## As Introduced

132nd General Assembly Regular Session 2017-2018

S. B. No. 50

**Senator Skindell** 

# A BILL

То	amend sections 1509.01, 1509.02, 1509.03,	1
	1509.05, 1509.06, 1509.08, 1509.21, 1509.22,	2
	1509.222, 1509.223, 1509.224, and 1509.99, to	3
	enact section 1509.051, and to repeal section	4
	1509.226 of the Revised Code to to prohibit land	5
	application and deep well injection of brine, to	6
	prohibit the conversion of wells, and to	7
	eliminate the injection fee that is levied under	8
	the Oil and Gas Law.	9

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

Section 1. That sections 1509.01, 1509.02, 1509.03,	11
1509.05, 1509.06, 1509.08, 1509.21, 1509.22, 1509.222, 1509.223,	12
1509.224, and 1509.99 be amended and section 1509.051 of the	13
Revised Code be enacted to read as follows:	14
Sec. 1509.01. As used in this chapter:	15
(A) "Well" means any borehole, whether drilled or bored,	16
within the state for production, extraction, or injection of any	17
gas or liquid mineral, excluding potable water to be used as	18
such, but including natural or artificial brines and oil field	19

waters. 20 (B) "Oil" means crude petroleum oil and all other 21 hydrocarbons, regardless of gravity, that are produced in liquid 22 form by ordinary production methods, but does not include 23 hydrocarbons that were originally in a gaseous phase in the 24 reservoir. 25 (C) "Gas" means all natural gas and all other fluid 26 hydrocarbons that are not oil, including condensate. 27 (D) "Condensate" means liquid hydrocarbons separated at or 28 near the well pad or along the gas production or gathering 29 30 system prior to gas processing. (E) "Pool" means an underground reservoir containing a 31 common accumulation of oil or gas, or both, but does not include 32 a gas storage reservoir. Each zone of a geological structure 33 that is completely separated from any other zone in the same 34 structure may contain a separate pool. 35 (F) "Field" means the general area underlaid by one or 36 more pools. 37 (G) "Drilling unit" means the minimum acreage on which one 38 well may be drilled, but does not apply to a well for injecting 39 gas into or removing gas from a gas storage reservoir. 40 (H) "Waste" includes all of the following: 41 (1) Physical waste, as that term generally is understood 42 in the oil and gas industry; 43 (2) Inefficient, excessive, or improper use, or the 44 unnecessary dissipation, of reservoir energy; 45

(3) Inefficient storing of oil or gas;

Page 2

#### S. B. No. 50 As Introduced

(4) Locating, drilling, equipping, operating, or producing
47
an oil or gas well in a manner that reduces or tends to reduce
48
the quantity of oil or gas ultimately recoverable under prudent
49
and proper operations from the pool into which it is drilled or
50
that causes or tends to cause unnecessary or excessive surface
51
loss or destruction of oil or gas;

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

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

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

(K) "Owner," unless referring to a mine, means the person 62 who has the right to drill on a tract or drilling unit, to drill 63 into and produce from a pool, and to appropriate the oil or gas 64 produced therefrom either for the person or for others, except 65 that a person ceases to be an owner with respect to a well when 66 the well has been plugged in accordance with applicable rules 67 adopted and orders issued under this chapter. "Owner" does not 68 include a person who obtains a lease of the mineral rights for 69 oil and gas on a parcel of land if the person does not attempt 70 to produce or produce oil or gas from a well or obtain a permit 71 under this chapter for a well or if the entire interest of a 72 well is transferred to the person in accordance with division 73 (B) of section 1509.31 of the Revised Code. 74

(L) "Royalty interest" means the fee holder's share in the

Page 3

53

54

60

61

production from a well.

(M)	"Discov	very v	well	" means the	e first w	ell	capable	e of	77
producing	, oil or	gas	in (	commercial	quantiti	es f	from a p	pool.	78

(N) "Prepared clay" means a clay that is plastic and is 79 thoroughly saturated with fresh water to a weight and 80 consistency great enough to settle through saltwater in the well 81 in which it is to be used, except as otherwise approved by the 82 chief of the division of oil and gas resources management. 83

(O) "Rock sediment" means the combined cutting and residue 84 from drilling sedimentary rocks and formation.

(P) "Excavations and workings," "mine," and "pillar" have 86 the same meanings as in section 1561.01 of the Revised Code. 87

(Q) "Coal bearing township" means a township designated as 88 such by the chief of the division of mineral resources 89 management under section 1561.06 of the Revised Code. 90

(R) "Gas storage reservoir" means a continuous area of a 91 subterranean porous sand or rock stratum or strata into which 92 gas is or may be injected for the purpose of storing it therein 93 and removing it therefrom and includes a gas storage reservoir 94 as defined in section 1571.01 of the Revised Code. 95

(S) "Safe Drinking Water Act" means the "Safe Drinking 96 Water Act," 88 Stat. 1661 (1974), 42 U.S.C.A. 300(f), as amended 97 by the "Safe Drinking Water Amendments of 1977," 91 Stat. 1393, 98 42 U.S.C.A. 300(f), the "Safe Drinking Water Act Amendments of 99 1986," 100 Stat. 642, 42 U.S.C.A. 300(f), and the "Safe Drinking 100 Water Act Amendments of 1996," 110 Stat. 1613, 42 U.S.C.A. 101 300(f), and regulations adopted under those acts. 102

(T) "Person" includes any political subdivision, 103

Page 4

76

department, agency, or instrumentality of this state; the United104States and any department, agency, or instrumentality thereof;105any legal entity defined as a person under section 1.59 of the106Revised Code; and any other form of business organization or107entity recognized by the laws of this state.108

(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.

(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.

(W) "Exempt Mississippian well" means a well that meetsall of the following criteria:121

(1) Was drilled and completed before January 1, 1980; 122

(2) Is located in an unglaciated part of the state; 123

(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;

(4) Is used primarily to provide oil or gas for domesticuse.130

(X) "Exempt domestic well" means a well that meets all of 131

the following criteria: 132 (1) Is owned by the owner of the surface estate of the 133 tract on which the well is located; 134 (2) Is used primarily to provide gas for the owner's 135 domestic use; 136 (3) Is located more than two hundred feet horizontal 137 distance from any inhabited private dwelling house other than an 138 inhabited private dwelling house located on the tract on which 139 the well is located; 140 141 (4) Is located more than two hundred feet horizontal distance from any public building that may be used as a place of 142 resort, assembly, education, entertainment, lodging, trade, 143 manufacture, repair, storage, traffic, or occupancy by the 144 public. 145 (Y) "Urbanized area" means an area where a well or 146 production facilities of a well are located within a municipal 147 corporation or within a township that has an unincorporated 148 population of more than five thousand in the most recent federal 149 decennial census prior to the issuance of the permit for the 150 well or production facilities. 151 (Z) "Well stimulation" or "stimulation of a well" means 152 the process of enhancing well productivity, including hydraulic 153 fracturing operations. 154 (AA) "Production operation" means all operations and 155 activities and all related equipment, facilities, and other 156 structures that may be used in or associated with the 157 exploration and production of oil, gas, or other mineral 158

resources that are regulated under this chapter, including

operations and activities associated with site preparation, site

Page 6

159

construction, access road construction, well drilling, well 161 completion, well stimulation, well site activities, reclamation, 162 and plugging. "Production operation" also includes all of the 163 following: 164

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

(2) The processes of extraction and recovery, lifting,
stabilization, treatment, separation, production processing,
storage, waste disposal, and measurement of hydrocarbon gas and
liquids, including related equipment and facilities;
171

(3) The processes and related equipment and facilities
172
associated with production compression, gas lift, gas injection,
173
fuel gas supply, well drilling, well stimulation, and well
174
completion activities, including dikes, pits, and earthen and
175
other impoundments used for the temporary storage of fluids and
176
waste substances associated with well drilling, well
177
stimulation, and well completion activities;
178

