 1509.37 of the Revised Code, providing for appeals~~ 2337
~~relating to orders by the chief or by the commission, or~~ 2338
~~relating to rules adopted by the chief, do not constitute the~~ 2339
~~exclusive procedure that any person who believes the person's~~ 2340
~~rights to be unlawfully affected by those sections or any~~ 2341
~~official action taken thereunder must pursue in order to protect~~ 2342
~~and preserve those rights, nor do those sections constitute a~~ 2343
~~procedure that that person must pursue before that person may~~ 2344
~~lawfully appeal to the courts to protect and preserve those~~ 2345
~~rights.~~ 2346

Sec. 2305.041. (A) With respect to a lease or license by which a right is granted to operate or to sink or drill wells on land in this state for natural gas or petroleum and that is recorded in accordance with section 5301.09 of the Revised Code, an action alleging breach of any express or implied provision of the lease or license concerning the calculation or payment of royalties shall be brought within the time period that is specified in section 1302.98 of the Revised Code. 2347
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(B) An action alleging ~~a breach with respect to any other issue that the lease or license involves either of the following~~ shall be brought within the time period specified in section 2305.06 of the Revised Code: 2355
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(1) That a lease has terminated, is no longer in effect, or has expired; 2359
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(2) A breach with respect to any other issue that the lease or license involves. 2361
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Sec. 5577.02. (A) No person shall operate or move a trackless trolley, traction engine, steam roller, or other vehicle, load, object, or structure, whether propelled by muscular or motor power, over or upon the improved public streets, highways, bridges, or culverts in this state, that weighs in excess of the weights prescribed in sections 5577.01 to 5577.14 of the Revised Code, unless ~~the one of the following applies:~~ 2363
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(1) The person has been issued a permit under section 4513.34 of the Revised Code; 2371
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(2) The person has been issued a permit under section 1509.06 of the Revised Code, and the person has entered into an agreement concerning maintenance and safe use of the roads, 2373
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streets, and highways in accordance with division (A) (11) (b) of 2376
that section; 2377

(3) The person has been issued a permit under section 2378
1509.06 of the Revised Code, and the person has filed an 2379
affidavit attesting that the person has attempted in good faith 2380
to enter into an agreement in accordance with division (A) (11) 2381
(b) of that section, and, if the applicable county engineer 2382
determines it to be necessary, the person provides a bond to the 2383
county engineer in a reasonable amount determined by the county 2384
engineer. The amount of any such bond shall not be more than 2385
thirty thousand dollars per mile. Such person also shall notify 2386
the county engineer every two months during any period when a 2387
seasonal weight restriction applies, as authorized under section 2388
5577.07 of the Revised Code, of the following information for 2389
divisible and non-divisible overweight loads: 2390

(a) The time period that overweight vehicle movements are 2391
anticipated to occur; 2392

(b) The dates that overweight vehicle movements actually 2393
did occur; 2394

(c) The number of overweight vehicles anticipated to be 2395
involved. 2396

(B) The prohibition in this section applies regardless of 2397
whether the weight is moved upon wheels, rollers, or otherwise. 2398
Any weight determination shall include the weight of the 2399
vehicle, object, structure, contrivance, and load. 2400

Sec. 5727.02. As used in this chapter, "public utility," 2401
"electric company," "natural gas company," "pipe-line company," 2402
"water-works company," "water transportation company," or 2403
"heating company" does not include any of the following: 2404

(A) (1) Except as provided in division (A) (2) of this section, any person that is engaged in some other primary business to which the supplying of electricity, heat, natural gas, water, water transportation, steam, or air to others is incidental.	2405 2406 2407 2408 2409
(2) For tax year 2009 and each tax year thereafter, a person that is engaged in some other primary business to which the supplying of electricity to others is incidental shall be treated as an "electric company" and a "public utility" for purposes of this chapter solely to the extent required by section 5727.031 of the Revised Code.	2410 2411 2412 2413 2414 2415
(3) For purposes of division (A) of this section and section 5727.031 of the Revised Code:	2416 2417
(a) "Supplying of electricity" means generating, transmitting, or distributing electricity.	2418 2419
(b) A person that leases to others energy facilities with an aggregate nameplate capacity in this state of two hundred fifty kilowatts or less per lease is not supplying electricity to others.	2420 2421 2422 2423
(c) A person that owns, or leases from another person, energy facilities with an aggregate nameplate capacity in this state of two hundred fifty kilowatts or less is not supplying electricity to others, regardless of whether the owner or lessee engages in net metering as defined in section 4928.01 of the Revised Code.	2424 2425 2426 2427 2428 2429
(d) A political subdivision of this state that owns an energy facility is not supplying electricity to others regardless of the nameplate capacity of the facility if the primary purpose of the facility is to supply electricity for the	2430 2431 2432 2433

