As Introduced

132nd General Assembly

Regular Session 2017-2018

H. B. No. 105

Representatives Cera, Hill

Cosponsors: Representatives Rogers, O'Brien, Antonio, Fedor, Brenner, Smith, K., Sheehy, Lepore-Hagan, Craig, Miller

A BILL

То	amend sections 1509.02, 1509.071, 1509.11, and	1
	5749.02 and to enact sections 321.50, 321.51,	2
	321.52, 505.96, 1509.075, 3737.15, and 3745.60	3
	of the Revised Code to limit the amount of	4
	revenue that may be credited to the Oil and Gas	5
	Well Fund and to allocate funds in excess of	6
	that amount to local governments, fire	7
	departments, and a grant program to encourage	8
	compressed natural gas as a motor vehicle fuel.	9

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

Section 1. That sections 1509.02, 1509.071, 1509.11, and	10
5749.02 be amended and sections 321.50, 321.51, 321.52, 505.96,	11
1509.075, 3737.15, and 3745.60 of the Revised Code be enacted to	12
read as follows:	13
Sec. 321.50. (A) As used in this section:	14
(1) "Eligible county" means a county appearing on the most	15
recent determination certified by the chief of the division of	16
oil and gas resources management under division (C) of section	17

1509.11 of the Revised Code.	18
(2) "Cost of capital improvement projects" has the same	19
meaning as in section 164.01 of the Revised Code.	20
(B) The county treasurer of each eligible county shall_	21
create in the county treasury an oil and gas infrastructure	22
fund. The treasurer shall deposit any money received by the	23
treasurer under section 1509.02 of the Revised Code into the	24
fund.	25
Not later than twenty days following the deposit of money	26
into the fund, the treasurer shall distribute the money to	27
subdivisions in proportion to the amount the subdivision would	28
receive from the county's undivided local government fund	29
according to the formula used by the county to distribute money	30
from that fund under section 5747.51 or 5747.53 of the Revised	31
Code.	32
A subdivision shall use money received from the oil and	33
gas infrastructure fund exclusively for the purpose of paying	34
the cost of capital improvement projects.	35
Sec. 321.51. The county treasurer of each eligible county	36
shall create in the county treasury a township road maintenance	37
fund. The treasurer shall deposit any money received by the	38
treasurer under section 1509.02 of the Revised Code into the	39
fund. The treasurer shall notify the chair of the county's	40
township road maintenance committee whenever the treasurer	41
deposits money into the fund. The treasurer shall distribute	42
money from the fund into the township road funds of townships in	43
the county as prescribed in an order of the township road	44
maintenance committee under section 505.96 of the Revised Code.	45
As used in this section, "eligible county" has the same meaning	46

as in section 321.50 of the Revised Code.	47
Sec. 321.52. (A) As used in this section:	48
(1) "Eligible injection well county" means a county	49
appearing on the most recent determination certified by the	50
chief of the division of oil and gas resources management under	51
division (D)(1) of section 1509.11 of the Revised Code.	52
(2) "Cost of capital improvement projects" has the same	53
meaning as in section 164.01 of the Revised Code.	54
(B) The county treasurer of each eligible injection well	55
county shall create in the county treasury an injection well	56
infrastructure fund. The treasurer shall deposit any money	57
received by the treasurer under section 1509.02 of the Revised	58
Code into the fund.	59
Not later than twenty days following the deposit of money	60
into the fund, the treasurer shall distribute the money to	61
subdivisions in proportion to the amount the subdivision would	62
receive from the county's undivided local government fund	63
according to the formula used by the county to distribute money	64
from that fund under section 5747.51 or 5747.53 of the Revised	65
Code.	66
A subdivision shall use money received from the injection	67
well infrastructure fund exclusively for the purpose of paying	68
the cost of capital improvement projects.	69
Sec. 505.96. (A) There is hereby created in each county	70
that is or has been an eligible county, as that term is defined	71
in section 321.50 of the Revised Code, the township road	72
maintenance committee, which shall consist of one trustee of	73
each township located in the county appointed by the board of	74
trustees of each township. A member of the committee may be	75

removed by the member's appointing board. Members shall be	76
appointed on or before the first day of June of each year and	77
shall serve one-year terms. Members may be reappointed to the	78
committee.	79
Any member appointed to the committee under this section	80
shall continue as a member until the later of the end of the	81
term for which the member is appointed or the date the member's	82
successor joins the committee. A vacancy occurring among the	83
members shall be filled in the same manner as the original	84
appointment. Members of the committee shall not be compensated	85
or reimbursed for members' expenses.	86
(B) At the first meeting of the committee, which shall	87
occur not later than the fifteenth day of June of each year,	88
members of the committee shall elect a chair and notify the	89
county treasurer of the result of the committee's election. The	90
committee shall meet at the call of the chair. A majority of the	91
committee constitutes a quorum. The committee is a public body	92
for the purposes of section 121.22 of the Revised Code. Records	93
of the committee are public records for the purposes of section	94
149.43 of the Revised Code.	95
(C) On or before the thirty-first day of September of each	96
year, the committee shall issue an order and certify that order	97
to the county treasurer distributing money in the county's	98
township road maintenance fund to the township road funds of	99
townships in the county in the proportions prescribed by the	100
committee. In prescribing the proportion to be distributed to	101
each township, the committee shall consider the following	102
factors:	103
(1) The number of centerline miles within the boundaries	104
of the township as determined under division (A)(5)(b) of	105