(4) Equipment and facilities at a wellpad or other 179 location that are used for the transportation, handling, 180 recycling, temporary storage, management, processing, or 181 treatment of any equipment, material, and by-products or other 182 substances from an operation at a wellpad that may be used or 183 reused at the same or another operation at a wellpad or that 184 will be disposed of in accordance with applicable laws and rules 185 adopted under them. 186

(BB) "Annular overpressurization" means the accumulation187of fluids within an annulus with sufficient pressure to allow188migration of annular fluids into underground sources of drinking189

water. 190 (CC) "Idle and orphaned well" means a well for which a 191 bond has been forfeited or an abandoned well for which no money 192 is available to plug the well in accordance with this chapter 193 and rules adopted under it. 194 (DD) "Temporarily inactive well" means a well that has 195 been granted temporary inactive status under section 1509.062 of 196 the Revised Code. 197 198 (EE) "Material and substantial violation" means any of the following: 199 (1) Failure to obtain a permit to drill, reopen, convert, 200 plugback, or plug a well under this chapter; 201 (2) Failure to obtain, maintain, update, or submit proof 202 of insurance coverage that is required under this chapter; 203 (3) Failure to obtain, maintain, update, or submit proof 204 of a surety bond that is required under this chapter; 205 (4) Failure to plug an abandoned well or idle and orphaned 206 well unless the well has been granted temporary inactive status 207 under section 1509.062 of the Revised Code or the chief of the 208 209 division of oil and gas resources management has approved another option concerning the abandoned well or idle and 210 orphaned well; 211 (5) Failure to restore a disturbed land surface as 212 required by section 1509.072 of the Revised Code; 213 (6) Failure to reimburse the oil and gas well fund 214 pursuant to a final order issued under section 1509.071 of the 215 Revised Code: 216

the chief issued under section 1509.04 of the Revised Code; 218 (8) Failure to submit a report, test result, fee, or 219 document that is required in this chapter or rules adopted under 220 it. 221 (FF) "Severer" has the same meaning as in section 5749.01 222 of the Revised Code. 223 (GG) "Horizontal well" means a well that is drilled for 224 the production of oil or gas in which the wellbore reaches a 225 horizontal or near horizontal position in the Point Pleasant, 226 227 Utica, or Marcellus formation and the well is stimulated. (HH) "Well pad" means the area that is cleared or prepared 228 for the drilling of one or more horizontal wells. 229 Sec. 1509.02. There is hereby created in the department of 230 natural resources the division of oil and gas resources 231 management, which shall be administered by the chief of the 232 division of oil and gas resources management. The division has 233 sole and exclusive authority to regulate the permitting, 234 location, and spacing of oil and gas wells and production 235 operations within the state, excepting only those activities 236 regulated under federal laws for which oversight has been 237 delegated to the environmental protection agency and activities 238 regulated under sections 6111.02 to 6111.028 of the Revised 239 Code. The regulation of oil and gas activities is a matter of 240 general statewide interest that requires uniform statewide 241 regulation, and this chapter and rules adopted under it 242 constitute a comprehensive plan with respect to all aspects of 243 the locating, drilling, well stimulation, completing, and 244

operating of oil and gas wells within this state, including site

(7) Failure to comply with a final nonappealable order of

Page 9

217

#### S. B. No. 50 As Introduced

construction and restoration, permitting related to those 246 activities, and the disposal of wastes from those wells. In 247 order to assist the division in the furtherance of its sole and 248 exclusive authority as established in this section, the chief 249 may enter into cooperative agreements with other state agencies 2.50 for advice and consultation, including visitations at the 251 252 surface location of a well on behalf of the division. Such cooperative agreements do not confer on other state agencies any 253 authority to administer or enforce this chapter and rules 254 adopted under it. In addition, such cooperative agreements shall 255 not be construed to dilute or diminish the division's sole and 256 exclusive authority as established in this section. Nothing in 257 this section affects the authority granted to the director of 258 transportation and local authorities in section 723.01 or 259 4513.34 of the Revised Code, provided that the authority granted 260 under those sections shall not be exercised in a manner that 261 discriminates against, unfairly impedes, or obstructs oil and 262 gas activities and operations regulated under this chapter. 263

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.

All moneys collected by the chief pursuant to sections 268 1509.06, 1509.061, 1509.062, 1509.071, 1509.13, <del>1509.22,</del> 269 1509.222, 1509.28, 1509.34, and 1509.50 of the Revised Code, 270 ninety per cent of moneys received by the treasurer of state 271 from the tax levied in divisions (A) (5) and (6) of section 272 5749.02 of the Revised Code, all civil penalties paid under 273 section 1509.33 of the Revised Code, and, notwithstanding any 274 section of the Revised Code relating to the distribution or 275 crediting of fines for violations of the Revised Code, all fines 276

Page 10

264

265

266

imposed under divisions (A) and (B) of section 1509.99 of the 277 Revised Code and fines imposed under divisions (C) and (D) of 278 section 1509.99 of the Revised Code for all violations 279 prosecuted by the attorney general and for violations prosecuted 280 by prosecuting attorneys that do not involve the transportation 281 of brine by vehicle shall be deposited into the state treasury 282 to the credit of the oil and gas well fund, which is hereby 283 created. Fines imposed under divisions (C) and (D) of section 284 1509.99 of the Revised Code for violations prosecuted by 285 prosecuting attorneys that involve the transportation of brine 286 by vehicle and penalties associated with a compliance agreement 287 entered into pursuant to this chapter shall be paid to the 288 county treasury of the county where the violation occurred. 289

The fund shall be used solely and exclusively for the 290 purposes enumerated in division (B) of section 1509.071 of the 291 Revised Code, for the expenses of the division associated with 292 the administration of this chapter and Chapter 1571. of the 293 Revised Code and rules adopted under them, and for expenses that 294 are critical and necessary for the protection of human health 295 and safety and the environment related to oil and gas production 296 297 in this state. The expenses of the division in excess of the moneys available in the fund shall be paid from general revenue 298 fund appropriations to the department. 299

Sec. 1509.03. (A) The chief of the division of oil and gas 300 resources management shall adopt, rescind, and amend, in 301 accordance with Chapter 119. of the Revised Code, rules for the 302 administration, implementation, and enforcement of this chapter. 303 The rules shall include an identification of the subjects that 304 the chief shall address when attaching terms and conditions to a 305 permit with respect to a well and production facilities of a 306 well that are located within an urbanized area or with respect 307

to a horizontal well and production facilities associated with a 308 horizontal well. The subjects shall include all of the 309 following: 310 (1) Safety concerning the drilling or operation of a well; 311 (2) Protection of the public and private water supply, 312 including the amount of water used and the source or sources of 313 the water; 314 (3) Fencing and screening of surface facilities of a well; 315 (4) Containment and disposal of drilling and production 316 317 wastes; (5) Construction of access roads for purposes of the 318 drilling and operation of a well; 319 (6) Noise mitigation for purposes of the drilling of a 320 well and the operation of a well, excluding safety and 321 maintenance operations. 322 No person shall violate any rule of the chief adopted 323 under this chapter. 324 (B) (1) Any order issuing, denying, or modifying a permit 325 or notices required to be made by the chief pursuant to this 326 chapter shall be made in compliance with Chapter 119. of the 327 Revised Code, except that personal service may be used in lieu 328 of service by mail. Every order issuing, denying, or modifying a 329 permit under this chapter and described as such shall be 330 considered an adjudication order for purposes of Chapter 119. of 331 the Revised Code. Division (B)(1) of this section does not apply 332 to a permit issued under section 1509.06 of the Revised Code. 333 (2) Where notice to the owners is required by this 334 chapter, the notice shall be given as prescribed by a rule 335 adopted by the chief to govern the giving of notices. The rule 336 shall provide for notice by publication except in those cases 337 where other types of notice are necessary in order to meet the 338 requirements of the law. 339

