

03-25-2015

Chairman Smith, and members of the committee,

My name is Alan Kemerer, Carrollton, Ohio retired mechanical engineer. I am here today to tell you that there are a number of untapped sources of revenue from the O&G industry in the state of Ohio that are available for use in the budget. They concern chapters of the ORC associated with safety, conservation, protection of property rights, and address how business is to be conducted within the state of Ohio.

I and Michele Fritz have, over the past few years, contacted various Ohio departments, their personnel, and various members of the local, county, state and federal governments about collecting these fees, penalties, taxes etc. and have met with little or no success.

The final report of the 1948 Ohio Post-War Program Commission noted: "Ohio legislation dealing with natural resources has already reached comprehensive bulk. It has however shown two serious weaknesses to date. It has attempted to deal with the various resources piecemeal; and it has waited for trouble to develop, rather than attempting to foresee and prevent trouble." This set the ground work establishing the Ohio Department of Natural Resources August 11, 1949. To date ODNR is still waiting for trouble to develop impacting both the state revenue stream and the property rights of Ohio citizens, rather than attempting to foresee and prevent trouble.

RE Gas Development has drilled a gas and oil well, API #34-019-22637-00-00 with Fritz property being shown on the plat map. Rex does not have a valid lease interest in the Fritz mineral rights per official Carroll County Recorder records. Neither have Fritz's been subject to mandatory pooling or unitization. ODNR geologist Therese McQuade was the first ODNR person contacted on October, 22, 2014 of these facts and told Michele they had 120 days from October 16, 2014 the date of

the Application submission to object. She failed to mention the application was being expedited from the beginning.

I am submitting as part of my written testimony a full documented time line of all relevant events and contacts made on this matter. ODNR has repeatedly supported Rex in this effort by providing the Fritz's with partial or inaccurate information when they repeatedly brought this irregularity to their attention. The Fritz experience is not unique. There have been numerous cases of irregularities regarding the information on permit applications and at least two instances where a full mandatory pooling ruling by the Oil and Gas Commission has had to be overturned and revoked because the applications were either fraudulently filed (Massillon) or had not addressed legitimate concerns of the local municipality (North Royalton). One of the first Carroll County wells permitted the Miller well had problems with their affidavit resulting in Rosebud mining being compensated for their coal.

I had mentioned the need to vet the well permit applicants to ODNR years ago when Julie Weatherington Rice and I met with them in Columbus about implementing SB 165.

This is but a small indication of changes needing to be implemented in the ODNR procedure and protocol of O&G oversight to protect both Ohio's natural resources and the property rights of its citizens per the Ohio Constitution.

Sincerely,

Alan Kemerer