section 5735.27 of the Revised Code;	106
(2) The amount of money received by the township from the	107
county's oil and gas infrastructure fund in that year;	108
(3) The number and locations of producing oil and gas	109
wells located in the township.	110
(D) A township shall use money received from the township	111
maintenance fund exclusively for the purposes of maintaining and	112
constructing roads and purchasing road maintenance equipment.	113
Sec. 1509.02. (A) There is hereby created in the	114
department of natural resources the division of oil and gas	115
resources management, which shall be administered by the chief	116
of the division of oil and gas resources management. The	117
division has sole and exclusive authority to regulate the	118
permitting, location, and spacing of oil and gas wells and	119
production operations within the state, excepting only those	120
activities regulated under federal laws for which oversight has	121
been delegated to the environmental protection agency and	122
activities regulated under sections 6111.02 to 6111.028 of the	123
Revised Code. The regulation of oil and gas activities is a	124
matter of general statewide interest that requires uniform	125
statewide regulation, and this chapter and rules adopted under	126
it constitute a comprehensive plan with respect to all aspects	127
of the locating, drilling, well stimulation, completing, and	128
operating of oil and gas wells within this state, including site	129
construction and restoration, permitting related to those	130
activities, and the disposal of wastes from those wells. In	131
order to assist the division in the furtherance of its sole and	132
exclusive authority as established in this section, the chief	133
may enter into cooperative agreements with other state agencies	134
for advice and consultation, including visitations at the	135

surface location of a well on behalf of the division. Such	136
cooperative agreements do not confer on other state agencies any	137
authority to administer or enforce this chapter and rules	138
adopted under it. In addition, such cooperative agreements shall	139
not be construed to dilute or diminish the division's sole and	140
exclusive authority as established in this section. Nothing in	141
this section affects the authority granted to the director of	142
transportation and local authorities in section 723.01 or	143
4513.34 of the Revised Code, provided that the authority granted	144
under those sections shall not be exercised in a manner that	145
discriminates against, unfairly impedes, or obstructs oil and	146
gas activities and operations regulated under this chapter.	147

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

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All moneys collected by the chief pursuant to sections 152 1509.06, 1509.061, 1509.062, 1509.071, 1509.13, 1509.22, 153 1509.222, 1509.28, 1509.34, and 1509.50 of the Revised Code, 154 ninety per cent of moneys received by the treasurer of state 155 from the tax levied in divisions (A)(5) and (6) of section 156 5749.02 of the Revised Code, all civil penalties paid under 157 section 1509.33 of the Revised Code, and, notwithstanding any 158 section of the Revised Code relating to the distribution or 159 crediting of fines for violations of the Revised Code, all fines 160 imposed under divisions (A) and (B) of section 1509.99 of the 161 Revised Code and fines imposed under divisions (C) and (D) of 162 section 1509.99 of the Revised Code for all violations 163 prosecuted by the attorney general and for violations prosecuted 164 by prosecuting attorneys that do not involve the transportation 165 of brine by vehicle shall be deposited into the state treasury 166

to the credit of the oil and gas well fund, which is hereby	167
created. Fines imposed under divisions (C) and (D) of section	168
1509.99 of the Revised Code for violations prosecuted by	169
prosecuting attorneys that involve the transportation of brine	170
by vehicle and penalties associated with a compliance agreement	171
entered into pursuant to this chapter shall be paid to the	172
county treasury of the county where the violation occurred.	173
The fund shall be used solely and exclusively for the	174
purposes enumerated in division (B) of section 1509.071 of the	175
Revised Code, for the expenses of the division associated with	176
the administration of this chapter and Chapter 1571. of the	177
Revised Code and rules adopted under them, and for expenses that	178
are critical and necessary for the protection of human health	179
and safety and the environment related to oil and gas production	180
in this state. The expenses of the division in excess of the	181
moneys available in the fund shall be paid from general revenue	182
fund appropriations to the department.	183
(B) Not more than eighteen million dollars of the total	184
amount credited to the oil and gas well fund in any fiscal year	185
may be used or transferred as described in division (A) or (C)	186
of this section. The director of budget and management shall, by	187
the last day of each fiscal year, transfer or pay any revenue	188
credited to the fund in excess of that amount as follows:	189
(1) Fifty per cent to the oil and gas infrastructure fund	190
of each eligible county, as that term is defined in section	191
321.50 of the Revised Code, in the county's proportion most	192
recently certified to the director by the chief of the division	193
of oil and gas resources under division (C) of section 1509.11	194
of the Revised Code;	195
(2) Fifteen per cent to the township road maintenance fund	196