(C) The chief or the chief's authorized representative may 340 at any time enter upon lands, public or private, for the purpose 341 of administration or enforcement of this chapter, the rules 342 adopted or orders made thereunder, or terms or conditions of 343 permits or registration certificates issued thereunder and may 344 345 examine and copy records pertaining to the drilling, conversion, or operation of a well for injection of fluids and logs required 346 by division (C) of section 1509.223 of the Revised Code. No 347 person shall prevent or hinder the chief or the chief's 348 authorized representative in the performance of official duties. 349 If entry is prevented or hindered, the chief or the chief's 350 authorized representative may apply for, and the court of common 3.51 pleas may issue, an appropriate inspection warrant necessary to 352 achieve the purposes of this chapter within the court's 353 territorial jurisdiction. 354

(D) The chief may issue orders to enforce this chapter, 355 rules adopted thereunder, and terms or conditions of permits 356 issued thereunder. Any such order shall be considered an 357 adjudication order for the purposes of Chapter 119. of the 358 Revised Code. No person shall violate any order of the chief 359 issued under this chapter. No person shall violate a term or 360 condition of a permit or registration certificate issued under 361 this chapter. 362

(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
 363

disposal; or to implement, administer, or enforce division (A) 366 of section 1509.224 and sections 1509.22, 1509.222, 1509.223, 367 and 1509.225, and 1509.226 of the Revised Code pertaining to the 368 transportation of brine by vehicle and the disposal of brine so 369 transported are not adjudication orders for purposes of Chapter 370 119. of the Revised Code. The chief shall issue such orders 371 under division (A) or (B) of section 1509.224 of the Revised 372 Code, as appropriate. 373

Sec. 1509.05. No person shall drill a new well, drill an 374 existing well any deeper, reopen a well, convert a well to any 375 use other than its original purpose, or plug back a well to a 376 source of supply different from the existing pool, without 377 having a permit to do so issued by the chief of the division of 378 oil and gas resources management, and until the original permit 379 or a photostatic copy thereof is posted or displayed in a 380 conspicuous and easily accessible place at the well site, with 381 the name, current address, and telephone number of the permit 382 holder and the telephone numbers for fire and emergency medical 383 services maintained on the posted permit or copy. The permit or 384 a copy shall be continuously displayed in that manner at all 385 times during the work authorized by the permit. 386

# Sec. 1509.051. No person shall convert a well to a use other than its original purpose.

Sec. 1509.06. (A) An application for a permit to drill a new well, drill an existing well deeper, reopen a well, converta well to any use other than its original purpose, or plug back a well to a different source of supply, including associated production operations, shall be filed with the chief of the division of oil and gas resources management upon such form as the chief prescribes and shall contain each of the following

387

388

389

390

391

392

393

394

that is applicable:	396
(1) The name and address of the owner and, if a	397
corporation, the name and address of the statutory agent;	398
(2) The signature of the owner or the owner's authorized	399
agent. When an authorized agent signs an application, it shall	400
be accompanied by a certified copy of the appointment as such	401
agent.	402
(3) The names and addresses of all persons holding the	403
royalty interest in the tract upon which the well is located or	404
is to be drilled or within a proposed drilling unit;	405
(4) The location of the tract or drilling unit on which	406
the well is located or is to be drilled identified by section or	407
lot number, city, village, township, and county;	408
(5) Designation of the well by name and number;	409
(6)(a) The geological formation to be tested or used and	410
the proposed total depth of the well;	411
(b) If the well is for the injection of a liquid, identity	412
of the geological formation to be used as the injection zone and	413
the composition of the liquid to be injected.	414
(7) The type of drilling equipment to be used;	415
(8)(a) An identification, to the best of the owner's	416
knowledge, of each proposed source of ground water and surface	417
water that will be used in the production operations of the	418
well. The identification of each proposed source of water shall	419
indicate if the water will be withdrawn from the Lake Erie	420
watershed or the Ohio river watershed. In addition, the owner	421
shall provide, to the best of the owner's knowledge, the	422
proposed estimated rate and volume of the water withdrawal for	423

#### S. B. No. 50 As Introduced

the production operations. If recycled water will be used in the424production operations, the owner shall provide the estimated425volume of recycled water to be used. The owner shall submit to426the chief an update of any of the information that is required427by division (A) (8) (a) of this section if any of that information428changes before the chief issues a permit for the application.429

(b) Except as provided in division (A)(8)(c) of this 430 section, for an application for a permit to drill a new well 431 within an urbanized area, the results of sampling of water wells 432 within three hundred feet of the proposed well prior to 433 commencement of drilling. In addition, the owner shall include a 434 list that identifies the location of each water well where the 435 owner of the property on which the water well is located denied 436 the owner access to sample the water well. The sampling shall be 437 conducted in accordance with the guidelines established in "Best 438 Management Practices For Pre-drilling Water Sampling" in effect 439 at the time that the application is submitted. The division 440 shall furnish those guidelines upon request and shall make them 441 442 available on the division's web site. If the chief determines that conditions at the proposed well site warrant a revision, 443 444 the chief may revise the distance established in this division for purposes of pre-drilling water sampling. 445

(c) For an application for a permit to drill a new 446 horizontal well, the results of sampling of water wells within 447 one thousand five hundred feet of the proposed horizontal 448 wellhead prior to commencement of drilling. In addition, the 449 owner shall include a list that identifies the location of each 450 water well where the owner of the property on which the water 451 well is located denied the owner access to sample the water 452 well. The sampling shall be conducted in accordance with the 453 guidelines established in "Best Management Practices For Pre-454

drilling Water Sampling" in effect at the time that the455application is submitted. The division shall furnish those456guidelines upon request and shall make them available on the457division's web site. If the chief determines that conditions at458the proposed well site warrant a revision, the chief may revise459the distance established in this division for purposes of pre-460drilling water sampling.461

(9) For an application for a permit to drill a new well 462 within an urbanized area, a sworn statement that the applicant 463 has provided notice by regular mail of the application to the 464 owner of each parcel of real property that is located within 465 five hundred feet of the surface location of the well and to the 466 executive authority of the municipal corporation or the board of 467 township trustees of the township, as applicable, in which the 468 well is to be located. In addition, the notice shall contain a 469 statement that informs an owner of real property who is required 470 to receive the notice under division (A) (9) of this section that 471 within five days of receipt of the notice, the owner is required 472 to provide notice under section 1509.60 of the Revised Code to 473 each residence in an occupied dwelling that is located on the 474 owner's parcel of real property. The notice shall contain a 475 statement that an application has been filed with the division 476 of oil and gas resources management, identify the name of the 477 applicant and the proposed well location, include the name and 478 address of the division, and contain a statement that comments 479 regarding the application may be sent to the division. The 480 notice may be provided by hand delivery or regular mail. The 481 identity of the owners of parcels of real property shall be 482 determined using the tax records of the municipal corporation or 483 county in which a parcel of real property is located as of the 484 date of the notice. 485

#### S. B. No. 50 As Introduced

(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.

(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;

(b) For an application for a permit for a horizontal well, 495 a copy of an agreement concerning maintenance and safe use of 496 the roads, streets, and highways described in division (A)(11) 497 (a) of this section entered into on reasonable terms with the 498 public official that has the legal authority to enter into such 499 maintenance and use agreements for each county, township, and 500 municipal corporation, as applicable, in which any such road, 501 street, or highway is located or an affidavit on a form 502 prescribed by the chief attesting that the owner attempted in 503 good faith to enter into an agreement under division (A) (11) (b) 504 505 of this section with the applicable public official of each such county, township, or municipal corporation, but that no 506 507 agreement was executed.

