



June 22, 2021

House Energy and Natural Resources Committee
Craig Butler, Executive Director/Secretary
Opponent Testimony on Substitute House Bill 152

Chairman Stephens, Vice Chairman Stewart, Ranking Member Weinstein, and members of the House Energy and Natural Resources Committee, thank you for the opportunity to provide opponent testimony on Substitute House Bill 152 (Sub. HB 152), my name is Craig Butler, and I am the Executive Director of the Muskingum Watershed Conservancy District (MWCD).

The MWCD was formed as a political subdivision of the State of Ohio for conservation purposes in 1933. Although a founding principle was providing flood reduction throughout the 8,000 square mile watershed, our overall mission is much broader. We are the stewards of over 56,000 acres of land in eastern and southeastern Ohio and we take our responsibility very seriously to preserve and conserve this land, but also ensure continued enjoyment and benefits to the residents who live within the watershed.

Over a decade ago, our Board of Directors chose to permit the leasing of land under our control for oil and gas exploration. This was a very controversial decision. However, in making this decision, they were very deliberate in making sure processes were in place to maximize the resource, but not at the expense of compromising our mission or spoiling our lands that we hold in the public trust. The primary means of these processes are to 1) be very selective with whom we choose to partner with, and 2) have a very strong lease with robust operational and environmental safeguards.

We are currently the largest public entity that has leased portions of its lands. We have 92 active horizontal gas wells, totaling approximately 14,944 leased acres. Thankfully, we have seen the benefits of such action as we do not receive any funding through the State Operating Budget. Our oil and gas revenue serves as an important funding source for our operations. Specifically, oil and gas revenues have allowed us to reinvest over \$150 million in upgrades to our parks, lakes, and marinas. Additional reinvestments have been made in community infrastructure as well as water quality and conservation programs across MWCD.

We have made every effort to ensure that if our lands are leased, they are leased to operators with excellent credentials and under a lease that includes enhanced operational and environmental provisions. To this point, the current MWCD oil and gas program is widely recognized as the "gold standard" for leasing public lands. I would like to provide you with some additional details about our lease:

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Our lease allows us to manage our properties through a partnership with our selected operators, while at the same time maximizing development in a timely manner with a strong emphasis on safety, environmental, and economic responsibility. Our lease supersedes any standard operator lease used in the industry. To list a few attributes, we require extensive pre and post operation surface, ground, and drinking water testing, proper environmental insurance, ground water monitoring wells, air quality monitoring, water recycling, site restoration, light and sound control, and annual meetings with MWCD staff. Additionally, erosion and sedimentation plans for construction activities are required, followed by onsite meetings in the field with the operator for inspections. Preparedness, prevention, and contingency plans are also required to ensure safety standards and communication plans are in place in the event of an emergency. Finally, we require a detailed site plan for all areas of operations on MWCD lands including the location of each well, pipeline, tank, access roadway, and other structures or use areas, along with a viewshed analysis for approval.

While we appreciate the efforts of the sponsors to improve the legislation, the substitute bill does not address our serious concerns with this legislation. As some have suggested, the change made in the substitute bill to not allow “surface development” on lands that are unitized does not alleviate MWCD’s concerns. From the overview I have provided above, our partnership-based leasing program is far more than simply requiring no surface development on our lands as some suggest. As an aside, this prohibition of “surface development” is a provision in nearly all unitization orders issued by the Oil and Gas Commission. It is also important to note that MWCD has allowed some limited surface development where necessary.

As noted, we are careful with whom we partner, and we have very positive working relationships with all our partners. We have talked extensively with our partners about Sub. HB 152 and asked for their support in raising the concerns we have and supporting our proposed amendment. One of our partners has been bold enough to stand shoulder-to-shoulder with us requesting to have Sub. HB 152 amended. Encino Energy is our largest partner. They believe and strongly support our mission of being extremely cautious as we develop these resources responsibly. I am very appreciative of Encino Energy’s direct and unwavering support for our amendment and for our partnership. Unfortunately, our other partners continue to follow the industry trade association’s advice to oppose our amendment.

As I have outlined above, MWCD is the largest public entity to lease its lands. As we continue to discuss additional partnerships and entering into additional leases, we simply need the ability to protect the resources that have been entrusted to our oversight as we have done with our active leasing agreements. I ask for this committee’s support of an amendment to allow MWCD to require our model lease terms if our lands are unitized, otherwise, we may not be allowed to control who we work with or know if the unitizing company shares our conservation philosophy or has the financial and managerial resources necessary to responsibly explore our lands.

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This amendment does not negatively impact the original intent of Sub. HB 152 in any way. We have asked but have been given no reasonable explanation by the industry as to how this amendment impacts the original intent of the bill, nor why there is opposition to it. For this reason, I stand here today to respectfully request that the House Energy and Natural Resources Committee review our amendment and include it in Sub. HB 152. We feel strongly not having this language as part of Sub. HB 152 is a large step in the wrong direction and one that will roll back critical protections and jeopardize our lakes and lands, negatively impacting Ohio and the communities we serve.

Chairman Stephens, Vice Chairman Stewart, Ranking Member Weinstein, and members of the House Energy and Natural Resources Committee, thank you again for the opportunity to provide opponent testimony on Substitute House Bill 152. I am happy to answer any questions the committee may have.

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