of each eligible county in the proportion certified to the	197
director by the chief under division (C) of section 1509.11 of	198
the Revised Code;	199
(3) Ten per cent to the injection well infrastructure fund	200
of each eligible injection well county, as that term is defined	201
in section 321.52 of the Revised Code, in the county's	202
proportion most recently certified to the director by the chief	203
under division (D)(1) of section 1509.11 of the Revised Code;	204
(4) Ten per cent to the general fund of each municipal	205
corporation or the township general fund of each township in the	206
municipal corporation's or township's proportion most recently	207
certified to the director by the chief under division (D)(2) of	208
section 1509.11 of the Revised Code. Money received by a	209
municipal corporation or township under division (B)(4) of this	210
section may be used for any lawful purpose;	211
(5) Ten per cent to the gaseous fuel vehicle conversion	212
fund created in section 3745.60 of the Revised Code;	213
(6) Five per cent to the shale region firefighting	214
equipment fund created in section 3737.15 of the Revised Code.	215
(C) By the last day of each fiscal year, the director of	216
budget and management shall transfer not less than fourteen per	217
cent of the revenue credited to the oil and gas well fund,	218
except any revenue transferred or paid in accordance with	219
division (B) of this section, to the well plugging fund created	220
in section 1509.075 of the Revised Code.	221
Sec. 1509.071. (A) When the chief of the division of oil	222
and gas resources management finds that an owner has failed to	223
comply with a final nonappealable order issued or compliance	224
agreement entered into under section 1509.04, the restoration	225

requirements of section 1509.072, plugging requirements of	226
section 1509.12, or permit provisions of section 1509.13 of the	227
Revised Code, or rules and orders relating thereto, the chief	228
shall make a finding of that fact and declare any surety bond	229
filed to ensure compliance with those sections and rules	230
forfeited in the amount set by rule of the chief. The chief	231
thereupon shall certify the total forfeiture to the attorney	232
general, who shall proceed to collect the amount of the	233
forfeiture. In addition, the chief may require an owner,	234
operator, producer, or other person who forfeited a surety bond	235
to post a new surety bond in the amount of fifteen thousand	236
dollars for a single well, thirty thousand dollars for two	237
wells, or fifty thousand dollars for three or more wells.	238
In lieu of total forfeiture, the surety or owner, at the	239
surety's or owner's option, may cause the well to be properly	240
plugged and abandoned and the area properly restored or pay to	241
the treasurer of state the cost of plugging and abandonment.	242
the treaburer of beate the cost of pragging and asandonment.	212
(B) All moneys collected because of forfeitures of bonds	243
as provided in this section shall be deposited in the state	244
treasury to the credit of the oil and gas well fund created in	245
section 1509.02 of the Revised Code.	246
The chief annually shall may spend not less than fourteen	247
per cent of the revenue credited to the <u>oil and gas well</u> fund	248
during the previous fiscal year for the following purposes:	249
(1) In accordance with division (D) of this section, to	250
plug idle and orphaned wells or to restore the land surface	251
properly as required in section 1509.072 of the Revised Code;	252
(2) In accordance with division (E) of this section, to	253

correct conditions that the chief reasonably has determined are

causing imminent health or safety risks at an idle and orphaned	255
well or a well for which the owner cannot be contacted in order	256
to initiate a corrective action within a reasonable period of	257
time as determined by the chief.	258
Expenditures from the fund shall be made only for lawful	259
purposes. In addition, expenditures from the fund shall not be	260
made to purchase real property or to remove a dwelling in order	261
to access a well.	262
(C)(1) Upon determining that the owner of a well has	263
failed to properly plug and abandon it or to properly restore	264
the land surface at the well site in compliance with the	265
applicable requirements of this chapter and applicable rules	266
adopted and orders issued under it or that a well is an	267
abandoned well for which no funds are available to plug the well	268
in accordance with this chapter, the chief shall do all of the	269
following:	270
(a) Determine from the records in the office of the county	271
recorder of the county in which the well is located the identity	272
of the owner of the land on which the well is located, the	273
identity of the owner of the oil or gas lease under which the	274
well was drilled or the identity of each person owning an	275
interest in the lease, and the identities of the persons having	276
legal title to, or a lien upon, any of the equipment appurtenant	277
to the well;	278
(b) Mail notice to the owner of the land on which the well	279
is located informing the landowner that the well is to be	280
plugged. If the owner of the oil or gas lease under which the	281
well was drilled is different from the owner of the well or if	282
any persons other than the owner of the well own interests in	283

the lease, the chief also shall mail notice that the well is to

be plugged to the owner of the lease or to each person owning an 285 interest in the lease, as appropriate. 286

(c) Mail notice to each person having legal title to, or a 287 lien upon, any equipment appurtenant to the well, informing the 288 person that the well is to be plugged and offering the person 289 the opportunity to plug the well and restore the land surface at 290 the well site at the person's own expense in order to avoid 291 forfeiture of the equipment to this state.

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- (2) If none of the persons described in division (C)(1)(c) of this section plugs the well within sixty days after the mailing of the notice required by that division, 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 and abandoning the well and restoring the land surface at the well site.
- (D) Expenditures from the fund for the purpose of division 301
 (B)(1) of this section shall be made in accordance with either 302
 of the following: 303
- 304 (1) The expenditures may be made pursuant to contracts entered into by the chief with persons who agree to furnish all 305 of the materials, equipment, work, and labor as specified and 306 provided in such a contract for activities associated with the 307 restoration or plugging of a well as determined by the chief. 308 The activities may include excavation to uncover a well, 309 geophysical methods to locate a buried well when clear evidence 310 of leakage from the well exists, cleanout of wellbores to remove 311 material from a failed plugging of a well, plugging operations, 312 installation of vault and vent systems, including associated 313 engineering certifications and permits, restoration of property, 314