(12) Such other relevant information as the chief508prescribes by rule.509

Each application shall be accompanied by a map, on a scale 510 not smaller than four hundred feet to the inch, prepared by an 511 Ohio registered surveyor, showing the location of the well and 512 containing such other data as may be prescribed by the chief. If 513 the well is or is to be located within the excavations and 514 workings of a mine, the map also shall include the location of 515

Page 18

491

492

493

the mine, the name of the mine, and the name of the person 516 operating the mine. 517

(B) The chief shall cause a copy of the weekly circular 518 prepared by the division to be provided to the county engineer 519 of each county that contains active or proposed drilling 520 activity. The weekly circular shall contain, in the manner 521 prescribed by the chief, the names of all applicants for 522 permits, the location of each well or proposed well, the 523 information required by division (A) (11) of this section, and 524 525 any additional information the chief prescribes. In addition, the chief promptly shall transfer an electronic copy or 526 facsimile, or if those methods are not available to a municipal 527 corporation or township, a copy via regular mail, of a drilling 528 permit application to the clerk of the legislative authority of 529 the municipal corporation or to the clerk of the township in 530 which the well or proposed well is or is to be located if the 5.31 legislative authority of the municipal corporation or the board 532 of township trustees has asked to receive copies of such 533 applications and the appropriate clerk has provided the chief an 534 accurate, current electronic mailing address or facsimile 535 number, as applicable. 536

(C)(1) Except as provided in division (C)(2) of this 537 section, the chief shall not issue a permit for at least ten 538 days after the date of filing of the application for the permit 539 unless, upon reasonable cause shown, the chief waives that 540 period or a request for expedited review is filed under this 541 section. However, the chief shall issue a permit within twenty-542 one days of the filing of the application unless the chief 543 denies the application by order. 544

(2) If the location of a well or proposed well will be or

is within an urbanized area, the chief shall not issue a permit 546 for at least eighteen days after the date of filing of the 547 application for the permit unless, upon reasonable cause shown, 548 the chief waives that period or the chief at the chief's 549 discretion grants a request for an expedited review. However, 550 the chief shall issue a permit for a well or proposed well 551 within an urbanized area within thirty days of the filing of the 552 application unless the chief denies the application by order. 553

(D) An applicant may file a request with the chief for 554 expedited review of a permit application if the well is not or 555 is not to be located in a gas storage reservoir or reservoir 556 protective area, as "reservoir protective area" is defined in 557 section 1571.01 of the Revised Code. If the well is or is to be 558 located in a coal bearing township, the application shall be 559 accompanied by the affidavit of the landowner prescribed in 560 section 1509.08 of the Revised Code. 561

In addition to a complete application for a permit that 562 meets the requirements of this section and the permit fee 563 prescribed by this section, a request for expedited review shall 564 be accompanied by a separate nonrefundable filing fee of two 565 hundred fifty dollars. Upon the filing of a request for 566 expedited review, the chief shall cause the county engineer of 567 the county in which the well is or is to be located to be 568 notified of the filing of the permit application and the request 569 for expedited review by telephone or other means that in the 570 judgment of the chief will provide timely notice of the 571 application and request. The chief shall issue a permit within 572 seven days of the filing of the request unless the chief denies 573 the application by order. Notwithstanding the provisions of this 574 section governing expedited review of permit applications, the 575 chief may refuse to accept requests for expedited review if, in 576

the chief's judgment, the acceptance of the requests would 577 prevent the issuance, within twenty-one days of their filing, of 578 permits for which applications are pending. 579

(E) A well shall be drilled and operated in accordancewith the plans, sworn statements, and other informationsubmitted in the approved application.582

(F) The chief shall issue an order denying a permit if the 583 chief finds that there is a substantial risk that the operation 584 will result in violations of this chapter or rules adopted under 585 it that will present an imminent danger to public health or 586 safety or damage to the environment, provided that where the 587 chief finds that terms or conditions to the permit can 588 reasonably be expected to prevent such violations, the chief 589 shall issue the permit subject to those terms or conditions, 590 including, if applicable, terms and conditions regarding 591 subjects identified in rules adopted under section 1509.03 of 592 the Revised Code. The issuance of a permit shall not be 593 considered an order of the chief. 594

The chief shall post notice of each permit that has been 595 approved under this section on the division's web site not later 596 than two business days after the application for a permit has 597 been approved. 598

(G) Each application for a permit required by section 599
1509.05 of the Revised Code, except an application for a well 600
drilled or reopened for purposes of section 1509.22 of the 601
Revised Code, also shall be accompanied by a nonrefundable fee 602
as follows: 603

(1) Five hundred dollars for a permit to conductactivities in a township with a population of fewer than ten605

thousand;	606
(2) Seven hundred fifty dollars for a permit to conduct	607
activities in a township with a population of ten thousand or	608
more, but fewer than fifteen thousand;	609
(3) One thousand dollars for a permit to conduct	610
activities in either of the following:	611
(a) A township with a population of fifteen thousand or	612
more;	613
(b) A municipal corporation regardless of population.	614
(4) If the application is for a permit that requires	615
mandatory pooling, an additional five thousand dollars.	616
For purposes of calculating fee amounts, populations shall	617
be determined using the most recent federal decennial census.	618
Each application for the revision or reissuance of a	619
permit shall be accompanied by a nonrefundable fee of two	620
hundred fifty dollars.	621
(H)(1) Prior to the commencement of well pad construction	622
and prior to the issuance of a permit to drill a proposed	623
horizontal well or a proposed well that is to be located in an	624
urbanized area, the division shall conduct a site review to	625
identify and evaluate any site-specific terms and conditions	626
that may be attached to the permit. At the site review, a	627
representative of the division shall consider fencing,	628
screening, and landscaping requirements, if any, for similar	629
structures in the community in which the well is proposed to be	630
located. The terms and conditions that are attached to the	631
permit shall include the establishment of fencing, screening,	632
and landscaping requirements for the surface facilities of the	633

proposed well, including a tank battery of the well.

(2) Prior to the issuance of a permit to drill a proposed
(35) well, the division shall conduct a review to identify and
(36) evaluate any site-specific terms and conditions that may be
(37) attached to the permit if the proposed well will be located in a
(38) one-hundred-year floodplain or within the five-year time of
(39) travel associated with a public drinking water supply.

(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
for twelve months, and all other permits issued under this
644
section shall be valid for twenty-four months.

(J) An applicant or a permittee, as applicable, shall
646
submit to the chief an update of the information that is
647
required under division (A) (8) (a) of this section if any of that
648
information changes prior to commencement of production
649
operations.

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

Sec. 1509.08. Upon receipt of an application for a permit 657 required by section 1509.05 of the Revised Code, or upon receipt 658 of an application for a permit to plug and abandon under section 659 1509.13 of the Revised Code, the chief of the division of oil 660 and gas resources management shall determine whether the well is 661 or is to be located in a coal bearing township. 662

Whether or not the well is or is to be located in a coal 663 bearing township, the chief, by order, may refuse to issue a 664 permit required by section 1509.05 of the Revised Code to any 665 applicant who at the time of applying for the permit is in 666 material or substantial violation of this chapter or rules 667 adopted or orders issued under it. The chief shall refuse to 668 issue a permit to any applicant who at the time of applying for 669 the permit has been found liable by a final nonappealable order 670 of a court of competent jurisdiction for damage to streets, 671 roads, highways, bridges, culverts, or drainways pursuant to 672 section 4513.34 or 5577.12 of the Revised Code until the 673 applicant provides the chief with evidence of compliance with 674 the order. No applicant shall attempt to circumvent this 675 provision by applying for a permit under a different name or 676 business organization name, by transferring responsibility to 677 another person or entity, by abandoning the well or lease, or by 678 any other similar act. 679

If the well is not or is not to be located in a coal 680 bearing township, or if it is to be located in a coal bearing 681 township, but the landowner submits an affidavit attesting to 682 ownership of the property in fee simple, including the coal, and 683 has no objection to the well, the chief shall issue the permit. 684

If the application to drill, or reopen, or convert-685 concerns a well that is or is to be located in a coal bearing 686 township, the chief shall transmit to the chief of the division 687 of mineral resources management two copies of the application 688 and three copies of the map required in section 1509.06 of the 689 Revised Code, except that, when the affidavit with the waiver of 690 objection described above is submitted, the chief of the 691 692 division of oil and gas resources management shall not transmit the copies. 693

#### S. B. No. 50 As Introduced

The chief of the division of mineral resources management694immediately shall notify the owner or lessee of any affected695mine that the application has been filed and send to the owner696or lessee two copies of the map accompanying the application697setting forth the location of the well.698

