## As Introduced

131st General Assembly

Regular Session 2015-2016 H. B. No. 83

Representative Cera Cosponsors: Representatives Gerberry, Rogers, Lepore-Hagan, Phillips

## A BILL

To amend sections 1509.30 and 1509.99 of the	1
Revised Code to require the owner of an oil or	2
gas well to provide a royalty statement to the	3
holder of the royalty interest when the owner	4
makes payment to the holder.	5

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

Section 1. That sections 1509.30 and 1509.99 of the	6
Revised Code be amended to read as follows:	7
Sec. 1509.30. The holder of a royalty interest in any	8
natural gas well may request the owner to report to him, no more-	9
frequently than the payment period in his contract with the	10
owner:	11
(A) <u>When, pursuant to a lease, another agreement between</u>	12
an owner and the holder of a royalty interest in an oil or gas	13
well, or an order by the division of oil and gas resources	14
management, payment is made to the holder of the royalty	15
interest from the proceeds derived from the sale of oil or gas,	16
the owner shall include all of the following information on the	17
check stub, an attachment to the payment form, or another	18

remittance device:	19
(1) The lease, property, or well name, any lease,	20
property, or well identification number used to identify the	21
lease, property, or well, and the county and state in which the	22
lease, property, or well is located;	23
(2) The month and year during which the sales occurred for	24
which payment is being made;	25
(3) The volume of natural gas or number of barrels of oil	26
for which <del>he<u>the holder</u> was or is being paid for the most recent</del>	27
period in his contract with the owner, and for any other	28
previous periods within two years of the date of production for-	29
which the owner has not already given him such a report;	30
(B) (4) The price per thousand cubic feet or per barrel of	31
<u>oil paid to the holder for such gas or oil;</u>	32
<del>(C) <u>(5)</u> The volume of natural gas <u>which that was</u> shown to</del>	33
have passed through the owner's meter for <u>or the number of</u>	34
barrels of oil that were removed from the field containing the	35
holder's well during the applicable payment period;	36
(6) The total amount of state severance and any other	37
production taxes paid on the holder's interest during the	38
applicable payment period;	39
(7) Any windfall profit tax paid on the holder's interest	40
during the applicable payment period;	41
(8) Any other deductions from or adjustments on the	42
holder's interest during the applicable payment period;	43
(9) The net value of total sales of oil and natural gas	44
produced from the lease, property, or well after deductions	45
during the applicable payment period;	46

(10) The holder's royalty interest in sales from the	47
lease, property, or well during the applicable payment period	48
expressed as a decimal;	49
(11) The holder's share of the total value of sales from	50
the lease, property, or well before any tax deductions during	51
the applicable payment period;	52
(12) The holder's share of the value of sales from the	53
lease, property, or well less the holder's share of taxes and	54
deductions during the applicable payment period;	55
(13) An address and telephone number at which additional	56
information regarding the payment may be obtained and questions	57
may be answered.	58
(B) The volume of gas required to be reported by this_	59
section shall be indicated on the basis of a standard cubic foot	60
of gas. The volume of oil required to be reported by this	61
section shall be indicated on the basis of a standard barrel.	62
<u>(C)</u> The owner shall preserve records of such volume the	63
information required to be provided under division (A) of this	64
<u>section</u> for at least two years after the date <u>on which</u> the	65
record_information_is made_provided.	66
(D) If the owner does not provide the holder of the	67
royalty interest with information required to be provided under	68
division (A) of this section, the holder may submit a written	69
request by certified mail to the owner that the information be	70
provided. Upon receipt by the owner or his the owner's agent of	71
a request by the holder pursuant to this section division, the	72
owner shall supply the information to the holder by certified	73
<u>mail</u> within fifteen thirty days, or the end of the current	74
payment period in the contract, whichever is later.	75

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If the holder's well is metered, the owner shall in such-	76
report also inform the holder of the volume of natural gas which	77
was shown to have passed through such meter during the period.	78
The volume of gas required to be reported by this section-	79
shall be indicated on the basis of a standard cubic foot of gas-	80
holder makes a written request and the owner does not provide	81
the requested information within the applicable time period, the	82
holder may bring a civil action against the owner to enforce	83
this section. The prevailing party is entitled to recover	84
reasonable court costs and attorney's fees.	85
(E) No person shall fail to comply with this section.	86
(F) As used in this section, "applicable payment period"	87
means the period specified by an owner under division (A)(2) of	88
this section.	89
Sec. 1509.99. (A) Whoever violates sections 1509.01 to	90
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1509.31 of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued pursuant to these sections for which no specific penalty is provided in this section shall be fined not less than one hundred nor more than one thousand dollars for a first offense; for each subsequent	91 92 93 94 95
1509.31 of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued pursuant to these sections for which no specific penalty is provided in this section shall be fined not less than one hundred nor more than one thousand dollars for a first offense; for each subsequent offense the person shall be fined not less than two hundred nor	91 92 93 94 95 96
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<pre>1509.31 of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued pursuant to these sections for which no specific penalty is provided in this section shall be fined not less than one hundred nor more than one thousand dollars for a first offense; for each subsequent offense the person shall be fined not less than two hundred nor more than two thousand dollars. (B) Whoever violates section 1509.221 of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued thereunder shall be fined not more than five thousand dollars for each violation. (C) Whoever knowingly violates section 1509.072, division</pre>	91 92 93 94 95 96 97 98 99 100 101 102
<pre>1509.31 of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued pursuant to these sections for which no specific penalty is provided in this section shall be fined not less than one hundred nor more than one thousand dollars for a first offense; for each subsequent offense the person shall be fined not less than two hundred nor more than two thousand dollars.</pre> (B) Whoever violates section 1509.221 of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued thereunder shall be fined not more than five thousand dollars for each violation.	91 92 93 94 95 96 97 98 99 100 101

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the Revised Code or any rules adopted or orders issued under 105 division (C) of section 1509.22 or rules adopted or orders or 106 terms or conditions of a registration certificate issued under 107 division (E) of section 1509.222 of the Revised Code shall be 108 fined ten thousand dollars or imprisoned for six months, or both 109 for a first offense; for each subsequent offense the person 110 shall be fined twenty thousand dollars or imprisoned for two 111 years, or both. Whoever negligently violates those divisions, 112 sections, rules, orders, or terms or conditions of a 113 registration certificate shall be fined not more than five 114 thousand dollars. 115

(D) Whoever violates division (C) of section 1509.223 of
the Revised Code shall be fined not more than five hundred
dollars for a first offense and not more than one thousand
dollars for a subsequent offense.

(E) <u>Whoever recklessly violates division (E) of section</u>
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1509.30 of the Revised Code shall be fined not less than one
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hundred nor more than one thousand dollars for a first offense;
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for each subsequent offense the person shall be fined not less
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than two hundred nor more than two thousand dollars.

(F) The prosecuting attorney of the county in which the 125 offense was committed or the attorney general may prosecute an 126 action under this section. 127

(F) (G)For purposes of this section, each day of128violation constitutes a separate offense.129

Section 2. That existing sections 1509.30 and 1509.99 of130the Revised Code are hereby repealed.131