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and repair of damage to property that is caused by such	315
activities. Expenditures shall not be used for salaries,	316
maintenance, equipment, or other administrative purposes, except	317
for costs directly attributed to the plugging of an idle and	318
orphaned well. Agents or employees of persons contracting with	319
the chief for a restoration or plugging project may enter upon	320
any land, public or private, on which the well is located for	321
the purpose of performing the work. Prior to such entry, the	322
chief shall give to the following persons written notice of the	323
existence of a contract for a project to restore or plug a well,	324
the names of the persons with whom the contract is made, and the	325
date that the project will commence: the owner of the well, the	326
owner of the land upon which the well is located, the owner or	327
agents of adjoining land, and, if the well is located in the	328
same township as or in a township adjacent to the excavations	329
and workings of a mine and the owner or lessee of that mine has	330
provided written notice identifying those townships to the chief	331
at any time during the immediately preceding three years, the	332
owner or lessee of the mine.	333

(2) (a) The owner of the land on which a well is located 334 who has received notice under division (C)(1)(b) of this section 335 may plug the well and be reimbursed by the division of oil and 336 gas resources management for the reasonable cost of plugging the 337 well. In order to plug the well, the landowner shall submit an 338 application to the chief on a form prescribed by the chief and 339 approved by the technical advisory council on oil and gas 340 created in section 1509.38 of the Revised Code. The application, 341 at a minimum, shall require the landowner to provide the same 342 information as is required to be included in the application for 343 a permit to plug and abandon under section 1509.13 of the 344 Revised Code. The application shall be accompanied by a copy of 345 H. B. No. 105
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a proposed contract to plug the well prepared by a contractor	346
regularly engaged in the business of plugging oil and gas wells.	347
The proposed contract shall require the contractor to furnish	348
all of the materials, equipment, work, and labor necessary to	349
plug the well properly and shall specify the price for doing the	350
work, including a credit for the equipment appurtenant to the	351
well that was forfeited to the state through the operation of	352
division (C)(2) of this section. Expenditures under division (D)	353
(2)(a) of this section shall be consistent with the expenditures	354
for activities described in division (D)(1) of this section. The	355
application also shall be accompanied by the permit fee required	356
by section 1509.13 of the Revised Code unless the chief, in the	357
chief's discretion, waives payment of the permit fee. The	358
application constitutes an application for a permit to plug and	359
abandon the well for the purposes of section 1509.13 of the	360
Revised Code.	361

(b) Within thirty days after receiving an application and 362 accompanying proposed contract under division (D)(2)(a) of this 363 section, the chief shall determine whether the plugging would 364 comply with the applicable requirements of this chapter and 365 applicable rules adopted and orders issued under it and whether 366 the cost of the plugging under the proposed contract is 367 reasonable. If the chief determines that the proposed plugging 368 would comply with those requirements and that the proposed cost 369 of the plugging is reasonable, the chief shall notify the 370 landowner of that determination and issue to the landowner a 371 permit to plug and abandon the well under section 1509.13 of the 372 Revised Code. Upon approval of the application and proposed 373 contract, the chief shall transfer ownership of the equipment 374 appurtenant to the well to the landowner. The chief may 375 disapprove an application submitted under division (D)(2)(a) of 376

this section if the chief determines that the proposed plugging	377
would not comply with the applicable requirements of this	378
chapter and applicable rules adopted and orders issued under it,	379
that the cost of the plugging under the proposed contract is	380
unreasonable, or that the proposed contract is not a bona fide,	381
arm's length contract.	382

- (c) After receiving the chief's notice of the approval of
 the application and permit to plug and abandon a well under
 division (D)(2)(b) of this section, the landowner shall enter
 into the proposed contract to plug the well.

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- (d) Upon determining that the plugging has been completed 387 in compliance with the applicable requirements of this chapter 388 and applicable rules adopted and orders issued under it, the 389 chief shall reimburse the landowner for the cost of the plugging 390 as set forth in the proposed contract approved by the chief. The 391 reimbursement shall be paid from the oil and gas well fund. If 392 the chief determines that the plugging was not completed in 393 accordance with the applicable requirements, the chief shall not 394 reimburse the landowner for the cost of the plugging, and the 395 landowner or the contractor, as applicable, promptly shall 396 transfer back to this state title to and possession of the 397 equipment appurtenant to the well that previously was 398 transferred to the landowner under division (D)(2)(b) of this 399 section. If any such equipment was removed from the well during 400 the plugging and sold, the landowner shall pay to the chief the 401 proceeds from the sale of the equipment, and the chief promptly 402 shall pay the moneys so received to the treasurer of state for 403 deposit into the oil and gas well fund. 404