If the owner or lessee objects to the location of the well 699 or objects to any location within fifty feet of the original 700 location as a possible site for relocation of the well, the 701 702 owner or lessee shall notify the chief of the division of 703 mineral resources management of the objection, giving the reasons for the objection and, if applicable, indicating on a 704 copy of the map the particular location or locations within 705 fifty feet of the original location to which the owner or lessee 706 objects as a site for possible relocation of the well, within 707 six days after the receipt of the notice. If the chief receives 708 no objections from the owner or lessee of the mine within ten 709 days after the receipt of the notice by the owner or lessee, or 710 if in the opinion of the chief the objections offered by the 711 owner or lessee are not sufficiently well founded, the chief 712 immediately shall notify the owner or lessee of those findings. 713 The owner or lessee may appeal the decision of the chief to the 714 reclamation commission under section 1513.13 of the Revised 715 Code. The appeal shall be filed within fifteen days, 716 notwithstanding provisions in divisions division (A) (1) of 717 section 1513.13 of the Revised Code to the contrary, from the 718 date on which the owner or lessee receives the notice. If the 719 appeal is not filed within that time, the chief immediately 720 shall approve the application, retain a copy of the application 721 and map, and return a copy of the application to the chief of 722 the division of oil and gas resources management with the 723 approval noted on it. The chief of the division of oil and gas 724

resources management then shall issue the permit if the 725 provisions of this chapter pertaining to the issuance of such a 726 permit have been complied with. 727

If the chief of the division of mineral resources 728 management receives an objection from the owner or lessee of the 729 mine as to the location of the well within ten days after 730 receipt of the notice by the owner or lessee, and if in the 731 opinion of the chief the objection is well founded, the chief 732 shall disapprove the application and immediately return it to 733 the chief of the division of oil and gas resources management 734 together with the reasons for disapproval and a suggestion for a 735 new location for the well, provided that the suggested new 736 location shall not be a location within fifty feet of the 737 original location to which the owner or lessee has objected as a 738 site for possible relocation of the well if the chief of the 739 division of mineral resources management has determined that the 740 objection is well founded. The chief of the division of oil and 741 gas resources management immediately shall notify the applicant 742 for the permit of the disapproval and any suggestion made by the 743 chief of the division of mineral resources management as to a 744 new location for the well. The applicant may withdraw the 745 application or amend the application to drill the well at the 746 location suggested by the chief, or the applicant may appeal the 747 disapproval of the application by the chief to the reclamation 748 commission. 749

If the chief of the division of mineral resources750management receives no objection from the owner or lessee of a751mine as to the location of the well, but does receive an752objection from the owner or lessee as to one or more locations753within fifty feet of the original location as possible sites for754relocation of the well within ten days after receipt of the755

notice by the owner or lessee, and if in the opinion of the 756 chief the objection is well founded, the chief nevertheless 757 shall approve the application and shall return it immediately to 758 the chief of the division of oil and gas resources management 759 together with the reasons for disapproving any of the locations 760 to which the owner or lessee objects as possible sites for the 761 relocation of the well. The chief of the division of oil and gas 762 resources management then shall issue a permit if the provisions 763 of this chapter pertaining to the issuance of such a permit have 764 been complied with, incorporating as a term or condition of the 765 permit that the applicant is prohibited from commencing drilling 766 at any location within fifty feet of the original location that 767 has been disapproved by the chief of the division of mineral 768 resources management. The applicant may appeal to the 769 reclamation commission the terms and conditions of the permit 770 prohibiting the commencement of drilling at any such location 771 disapproved by the chief of the division of mineral resources 772 management. 773

Any such appeal shall be filed within fifteen days, 774 notwithstanding provisions in division (A)(1) of section 1513.13 775 of the Revised Code to the contrary, from the date the applicant 776 receives notice of the disapproval of the application, any other 777 location within fifty feet of the original location, or terms or 778 conditions of the permit, or the owner or lessee receives notice 779 of the chief's decision. No approval or disapproval of an 780 application shall be delayed by the chief of the division of 781 mineral resources management for more than fifteen days from the 782 date of sending the notice of the application to the mine owner 783 or lessee as required by this section. 784

All appeals provided for in this section shall be treated 785 as expedited appeals. The reclamation commission shall hear any 786 such appeal in accordance with section 1513.13 of the Revised 787 Code and issue a decision within thirty days of the filing of 788 the notice of appeal. 789

The chief of the division of oil and gas resources 790 management shall not issue a permit to drill a new well or 791 reopen a well that is or is to be located within three hundred 792 feet of any opening of any mine used as a means of ingress, 793 egress, or ventilation for persons employed in the mine, nor 794 within one hundred feet of any building or inflammable structure 795 796 connected with the mine and actually used as a part of the 797 operating equipment of the mine, unless the chief of the division of mineral resources management determines that life or 798 property will not be endangered by drilling and operating the 799 well in that location. 800

The chief of the division of mineral resources management 801 may suspend the drilling or reopening of a well in a coal 802 bearing township after determining that the drilling or 803 reopening activities present an imminent and substantial threat 804 to public health or safety or to miners' health or safety and 805 having been unable to contact the chief of the division of oil 806 807 and gas resources management to request an order of suspension under section 1509.06 of the Revised Code. Before issuing a 808 suspension order for that purpose, the chief of the division of 809 mineral resources management shall notify the owner in a manner 810 that in the chief's judgment would provide reasonable 811 notification that the chief intends to issue a suspension order. 812 The chief may issue such an order without prior notification if 813 reasonable attempts to notify the owner have failed, but in that 814 event notification shall be given as soon thereafter as 815 practical. Within five calendar days after the issuance of the 816 order, the chief shall provide the owner an opportunity to be 817

heard and to present evidence that the activities do not present 818 an imminent and substantial threat to public health or safety or 819 to miners' health or safety. If, after considering the evidence 820 presented by the owner, the chief determines that the activities 821 do not present such a threat, the chief shall revoke the 822 suspension order. An owner may appeal a suspension order issued 823 by the chief of the division of mineral resources management 824 under this section to the reclamation commission in accordance 825 with section 1513.13 of the Revised Code or may appeal the order 826 directly to the court of common pleas of the county in which the 827 well is located. 828

Sec. 1509.21. No (A) Except as provided in division (B) of 829 this section, no person shall, without first having obtained a 830 permit from the chief of the division of oil and gas resources 831 management, conduct secondary or additional recovery operations, 832 including any underground injection of fluids or carbon dioxide 8.3.3 for the secondary or tertiary recovery of oil or natural gas or 834 for the storage of hydrocarbons that are liquid at standard 835 temperature or pressure, unless a rule of the chief expressly 836 authorizes such operations without a permit. The permit shall be 837 in addition to any permit required by section 1509.05 of the 838 Revised Code. Secondary or additional recovery operations shall 839 be conducted in accordance with rules and orders of the chief 840 and any terms or conditions of the permit authorizing such 841 operations. In addition, the chief may authorize tests to 842 evaluate whether fluids or carbon dioxide may be injected in a 843 reservoir and to determine the maximum allowable injection 844 pressure. The tests shall be conducted in accordance with 845 methods prescribed in rules of the chief or conditions of the 846 permit. Rules adopted under this section shall include 847 provisions regarding applications for and the issuance of 848

#### S. B. No. 50 As Introduced

permits; the terms and conditions of permits; entry to conduct 849 inspections and to examine records to ascertain compliance with 850 this section and rules, orders, and terms and conditions of 851 permits adopted or issued thereunder; the provision and 852 maintenance of information through monitoring, recordkeeping, 853 and reporting; and other provisions in furtherance of the goals 854 of this section and the Safe Drinking Water Act. To implement 855 the goals of the Safe Drinking Water Act, the chief shall not 856 issue a permit for the underground injection of fluids for the 857 secondary or tertiary recovery of oil or natural gas or for the 858 storage of hydrocarbons that are liquid at standard temperature 859 and pressure, unless the chief concludes that the applicant has 860 demonstrated that the injection will not result in the presence 861 of any contaminant in underground water that supplies or can be 862 reasonably expected to supply any public water system, such that 863 the presence of any such contaminant may result in the system's 864 not complying with any national primary drinking water 865 regulation or may otherwise adversely affect the health of 866 persons. Rules, orders, and terms or conditions of permits 867 adopted or issued under this section shall be construed to be no 868 more stringent than required for compliance with the Safe 869 Drinking Water Act, unless essential to ensure that underground 870 sources of drinking water will not be endangered. 871