political subdivision's own use. As used in this division,
"political subdivision" means a county, township, municipal
corporation, or any other body corporate and politic that is
responsible for government activities in a geographic area
smaller than that of the state. 2434
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(B) Any person that supplies electricity, natural gas,
water, water transportation, steam, or air to its tenants,
whether for a separate charge or otherwise; 2439
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(C) Any person whose primary business in this state
consists of producing, refining, or marketing petroleum or its
products. 2442
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(D) Any person whose primary business in this state
consists of producing or gathering natural gas rather than
supplying or distributing natural gas to consumers. A person's
primary business is gathering natural gas if the total
dekatherms of natural gas the person gathers exceeds the total
dekatherms of natural gas the person purchases from nongathered
sources in a calendar year. 2445
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Section 2. That existing sections 155.33, 155.34, 1503.35,
1509.01, 1509.02, 1509.03, 1509.06, 1509.07, 1509.071, 1509.13,
1509.22, 1509.221, 1509.23, 1509.28, 1509.31, 1509.36, 2305.041,
5577.02, and 5727.02 of the Revised Code are hereby repealed. 2452
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Section 3. The amendment by this act of section 5727.02 of
the Revised Code applies to tax year 2027 and every tax year
thereafter. 2456
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Section 4. That Section 343.30 of H.B. 96 of the 136th
General Assembly be amended to read as follows: 2459
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Sec. 343.30. WELL LOG FILING FEES 2461

The Chief of the Division of Water Resources shall deposit fees forwarded to the Division pursuant to section 1521.05 of the Revised Code into the Water Management Fund (Fund 5160) for the purposes described in that section. 2462
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OIL AND GAS WELL FUND 2466

The Oil and Gas Well Fund (Fund 5180) shall be used solely and exclusively for the purposes enumerated in division (B) of section 1509.071 of the Revised Code, for the expenses of the Division of Oil and Gas Resources Management associated with the administration of Chapters 1509. and 1571. of the Revised Code and rules adopted under them, 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 this state. 2467
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Notwithstanding Section 503.20 of H.B. 96 of the 136th General Assembly, or any other provision of law to the contrary, money credited to the Oil and Gas Well Fund (Fund 5180) shall not be used to transfer cash to any other fund or appropriation item or for judgments and settlements unrelated to the Division of Oil and Gas Resources Management.

PARKS CAPITAL EXPENSES FUND 2481

The Director of Natural Resources shall submit to the Director of Budget and Management the estimated design, engineering, and planning costs of capital-related work to be done by Department of Natural Resources staff for parks projects within the Ohio Parks and Recreation Improvement Fund (Fund 7035). If the Director of Budget and Management approves the estimated costs, the Director may release appropriations from Fund 7035 appropriation item C725E6, Project Planning, for those purposes. Upon release of the appropriations, the Department of Natural Resources shall pay for these expenses from the Parks 2482
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Capital Expenses Fund (Fund 2270). Expenses paid from Fund 2270 shall be reimbursed by Fund 7035 using an intrastate transfer voucher.	2492 2493 2494
NATUREWORKS CAPITAL EXPENSES FUND 2495	
The Department of Natural Resources shall submit to the Director of Budget and Management the estimated design, planning, and engineering costs of capital-related work to be done by Department of Natural Resources staff for each capital improvement project within the Ohio Parks and Natural Resources Fund (Fund 7031). If the Director of Budget and Management approves the estimated costs, the Director may release appropriations from Fund 7031 appropriation item C725E5, Project Planning, for those purposes. Upon release of the appropriations, the Department of Natural Resources shall pay for these expenses from the Capital Expenses Fund (Fund 4S90). Expenses paid from Fund 4S90 shall be reimbursed by Fund 7031 using an intrastate transfer voucher.	2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508
PARKS AND RECREATION 2509	
The foregoing appropriation item 7256A6, Parks and Recreation, shall be used in conjunction with appropriation item 730321, Parks and Recreation, to support the Division of Parks and Watercraft.	2510 2511 2512 2513
PARK MAINTENANCE 2514	
The foregoing appropriation item 725514, Park Maintenance, shall be used by the Department of Natural Resources to pay the costs of projects supported by the State Park Maintenance Fund (Fund 5TD0) under section 1501.08 of the Revised Code.	2515 2516 2517 2518
On July 1 of each fiscal year or as soon as possible thereafter, the Director of Natural Resources shall certify the	2519 2520

amount of five percent of the average of the previous five years of deposits in the State Park Fund (Fund 5120) to the Director of Budget and Management. The Director of Budget and Management may transfer up to \$2,200,000 from Fund 5120 to the State Park Maintenance Fund (Fund 5TD0). 2521
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Section 5. That existing Section 343.30 of H.B. 96 of the 136th General Assembly is hereby repealed. 2526
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