The chief may establish an annual limit on the number of 405 wells that may be plugged under division (D)(2) of this section 406

or an annual limit on the expenditures to be made under that	407
division.	408
As used in division (D)(2) of this section, "plug" and	409
"plugging" include the plugging of the well and the restoration	410
of the land surface disturbed by the plugging.	411
(E) Expenditures from the oil and gas well fund for the	412
purpose of division (B)(2) of this section may be made pursuant	413
to contracts entered into by the chief with persons who agree to	414
furnish all of the materials, equipment, work, and labor as	415
specified and provided in such a contract. The competitive	416
bidding requirements of Chapter 153. of the Revised Code do not	417
apply if the chief reasonably determines that an emergency	418
situation exists requiring immediate action for the correction	419
of the applicable health or safety risk. A contract or purchase	420
of materials for purposes of addressing the emergency situation	421
is not subject to division (B) of section 127.16 of the Revised	422
Code. The chief, designated representatives of the chief, and	423
agents or employees of persons contracting with the chief under	424
this division may enter upon any land, public or private, for	425
the purpose of performing the work.	426
(F) Contracts entered into by the chief under this section	427
are not subject to any of the following:	428
(1) Chapter 4115. of the Revised Code;	429
(2) Section 153.54 of the Revised Code, except that the	430
contractor shall obtain and provide to the chief as a bid	431
guaranty a surety bond or letter of credit in an amount equal to	432
ten per cent of the amount of the contract;	433
(3) Section 4733.17 of the Revised Code.	434
(G) The owner of land on which a well is located who has	435

received notice under division (C)(1)(b) of this section, in	436
lieu of plugging the well in accordance with division (D)(2) of	437
this section, may cause ownership of the well to be transferred	438
to an owner who is lawfully doing business in this state and who	439
has met the financial responsibility requirements established	440
under section 1509.07 of the Revised Code, subject to the	441
approval of the chief. The transfer of ownership also shall be	442
subject to the landowner's filing the appropriate forms required	443
under section 1509.31 of the Revised Code and providing to the	444
chief sufficient information to demonstrate the landowner's or	445
owner's right to produce a formation or formations. That	446
information may include a deed, a lease, or other documentation	447
of ownership or property rights.	448
The chief shall approve or disapprove the transfer of	449
ownership of the well. If the chief approves the transfer, the	450
owner is responsible for operating the well in accordance with	451
this chapter and rules adopted under it, including, without	452
limitation, all of the following:	453
(1) Filing an application with the chief under section	454
1509.06 of the Revised Code if the owner intends to drill deeper	455
or produce a formation that is not listed in the records of the	456
division for that well;	457
(2) Taking title to and possession of the equipment	458
appurtenant to the well that has been identified by the chief as	459
having been abandoned by the former owner;	460
(3) Complying with all applicable requirements that are	461
necessary to drill deeper, plug the well, or plug back the well.	462

(H) The chief shall issue an order that requires the owner

of a well to pay the actual documented costs of a corrective

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action that is described in division (B)(2) of this section	465
concerning the well. The chief shall transmit the money so	466
recovered to the treasurer of state who shall deposit the money	467
in the state treasury to the credit of the oil and gas well	468
fund.	469
(I) The chief may engage in cooperative projects under	470
this section with any agency of this state, another state, or	471
the United States; any other governmental agencies; or any state	472
university or college as defined in section 3345.27 of the	473
Revised Code. A contract entered into for purposes of a	474
cooperative project is not subject to division (B) of section	475
127.16 of the Revised Code.	476
(J) On or before the last day of June of each year, the	477
chief shall deliver to the speaker of the house of	478
representatives and the president of the senate a report listing	479
the projected amount of money to be spent from the oil or gas	480
well fund or the well plugging fund to plug each idle or	481
orphaned well that the chief estimates will begin to be plugged_	482
in the following fiscal year and the locations of such wells,	483
and the number and location of all idle or orphaned wells	484
plugged in the preceding fiscal year using money from the oil or	485
gas well fund or the well plugging fund and the amount spent	486
from each fund to plug such wells.	487
Sec. 1509.075. (A) There is hereby created in the division	488
of oil and gas resources management the idle and orphaned well	489
program. The chief shall provide staff for the program	490
sufficient to identify, locate, and plug idle and orphaned wells	491
located in this state and perform the duties required under this	492
section.	493
(B) Subject to the supervision of the chief, the idle and	494

orphaned well program shall do both of the following:	495
(1) Develop and maintain an inventory of all known and	496
suspected idle and orphaned wells located in this state;	497
(2) Prioritize the plugging of idle and orphaned wells	498
identified in that inventory based on the relative risk of those	499
wells to public health and safety.	500
(C) There is hereby created in the state treasury the well	501
plugging fund, which shall consist of money transferred to it	502
from the oil and gas well fund under division (C) section	503
1509.02 of the Revised Code. The chief shall use the money in	504
the well plugging fund exclusively for the purposes described in	505
division (B) of section 1509.071 of the Revised Code and subject	506
to the requirements and limitations imposed by that section	507
related to the expenditure of funds for those purposes.	508
Expenditures from the fund shall be made only for lawful	509
purposes and shall not be made to purchase real property or to	510
remove a dwelling in order to access a well.	511
Sec. 1509.11. (A) (1) The owner of any well, except a	512
horizontal well, that is producing or capable of producing oil	513
or gas shall file with the chief of the division of oil and gas	514
resources management, on or before the thirty-first day of	515
March, a statement of production of oil, gas, and brine for the	516
last preceding calendar year in such form as the chief may	517
prescribe. An owner that has more than one hundred such wells in	518
this state shall submit electronically the statement of	519
production in a format that is approved by the chief.	520
(2) The owner of any horizontal well that is producing or	521
capable of producing oil or gas shall file with the chief, on	522
	523