(B) No person shall dispose of brine in association with a872method of enhanced recovery conducted pursuant to division (A)873of this section.874

Sec. 1509.22. (A) Except when acting in accordance with875section 1509.226 of the Revised Code, no (1) No person shall876place or cause to be placed brine in or on the land or in877surface or ground water.878

(2) No person shall place or cause to be placed in ground 879 water or in or on the land or discharge or cause to be 880 discharged in surface water brine, crude oil, natural gas, or 881 other fluids associated with the exploration, development, well 882 stimulation, production operations, or plugging of oil and gas 883 resources that <u>causes cause</u>or could reasonably be anticipated 884 885 to cause damage or injury to public health or safety or the environment. 886

(3) Divisions (A) (1) and (2) of this section apply887regardless of whether brine, crude oil, natural gas, or other888fluids associated with the exploration or development of oil and889gas resources have been treated in a public water system or890other treatment system or process.891

(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 898 store, recycle, treat, process, or dispose of in this state 899 brine or other waste substances associated with the exploration, 900 development, well stimulation, production operations, or 901 plugging of oil and gas resources without an order or a permit 902 issued under this section or section 1509.06 or 1509.21 of the 903 Revised Code or rules adopted under any of those sections. For 904 purposes of division (B)(2)(a) of this section, a permit or 905 other form of authorization issued by another agency of the 906 state or a political subdivision of the state shall not be 907 considered a permit or order issued by the chief of the division 908

892

893

894

895

896

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.

(C) The chief shall adopt rules regarding storage, 914 recycling, treatment, processing, and disposal of brine and 915 other waste substances. The rules shall establish procedures and 916 requirements in accordance with which a person shall apply for a 917 permit or order for the storage, recycling, treatment, 918 processing, or disposal of brine and other waste substances that 919 are not subject to a permit issued under section 1509.06 or 920 1509.21 of the Revised Code and in accordance with which the 921 chief may issue such a permit or order. An application for such 922 a permit shall be accompanied by a nonrefundable fee of two 923 thousand five hundred dollars. 924

The storage, recycling, treatment, processing, and925disposal of brine and other waste substances and the chief's926rules relating to storage, recycling, treatment, processing, and927disposal are subject to all of the following standards:928

(1) Brine from any well except an exempt Mississippian
 929
 well-shall be disposed of only as follows:
 930

(a) By injection into an underground formation, including931annular disposal if approved by rule of the chief, which932injection shall be subject to division (D) of this section;933

(b) By surface application in accordance with section9341509.226 of the Revised Code;935

(c) In association with a method of enhanced recovery as936provided in section 1509.21 of the Revised Code;937

(d) In any other manner not specified in divisions (C)(1)	938
<del>(a) to (c) of this section that is <u>by a method</u> approved by <del>a</del></del>	939
permit or order issued by the chief for testing and implementing	940
a new technology or method of disposal. No person shall fail to	941
comply with this division.	942
(2) Brine from exempt Mississippian wells shall not be-	943
discharged directly into the waters of the state.	944
(3)-Muds, cuttings, and other waste substances shall not	945
be disposed of in violation of this chapter or any rule adopted	946
under it.	947
(4) (3) Pits or steel tanks shall be used as authorized by	948
the chief for containing brine and other waste substances	949
resulting from, obtained from, or produced in connection with	950
drilling, well stimulation, reworking, reconditioning, plugging	951
back, or plugging operations. The pits and steel tanks shall be	952
constructed and maintained to prevent the escape of brine and	953
other waste substances.	954
$\frac{(5)}{(4)}$ A dike or pit may be used for spill prevention and	955
control. A dike or pit so used shall be constructed and	956
maintained to prevent the escape of brine and crude oil, and the	957
reservoir within such a dike or pit shall be kept reasonably	958
free of brine, crude oil, and other waste substances.	959
(6) Impoundments constructed utilizing a synthetic	960
liner pursuant to the division's specifications may be used for	961
the temporary storage of waste substances used in the	962
construction, stimulation, or plugging of a well.	963
(7) (6) No pit or dike shall be used for the temporary	964
storage of brine or other waste substances except in accordance	965
with divisions (C) $(4)$ – $(3)$ and $(5)$ – $(4)$ of this section.	966

(8) (7) No pit or dike shall be used for the ultimate 967 disposal of brine or other liquid waste substances. 968 (D) (1) No-Except as provided in division (D) (2) of this 969 section, no person, without first having obtained a permit from-970 the chief, shall inject brine or other waste substances 971 resulting from, obtained from, or produced in connection with 972 oil or gas drilling, exploration, or production into an 973 underground formation unless a rule of the chief expressly 974 Revised Code, and the permit application shall be accompanied by a permit fee of one thousand dollars. The chief shall adopt 978 rules in accordance with Chapter 119. of the Revised Code-979 regarding the injection into wells of brine and other waste 980 substances resulting from, obtained from, or produced in-981 connection with oil or gas drilling, exploration, or production. 982 The rules shall include provisions regarding all of the following: 985 (a) Applications for and issuance of the permits required 986 987 (b) Entry to conduct inspections and to examine and copy 988 989 990 (c) The provision and maintenance of information through 991

#### authorizes the injection without a permit. The permit shall be 975 in addition to any permit required by section 1509.05 of the 976 977

983 984

by this division;

records to ascertain compliance with this division and rules, orders, and terms and conditions of permits adopted or issued under it;

monitoring, recordkeeping, and reporting. In addition, the rules-992 shall require the owner of an injection well who has been issued 993 a permit under division (D) of this section to quarterly submit 994 electronically to the chief information concerning each shipment 995 of brine or other waste substances received by the owner for 996

1024 1025

injection into the well.	997
(d) The provision and electronic reporting quarterly of	998
information concerning brine and other waste substances from a	999
transporter that is registered under section 1509.222 of the	1000
Revised Code prior to the injection of the transported brine or	1001
other waste substances;	1002
(e) Any other provisions in furtherance of the goals of	1003
this section and the Safe Drinking Water Act.	1004
(2) The chief may adopt rules in accordance with Chapter	1005
119. of the Revised Code authorizing tests to evaluate whether	1006
fluids <u>other than brine or</u> carbon dioxide may be injected in a	1007
reservoir and to determine the maximum allowable injection	1008
pressure, which shall be conducted in accordance with methods	1009
prescribed in the rules or in accordance with conditions of <del>the</del>	1010
a permit issued by the chief for that purpose. In addition, the	1011
chief may adopt rules that do both of the following:	1012
(a) Establish the total depth of a well for which a permit	1013
has been applied for or issued under this division;	1014
(b) Establish requirements and procedures to protect	1015
public health and safety.	1016
(3) To implement the goals of the Safe Drinking Water Act	1017
Except as provided in division (D)(2) of this section, the chief	1018
shall not issue a permit for the injection of brine or other	1019
waste substances resulting from, obtained from, or produced in	1020
connection with oil or gas drilling, exploration, or production	1021
unless the chief concludes that the applicant has demonstrated	1022
that the injection will not result in the presence of any-	1023