quarter, a statement of production of oil, gas, and brine for	524
the preceding calendar quarter in a form that the chief	525
prescribes. An owner that has more than one hundred horizontal	526
wells in this state shall submit electronically the statement of	527
production in a format that is approved by the chief.	528
(B) The chief shall not disclose information received from	529
the department of taxation under division (C)(12) of section	530
5703.21 of the Revised Code until the related statement of	531
production required by division (A) of this section is filed	532
with the chief.	533
(C) Not later than the fifteenth day of June of each year,	534
the chief shall calculate and certify to the director of budget	535
and management and the fire marshal, for each county in which	536
one or more wells producing oil or gas in the Utica or Marcellus	537
formation were located in the preceding calendar year, the	538
number of wells producing oil or gas in the Utica or Marcellus	539
formation located in that county in the preceding calendar year	540
divided by the total number of wells producing oil or gas in the	541
Utica or Marcellus formation located in the state in that	542
<pre>calendar year.</pre>	543
(D) Not later than the fifteenth day of June of each year,	544
the chief shall calculate and certify to the director of budget	545
and management both of the following:	546
(1) For each county in which one or more injection wells	547
whose owner has been issued a permit under division (D) of	548
section 1509.22 of the Revised Code were located in the	549
preceding calendar year, the number of barrels of substance	550
delivered to be injected into each such well located in the	551
county in the preceding calendar year divided by the total	552
number of barrels of substance delivered to be injected into	553

each such well located in the state in the preceding calendar	554
year;	555
(2) For each municipal corporation and township in which	556
one or more injection wells whose owner has been issued a permit	557
under division (D) of section 1509.22 of the Revised Code were	558
located in the preceding calendar year, the number of barrels of	559
substance delivered to be injected into each such well located	560
in the municipal corporation or township in the preceding	561
calendar year divided by the total number of barrels of	562
substance delivered to be injected into each such well located	563
in the state in the preceding calendar year. For the purposes of	564
division (D)(2) of this section, an injection well is located in	565
a township only if the well is located in the unincorporated	566
territory of that township.	567
(E) The chief, through the idle and orphaned well program,	568
shall investigate a well to determine if it is an idle or	569
orphaned well if either of the following occurs, unless the well	570
is under temporary inactive well status pursuant to section	571
1509.062 of the Revised Code:	572
(1) If the well is not a horizontal well, the owner of the	573
well does not submit a statement of production required under	574
division (A)(1) of this section for two consecutive years.	575
(2) If the well is a horizontal well, the owner of the	576
well does not submit a statement of production required under	577
division (A)(2) of this section for eight consecutive calendar	578
quarters.	579
Sec. 3737.15. (A) As used in this section:	580
(1) "Fire department" means a fire department of a	581
municipal corporation or township, a township fire district, a	582

joint township fire district, a private fire company or	583
volunteer fire company that has entered into an agreement for	584
the use and operation of firefighting equipment with a municipal	585
corporation, township, township fire district, or joint township	586
fire district or, in a municipal corporation or township where	587
no such fire department or district exists and no such agreement	588
is in effect, the fire prevention officer of the municipal	589
corporation or township.	590
(2) "Eligible fire department" means a fire department	591
serving territory that coexists wholly or partly with an	592
eligible subdivision.	593
(3) "Eligible subdivision" means an eligible county or a	594
township or municipal corporation that is wholly or partly	595
located in an eligible county.	596
(4) "Eligible county" has the same meaning as in section	597
321.50 of the Revised Code.	598
(5) "Firefighter" means any regular, paid or volunteer,	599
member of a lawfully constituted fire department.	600
(6) "Emergency medical technician" means an EMT-basic,	601
EMT-I, or paramedic as defined in section 4765.01 of the Revised	602
Code.	603
(7) "Firefighting equipment" means equipment and vehicles	604
used by firefighters or emergency medical technicians in the	605
performance of their duties.	606
(B) There is hereby created in the state treasury the	607
shale region firefighting equipment fund, which shall consist of	608
money transferred to it from the oil and gas well fund under	609
section 1509.02 of the Revised Code. The fire marshal shall use	610
money in the fund exclusively to award grants under this section	611

to eligible fire departments to purchase or acquire firefighting	612
equipment in accordance with this section.	613
(C) One or more eligible fire departments may apply to the	614
fire marshal, on forms prescribed by the fire marshal, for a	615
grant from the shale region firefighting equipment fund. In	616
approving applications and in determining the amount of the	617
grant to be awarded, the fire marshal shall specifically	618
<pre>consider all of the following factors:</pre>	619
(1) The regional distribution and availability of similar	620
<pre>firefighting equipment;</pre>	621
(2) The importance of the firefighting equipment to the	622
health and safety of the firefighters and residents of the	623
subdivision;	624
(3) The availability of federal, local, or other state	625
funds for the purchase;	626
(4) The extent to which the firefighting equipment is	627
necessary to prepare for or respond to emergencies caused by the	628
<pre>presence of oil and gas wells;</pre>	629
(5) Any other relevant factors prescribed by the fire	630
marshal.	631
The fire marshal shall not approve a grant application if	632
the amount of the grant requested by the eligible fire	633
department exceeds the amount of money available in the shale	634
region firefighting equipment fund. A county emergency	635
management agency may file a joint application for a grant under	636
this division on behalf of two or more eligible fire departments	637
with territory in that county.	638
(D) The fire marshal shall notify the director of budget	639

and management of the amount of any grant awarded by the fire	640
marshal under this section. The director of budget and	641
management shall release appropriations from the shale region	642
firefighting equipment fund for the purpose of awarding a grant	643
to one or more eligible fire departments on the presentation of	644
a request to do so by the fire marshal.	645
(E) The fire marshal may adopt rules in accordance with	646
Chapter 119. of the Revised Code as are necessary to administer	647
the grant program created in this section, including the	648
procedures and manner in which applications may be submitted	649
under division (C) of this section.	650
Sec. 3745.60. (A) As used in this section:	651
(1) "Gaseous fuel" means compressed natural gas, liquefied	652
natural gas, or liquid petroleum gas.	653
(2) "Compressed natural gas" means a clear, odorless, and	654
noncorrosive natural gas that is compressed to a pressure of at	655
least three thousand eight hundred pounds per square inch but	656
less than four thousand five hundred pounds per square inch.	657
(3) "Liquefied natural gas" means natural gas that is	658
cooled to negative two hundred sixty degrees fahrenheit and is	659
in a liquefied state.	660
(4) "Liquid petroleum gas" means a material with a vapor	661
pressure not exceeding that of commercial propane which is	662
composed predominately of the following hydrocarbons or	663
mixtures: propane, propylene, butane (normal butane or	664
isobutane), and butylene.	665
(5) "Incremental cost" means the excess cost associated	666
with the purchase of a vehicle originally equipped by the	667
manufacturer to operate on gaseous fuel as compared to the	668

purchase of an equivalent vehicle that operates on gasoline or	669
diesel fuel.	670
(6) "Nonprofit corporation" has the same meaning as in	671
section 1702.01 of the Revised Code.	672
(7) "Public transportation system" means a county transit	673
system operated in accordance with sections 306.01 to 306.13 of	674
the Revised Code, a regional transit authority operated in	675
	676
accordance with sections 306.30 to 306.71 of the Revised Code,	
or a regional transit commission operated in accordance with	677
sections 306.80 to 306.90 of the Revised Code.	678
(8) "School district" means any of the school districts	679
described in section 3311.02, 3311.03, 3311.04, 3311.18, or	680
3311.52 of the Revised Code.	681
	682
(B) For the purpose of promoting the conversion of public	
fleets to operate on cleaner fuels, the director of	683
environmental protection shall administer a gaseous fuel vehicle	684
conversion program under which the director may make grants to a	685
state agency, a political subdivision of the state, a school	686
district, a public transportation system, or a nonprofit	687
corporation for the conversion of a vehicle to operate on	688
gaseous fuel or for the incremental cost associated with the	689
purchase of a vehicle originally equipped by the manufacturer to	690
operate on gaseous fuel.	691
(C) The director shall adopt rules in accordance with	692
Chapter 119. of the Revised Code that are necessary for the	693
administration of the gaseous fuel vehicle conversion program.	694
The rules shall establish all of the following:	695
(1) An application form and procedures governing the	696
process for applying to receive a grant under the program;	697

(2) Grant eligibility requirements;	698
(3) A maximum grant amount of five hundred thousand	699
dollars per applicant;	700
(4) Any other procedures, criteria, or grant terms that	701
the director determines necessary to administer the program.	702
(D) There is hereby created in the state treasury the	703
gaseous fuel vehicle conversion fund, which shall consist of	704
money transferred to it from the oil and gas well fund under	705
section 1509.02 of the Revised Code. Money in the gaseous fuel	706
vehicle conversion fund shall be used solely to make grants	707
under the gaseous fuel vehicle conversion program. Any interest	708
earned from money in the fund shall be credited to the fund and	709
used by the director to pay expenses of administering the	710
gaseous fuel vehicle conversion program.	711
Sec. 5749.02. (A) For the purpose of providing revenue to	712
administer the state's coal mining and reclamation regulatory	713
program and oil and gas regulatory program, to meet the	714
environmental and resource management needs of this state, to	715
provide revenue for local governments and fire departments, and	716
to reclaim land affected by mining, an excise tax is hereby	717
levied on the privilege of engaging in the severance of natural	718
resources from the soil or water of this state. The tax shall be	719
imposed upon the severer at the rates prescribed by divisions	720
(A)(1) to (9) of this section:	721
(1) Ten cents per ton of coal;	722
(2) Four cents per ton of salt;	723
(3) Two cents per ton of limestone or dolomite;	724
(4) Two cents per ton of sand and gravel;	725

(5) Ten cents per barrel of oil;	726
(6) Two and one-half cents per thousand cubic feet of	727
natural gas;	728
(7) One cent per ton of clay, sandstone or conglomerate,	729
shale, gypsum, or quartzite;	730
(8) Except as otherwise provided in this division or in	731
rules adopted by the reclamation forfeiture fund advisory board	732
under section 1513.182 of the Revised Code, an additional	733
fourteen cents per ton of coal produced from an area under a	734
coal mining and reclamation permit issued under Chapter 1513. of	735
the Revised Code for which the performance security is provided	736
under division (C)(2) of section 1513.08 of the Revised Code.	737
Beginning July 1, 2007, if at the end of a fiscal biennium the	738
balance of the reclamation forfeiture fund created in section	739
1513.18 of the Revised Code is equal to or greater than ten	740
million dollars, the rate levied shall be twelve cents per ton.	741
Beginning July 1, 2007, if at the end of a fiscal biennium the	742
balance of the fund is at least five million dollars, but less	743
than ten million dollars, the rate levied shall be fourteen	744
cents per ton. Beginning July 1, 2007, if at the end of a fiscal	745
biennium the balance of the fund is less than five million	746
dollars, the rate levied shall be sixteen cents per ton.	747
Beginning July 1, 2009, not later than thirty days after the	748
close of a fiscal biennium, the chief of the division of mineral	749
resources management shall certify to the tax commissioner the	750
amount of the balance of the reclamation forfeiture fund as of	751
the close of the fiscal biennium. Any necessary adjustment of	752
the rate levied shall take effect on the first day of the	753
following January and shall remain in effect during the calendar	754
biennium that begins on that date.	755