contaminant in ground water that supplies or can reasonably be-

expected to supply any public water system, such that the-

presence of the contaminant may result in the system's not	1026
complying with any national primary drinking water regulation or	1027
may otherwise adversely affect the health of persons.	1028
(4) The chief may issue an order to the owner of a well in	1029
existence on September 10, 2012, to make changes in the	1025
operation of the well in order to correct problems or to address	1031
safety concerns.	1032
(5) This division and rules, orders, and terms and	1033
conditions of permits adopted or issued under it shall be-	1034
construed to be no more stringent than required for compliance-	1035
with the Safe Drinking Water Act unless essential to ensure that	1036
underground sources of drinking water will not be endangered.	1037
(E) The owner holding a permit, or an assignee or	1038
transferee who has assumed the obligations and liabilities	1039
imposed by this chapter and any rules adopted or orders issued	1040
under it pursuant to section 1509.31 of the Revised Code, and	1041
the operator of a well shall be liable for a violation of this	1042
section or any rules adopted or orders or terms or conditions of	1043
a permit issued under it.	1044
	1011
(F) An owner shall replace the water supply of the holder	1045
of an interest in real property who obtains all or part of the	1046
holder's supply of water for domestic, agricultural, industrial,	1047
or other legitimate use from an underground or surface source	1048
where the supply has been substantially disrupted by	1049
contamination, diminution, or interruption proximately resulting	1050
from the owner's oil or gas operation, or the owner may elect to	1051
compensate the holder of the interest in real property for the	1052
difference between the fair market value of the interest before	1053
the damage occurred to the water supply and the fair market	1054

the damage occurred to the water supply and the fair market1054value after the damage occurred if the cost of replacing the1055

#### S. B. No. 50 As Introduced

water supply exceeds this difference in fair market values. 1056 However, during the pendency of any order issued under this 1057 division, the owner shall obtain for the holder or shall 1058 reimburse the holder for the reasonable cost of obtaining a 1059 water supply from the time of the contamination, diminution, or 1060 interruption by the operation until the owner has complied with 1061 an order of the chief for compliance with this division or such 1062 an order has been revoked or otherwise becomes not effective. If 1063 the owner elects to pay the difference in fair market values, 1064 but the owner and the holder have not agreed on the difference 1065 within thirty days after the chief issues an order for 1066 compliance with this division, within ten days after the 1067 expiration of that thirty-day period, the owner and the chief 1068 each shall appoint an appraiser to determine the difference in 1069 fair market values, except that the holder of the interest in 1070 real property may elect to appoint and compensate the holder's 1071 own appraiser, in which case the chief shall not appoint an 1072 appraiser. The two appraisers appointed shall appoint a third 1073 appraiser, and within thirty days after the appointment of the 1074 third appraiser, the three appraisers shall hold a hearing to 1075 determine the difference in fair market values. Within ten days 1076 after the hearing, the appraisers shall make their determination 1077 by majority vote and issue their final determination of the 1078 difference in fair market values. The chief shall accept a 1079 determination of the difference in fair market values made by 1080 agreement of the owner and holder or by appraisers under this 1081 division and shall make and dissolve orders accordingly. This 1082 division does not affect in any way the right of any person to 1083 enforce or protect, under applicable law, the person's interest 1084 in water resources affected by an oil or gas operation. 1085

(G) In any action brought by the state for a violation of 1086

division (A) of this section involving any well at which annular 1087 disposal is used, there shall be a rebuttable presumption 1088 available to the state that the annular disposal caused the 1089 violation if the well is located within a one-quarter-mile 1090 radius of the site of the violation. 1091 (H) (1) There is levied on the owner of an injection well 1092 who has been issued a permit under division (D) of this section 1093 1094 the following fees: 1095 (a) Five cents per barrel of each substance that is delivered to a well to be injected in the well when the 1096 substance is produced within the division of oil and gas 1097 resources management regulatory district in which the well is 1098 located or within an adjoining oil and gas resources management 1099 regulatory district; 1100 (b) Twenty cents per barrel of each substance that is 1101 1102 delivered to a well to be injected in the well when the substance is not produced within the division of oil and gas 1103 resources management regulatory district in which the well is-1104 located or within an adjoining oil and gas resources management 1105 1106 regulatory district. 1107 (2) The maximum number of barrels of substance per-1108 injection well in a calendar year on which a fee may be levied under division (H) of this section is five hundred thousand. If 1109 in a calendar year the owner of an injection well receives more 1110 than five hundred thousand barrels of substance to be injected 1111 in the owner's well and if the owner receives at least one-1112 substance that is produced within the division's regulatory 1113 district in which the well is located or within an adjoining 1114 regulatory district and at least one substance that is not 1115 produced within the division's regulatory district in which the 1116

well is located or within an adjoining regulatory district, the	1117
fee shall be calculated first on all of the barrels of substance	1118
that are not produced within the division's regulatory district	1119
in which the well is located or within an adjoining district at	1120
the rate established in division (H)(2) of this section. The fee-	1121
then shall be calculated on the barrels of substance that are-	1122
produced within the division's regulatory district in which the	1123
well is located or within an adjoining district at the rate-	1124
established in division (H)(1) of this section until the maximum	1125
number of barrels established in division (H)(2) of this section-	1126
has been attained.	1127
(3) The owner of an injection well who is issued a permit	1128
under division (D) of this section shall collect the fee levied-	1129
by division (H) of this section on behalf of the division of oil-	1130
and gas resources management and forward the fee to the	1131
division. The chief shall transmit all money received under-	1132
division (H) of this section to the treasurer of state who shall-	1133
deposit the money in the state treasury to the credit of the oil-	1134
and gas well fund created in section 1509.02 of the Revised-	1135
Code. The owner of an injection well who collects the fee levied	1136
by this division may retain up to three per cent of the amount-	1137
that is collected.	1138
(4) The chief shall adopt rules in accordance with Chapter-	1139
119. of the Revised Code establishing requirements and	1140
procedures for collection of the fee levied by division (H) of-	1141
this section.	1142
Sec. 1509.222. (A)(1) Except as provided in section	1143
1509.226 of the Revised Code, no <u>No p</u> erson shall transport brine	1144
by vehicle in this state unless the business entity that employs	1145
the person first registers with and obtains a registration	1146

Page 40

#### certificate and identification number from the chief of the 1147 division of oil and gas resources management. 1148 (2) No more than one registration certificate shall be 1149 required of any business entity. Registration certificates 1150 issued under this section are not transferable. An applicant 1151 shall file an application with the chief, containing such 1152 information in such form as the chief prescribes. The 1153 application shall include at least all of the following: 1154 (a) A list that identifies each vehicle, vessel, railcar, 1155 and container that will be used in the transportation of brine; 1156 (b) A plan for disposal that provides for compliance with 1157 the requirements of this chapter and rules of the chief 1158 pertaining to the transportation of brine by vehicle and the 1159 disposal of brine so transported and that lists all disposal 1160 sites that the applicant intends to use; 1161 (c) The bond required by section 1509.225 of the Revised 1162 Code; 1163 (d) A certificate issued by an insurance company 1164 authorized to do business in this state certifying that the 1165 applicant has in force a liability insurance policy in an amount 1166 not less than three hundred thousand dollars bodily injury 1167 coverage and three hundred thousand dollars property damage 1168 coverage to pay damages for injury to persons or property caused 1169 by the collecting, handling, transportation, or disposal of 1170 brine. 1171

The insurance policy required by division (A) (2) (d) of1172this section shall be maintained in effect during the term of1173the registration certificate. The policy or policies providing1174the coverage shall require the insurance company to give notice1175

to the chief if the policy or policies lapse for any reason.1176Upon such termination of the policy, the chief may suspend the1177registration certificate until proper insurance coverage is1178obtained.1179

(3) Each application for a registration certificate shallbe accompanied by a nonrefundable fee of five hundred dollars.1181

(4) If a business entity that has been issued a 1182 registration certificate under this section changes its name due 1183 to a business reorganization or merger, the business entity 1184 shall revise the bond or certificates of deposit required by 1185 section 1509.225 of the Revised Code and obtain a new 1186 certificate from an insurance company in accordance with 1187 division (A)(2)(e) of this section to reflect the change in the 1188 name of the business entity. 1189

(B) The chief shall issue an order denying an applicationfor a registration certificate if the chief finds that either ofthe following applies:

(1) The applicant, at the time of applying for the
registration certificate, has been found liable by a final
nonappealable order of a court of competent jurisdiction for
damage to streets, roads, highways, bridges, culverts, or
drainways pursuant to section 4513.34 or 5577.12 of the Revised
Code until the applicant provides the chief with evidence of
compliance with the order.