(9) An additional one and two-tenths cents per ton of coal	756
mined by surface mining methods.	757
(B) After the director of budget and management transfers	758
money from the severance tax receipts fund as required in	759
division (H) of section 5749.06 of the Revised Code, money	760
remaining in the severance tax receipts fund, except for money	761
in the fund from the amounts due under section 1509.50 of the	762
Revised Code, shall be credited as follows:	763
(1) Of the moneys in the fund from the tax levied in	764
division (A)(1) of this section, four and seventy-six-hundredths	765
per cent shall be credited to the geological mapping fund	766
created in section 1505.09 of the Revised Code, eighty and	767
ninety-five-hundredths per cent shall be credited to the coal	768
mining administration and reclamation reserve fund created in	769
section 1513.181 of the Revised Code, and fourteen and twenty-	770
nine-hundredths per cent shall be credited to the unreclaimed	771
lands fund created in section 1513.30 of the Revised Code.	772
(2) The money in the fund from the tax levied in division	773
(A)(2) of this section shall be credited to the geological	774
mapping fund.	775
(3) Of the moneys in the fund from the tax levied in	776
divisions (A)(3) and (4) of this section, seven and five-tenths	777
per cent shall be credited to the geological mapping fund,	778
forty-two and five-tenths per cent shall be credited to the	779
unreclaimed lands fund, and the remainder shall be credited to	780
the surface mining fund created in section 1514.06 of the	781
Revised Code.	782
(4) Of the moneys in the fund from the tax levied in	783

divisions (A)(5) and (6) of this section, ninety per cent shall

be credited to the oil and gas well fund created in section 785 1509.02 of the Revised Code and ten per cent shall be credited 786 to the geological mapping fund. All of the moneys in the fund 787 from the tax levied in division (A)(7) of this section shall be 788 credited to the surface mining fund. 789

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- (5) All of the moneys in the fund from the tax levied in division (A)(8) of this section shall be credited to the reclamation forfeiture fund.
- (6) All of the moneys in the fund from the tax levied in division (A)(9) of this section shall be credited to the unreclaimed lands fund.
- (C) When, at the close of any fiscal year, the chief finds 796 that the balance of the reclamation forfeiture fund, plus 797 estimated transfers to it from the coal mining administration 798 and reclamation reserve fund under section 1513.181 of the 799 Revised Code, plus the estimated revenues from the tax levied by 800 division (A)(8) of this section for the remainder of the 801 calendar year that includes the close of the fiscal year, are 802 sufficient to complete the reclamation of all lands for which 803 the performance security has been provided under division (C)(2) 804 of section 1513.08 of the Revised Code, the purposes for which 805 the tax under division (A)(8) of this section is levied shall be 806 deemed accomplished at the end of that calendar year. The chief, 807 within thirty days after the close of the fiscal year, shall 808 certify those findings to the tax commissioner, and the tax 809 levied under division (A)(8) of this section shall cease to be 810 imposed for the subsequent calendar year after the last day of 811 that calendar year on coal produced under a coal mining and 812 reclamation permit issued under Chapter 1513. of the Revised 813 Code if the permittee has made tax payments under division (A) 814

(8) of this section during each of the preceding five full	815
calendar years. Not later than thirty days after the close of a	816
fiscal year, the chief shall certify to the tax commissioner the	817
identity of any permittees who accordingly no longer are	818
required to pay the tax levied under division (A)(8) of this	819
section for the subsequent calendar year.	820
Section 2. That existing sections 1509.02, 1509.071,	821
1509.11, and 5749.02 of the Revised Code are hereby repealed.	822
Section 3. On or before the effective date of this act,	823
the Chief of the Division of Oil and Gas Resources Management	824
shall prepare a plan for the development of the inventory	825
described in division (B) of section 1509.075 of the Revised	826
Code and deliver that plan to the Speaker of the House of	827
Representatives and the President of the Senate. The plan shall	828
include the amount of time and the internal or external	829
resources that the Chief believes are necessary to complete that	830
inventory.	831
Section 4. The Director of Budget and Management shall	832
make the first transfers and payments required under divisions	833
(B) and (C) of section 1509.02 of the Revised Code, as amended	834
by this act, on or before June 30, 2018. For fiscal year 2018,	835
the amount the Director of Budget and Management shall transfer	836
or pay as required under division (B) of section 1509.02 of the	837
Revised Code, as amended by this act, equals the sum of the	838
balance of the Oil and Gas Well Fund as of June 30, 2017, plus	839
the revenue in excess of eighteen million dollars credited to	840
the Oil and Gas Well Fund in fiscal year 2018.	841