(2) The applicant's plan for disposal does not provide for
compliance with the requirements of this chapter and rules of
the chief pertaining to the transportation of brine by vehicle
and the disposal of brine so transported.

(C) No applicant shall attempt to circumvent division (B) 1204

of this section by applying for a registration certificate under1205a different name or business organization name, by transferring1206responsibility to another person or entity, or by any similar1207act.1208

(D) A registered transporter shall apply to revise a 1209 disposal plan under procedures that the chief shall prescribe by 1210 rule. However, at a minimum, an application for a revision shall 1211 list all sources and disposal sites of brine currently 1212 transported. The chief shall deny any application for a revision 1213 of a plan under this division if the chief finds that the 1214 proposed revised plan does not provide for compliance with the 1215 requirements of this chapter and rules of the chief pertaining 1216 to the transportation of brine by vehicle and the disposal of 1217 brine so transported. Approvals and denials of revisions shall 1218 be by order of the chief. 1219

(E) The chief may adopt rules, issue orders, and attach
terms and conditions to registration certificates as may be
necessary to administer, implement, and enforce sections
1222
1509.222 to 1509.225 of the Revised Code for protection
1223
of public health or safety or conservation of natural resources.
1224

Sec. 1509.223. (A) No permit holder or owner of a well 1225 shall enter into an agreement with or permit any person to 1226 transport brine produced from the well who is not registered 1227 pursuant to section 1509.222 of the Revised Code or exempt from 1228 registration under section 1509.226 of the Revised Code. 1229

(B) Each registered transporter shall file with the chief
of the division of oil and gas resources management, on or
before the fifteenth day of April, a statement concerning brine
transported, including quantities transported and source and
delivery points, during the last preceding calendar year, and

such other information in such form as the chief may prescribe.	1235
(C) Each registered transporter shall keep on each vehicle	1236
used to transport brine a daily log and have it available upon	1237
the request of the chief or an authorized representative of the	1238
chief or a peace officer. The log shall, at a minimum, include	1239
all of the following information:	1240
(1) The name of the owner or owners of the well or wells	1241
producing the brine to be transported;	1242
(2) The date and time the brine is loaded;	1243
(3) The name of the driver;	1244
(4) The amount of brine loaded at each collection point;	1245
(5) The disposal location;	1246
(6) The date and time the brine is disposed of and the	1247
amount of brine disposed of at each location.	1248
The chief, by rule, may establish procedures for the	1249
electronic submission to the chief of the information that is	1250
required to be included in the daily log. No registered	1251
transporter shall falsify or fail to keep or submit the log	1252
required by this division.	1253
(D) Each registered transporter shall legibly identify	1254
with reflective paints all vehicles employed in transporting or	1255
disposing of brine. Letters shall be no less than four inches in	1256
height and shall indicate the identification number issued by	1257
the chief, the word "brine," and the name and telephone number	1258
of the transporter.	1259
(E) The chief shall maintain and keep a current list of	1260
	4 9 7 1

persons registered to transport brine under section 1509.222 of 1261

the Revised Code. The list shall be open to public inspection.1262It is an affirmative defense to a charge under division (A) of1263this section that at the time the permit holder or owner of a1264well entered into an agreement with or permitted a person to1265transport brine, the person was shown on the list as currently1266registered to transport brine.1267

Sec. 1509.224. (A) In addition to any other remedies 1268 provided in this chapter, if the chief of the division of oil 1269 and gas resources management has reason to believe that a 1270 pattern of the same or similar violations of any requirements of 1271 section 1509.22, 1509.222, or 1509.223 of the Revised Code, or 1272 any rule adopted thereunder or term or condition of the 1273 registration certificate issued thereunder exists or has 1274 existed, and the violations are caused by the transporter's 1275 indifference, lack of diligence, or lack of reasonable care, or 1276 are willfully caused by the transporter, the chief shall 1277 immediately issue an order to the transporter to show cause why 1278 the certificate should not be suspended or revoked. After the 1279 issuance of the order, the chief shall provide the transporter 1280 an opportunity to be heard and to present evidence at an 1281 1282 informal hearing conducted by the chief. If, at the conclusion of the hearing, the chief finds that such a pattern of 1283 violations exists or has existed, the chief shall issue an order 1284 suspending or revoking the transporter's registration 1285 certificate. An order suspending or revoking a certificate under 1286 this section may be appealed under sections 1509.36 and 1509.37 1287 of the Revised Code, or notwithstanding any other provision of 1288 this chapter, may be appealed directly to the court of common 1289 pleas of Franklin county. 1290

(B) Before issuing an order denying a registration1291certificate; approving or denying approval of an application for1292

revision of a registered transporter's plan for disposal; or to 1293 implement, administer, or enforce section 1509.22, 1509.222, 1294 1509.223, or 1509.225, or 1509.226 of the Revised Code and rules 1295 and terms and conditions of registration certificates adopted or 1296 issued thereunder pertaining to the transportation of brine by 1297 vehicle and the disposal of brine so transported, the chief 1298 shall issue a preliminary order indicating the chief's intent to 1299 issue a final order. The preliminary order shall clearly state 1300 the nature of the chief's proposed action and the findings on 1301 which it is based and shall state that the preliminary order 1302 becomes a final order thirty days after its issuance unless the 1303 person to whom the preliminary order is directed submits to the 1304 chief a written request for an informal hearing before the chief 1305 within that thirty-day period. At the hearing the person may 1306 present evidence as to why the preliminary order should be 1307 revoked or modified. Based upon the findings from the informal 1308 hearing, the chief shall revoke, issue, or modify and issue the 1309 preliminary order as a final order. A final order may be 1310 appealed under sections 1509.36 and 1509.37 of the Revised Code. 1311

Sec. 1509.99. (A) Whoever violates sections 1509.01 to 1312 1509.31 of the Revised Code or any rules adopted or orders or 1313 terms or conditions of a permit issued pursuant to these 1314 sections for which no specific penalty is provided in this 1315 section shall be fined not less than one hundred nor more than 1316 one thousand dollars for a first offense; for each subsequent 1317 offense the person shall be fined not less than two hundred nor 1318 more than two thousand dollars. 1319

(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 1324 (A), (B), or (D) of section 1509.22, division (A)(1) or (C) of 1325 section 1509.222, or division (A) or (D) of section 1509.223 of 1326 the Revised Code or any rules adopted or orders issued under 1327 division (C) of section 1509.22 or rules adopted or orders or 1328 terms or conditions of a registration certificate issued under 1329 division (E) of section 1509.222 of the Revised Code shall be 1330 fined ten thousand dollars or imprisoned for six months, or both 1331 for a first offense; for each subsequent offense the person 1332 shall be fined twenty thousand dollars or imprisoned for two 1333 years, or both. Whoever negligently violates those divisions, 1334 sections, rules, orders, or terms or conditions of a 1335 registration certificate shall be fined not more than five 1336 thousand dollars. 1337

(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 negligently violates section 1509.051</u>, 1342
<u>division (B) of section 1509.21</u>, or division (C) (1) of section 1343
<u>1509.22 of the Revised Code shall be fined not less than one</u> 1344
<u>hundred nor more than one thousand dollars for a first offense</u>; 1345
<u>for each subsequent offense the person shall be fined not less</u> 1346
<u>than two hundred nor more than two thousand dollars</u>. 1347

(F) The prosecuting attorney of the county in which the 1348 offense was committed or the attorney general may prosecute an 1349 action under this section. 1350

(F) (G)For purposes of this section, each day of1351violation constitutes a separate offense.1352

Section 2. That existing sections 1509.01, 1509.02,13531509.03, 1509.05, 1509.06, 1509.08, 1509.21, 1509.22, 1509.222,13541509.223, 1509.224, and 1509.99 and section 1509.226 of the1355Revised Code are hereby repealed.1356