
DEPARTMENT OF NATURAL RESOURCES

Oil and Gas Law

- Changes the definition of "production operation" in the Oil and Gas Law by including equipment and facilities at a wellpad or other location that are used for specified purposes and that may be used or reused at the same or another operation or will be disposed of in accordance with applicable laws and rules.
- Requires the owner of a horizontal well to file production statements quarterly rather than annually.
- Requires the term "material safety data sheet," as used in the statute governing well completion records in the Oil and Gas Law, to conform to any changes in the term by the Occupational Safety and Health Administration.
- Requires 50% of money received from signing fees, rentals, and royalty payments for oil and gas leases on land located in state parks to be credited to the existing Parks Mineral Royalties Fund rather than all money so received as in current law.
- Requires the remaining 50% of money so received to be credited to the Clean Ohio Distribution Fund, which the bill creates.
- Requires the Director of Budget and Management, if the new Fund reaches \$25 million in any year, to transfer the total balance of the Fund as follows: 75% to the existing Clean Ohio Conservation Fund, 12.5% to the existing Agricultural Easement Purchase Fund, and 12.5% to the existing Clean Ohio Trail Fund.

Watercraft Revolving Loan Program

- Eliminates the Watercraft Revolving Loan Program and the Watercraft Revolving Loan Fund.

Funds

- Eliminates the Division of Forestry Law Enforcement Fund and the Division of Natural Areas and Preserves Law Enforcement Fund.
- Requires proceeds from forfeited property resulting from investigations conducted by the Division of Forestry and the Division of Natural Areas and Preserves to be deposited in the Division of Parks and Recreation Law Enforcement Fund, and requires that Fund to be used by the Division of Parks and Recreation for law enforcement purposes.



- Eliminates the Wild Animal Fund, which consists of moneys received from the sale of wild animals to other states, state or federal agencies, and conservation or zoological organizations, and requires the moneys instead to be credited to the existing Wildlife Fund.
- Eliminates the Mined Land Set Aside Fund, which consists of federal grants and is used for specified reclamation and restoration activities.
- Eliminates annual transfers of investment earnings from the Coal-Workers Pneumoconiosis Fund to the Mine Safety Fund and the Coal Mining Administration and Reclamation Reserve Fund, the authority for which is scheduled to expire June 30, 2013.
- Eliminates the Conservancy District Organization Fund, which is used to provide an advance of money to a conservancy district for specified purposes.

Definition of "production operation" in Oil and Gas Law

(R.C. 1509.01)

The bill changes the definition of "production operation" in the Oil and Gas Law to include equipment and facilities at a wellpad or other location that are used for the transportation, handling, recycling, temporary storage, management, processing, or treatment of any equipment, material, and by-products or other substances from an operation at a wellpad that may be used or reused at the same or another operation or that will be disposed of in accordance with applicable laws and rules adopted under them.

Production reports

(R.C. 1509.062 and 1509.11)

The bill requires the owner of a horizontal well that is producing or capable of producing oil or gas to file a production statement with the Chief of the Division of Oil and Gas Resources Management on a quarterly basis rather than annually as in current law. It then makes a conforming change by requiring the owner of a horizontal well that has no reported production for eight consecutive reporting periods rather than two consecutive reporting periods as in current law – both of which equal two years – to plug the well, obtain temporary inactive well status for the well, or perform another activity regarding the well that is approved by the Chief. The bill retains existing



requirements governing production statements for all wells and specifically applies them to production statements for horizontal wells.

Material safety data sheet

(R.C. 1509.10)

The bill requires the term "material safety data sheet," as used in the statute governing well completion records in the Oil and Gas Law, to conform to any revision of or change in the term by the Occupational Safety and Health Administration.

Use of revenue from oil and gas drilling on state park lands

(R.C. 151.50, 164.27, 901.21, 1509.73, and 1519.05)

The bill requires 50% of money received from signing fees, rentals, and royalty payments for oil and gas leases entered into by a state agency on land located in state parks to be credited to the existing Parks Mineral Royalties Fund rather than all money so received as in current law. It requires the remaining 50% of the money so received to be credited to the Clean Ohio Distribution Fund, which the bill creates.

Under the bill, not later than October 5 each year, the Director of Budget and Management must determine the balance of the Clean Ohio Distribution Fund. If the balance of the Fund is \$25 million or more, the Director must transfer the total balance of the Fund as follows:

(1) 75% of the money must be credited to the existing Clean Ohio Conservation Fund, which is used for natural resources and parks and recreation grants;

(2) 12.5% of the money must be credited to the existing Clean Ohio Agricultural Easement Fund, which is used for certain farmland preservation purposes; and

(3) 12.5% of the money must be credited to the existing Clean Ohio Trail Fund, which is used for recreational trail grants.

Watercraft Revolving Loan Program and Fund

(R.C. 1547.721, 1547.722, 1547.723, 1547.724, 1547.725, and 1547.726, repealed)

The bill eliminates the Watercraft Revolving Loan Program, under which loans are made to public or private entities to pay allowable costs of eligible projects involving marine recreational facilities and refuge harbors. The bill also eliminates the Watercraft Revolving Loan Fund, which is used to fund the Program and consists of money appropriated or transferred to it.



Law enforcement funds

(R.C. 1501.45)

The bill eliminates the Division of Forestry Law Enforcement Fund and the Division of Natural Areas and Preserves Law Enforcement Fund, both of which consist of proceeds from forfeited property that were seized pursuant to a law enforcement investigation. It then requires proceeds from forfeited property resulting from investigations conducted by the Division of Forestry and the Division of Natural Areas and Preserves to be deposited in the Division of Parks and Recreation Law Enforcement Fund. Finally, it requires money in the Division of Parks and Recreation Law Enforcement Fund to be used by the Division of Parks and Recreation for law enforcement purposes.

Wild Animal Fund

(R.C. 1531.06, 1531.17, and 1531.34, repealed)

The bill eliminates the Wild Animal Fund, which consists of moneys received from the sale of wild animals to other states, state or federal agencies, and conservation or zoological organizations and is used to fund programs for the acquisition, development, and management of lands and waters in Ohio for wildlife purposes. The bill requires money received from those sales instead to be credited to the existing Wildlife Fund.

Mined Land Set Aside Fund

(R.C. 1513.371, repealed)

The bill eliminates the Mined Land Set Aside Fund, which consists of federal grants and is used for specified activities for the reclamation and restoration of land and water resources adversely affected by past coal mining practices.

Transfers from the Coal-Workers Pneumoconiosis Fund

(R.C. 4131.03)

The bill eliminates the authority of the Director to annually request the Administrator of Workers' Compensation to transfer a portion of the investment earnings earned by the Coal-Workers Pneumoconiosis Fund to the Mine Safety Fund and the Coal Mining Administration and Reclamation Reserve Fund. The bill also eliminates the Administrator's current law authority to transfer up to \$3 million to the Mine Safety Fund and up to \$1.5 million to the Coal Mining Administration and Reclamation Reserve Fund. Thus, the bill also eliminates the requirement that the



Administrator adopt rules governing these transfers to ensure the solvency of the Coal-Workers Pneumoconiosis Fund. Current law establishing this request and transfer process is set to expire June 30, 2013.

Conservancy District Organization Fund

(R.C. 6101.451, repealed)

The bill eliminates the Conservancy District Organization Fund, which is used to provide an advance of money to a conservancy district or a subdistrict to pay expenses of organization, surveys and plans, appraisals, estimates of cost, land options, and other incidental expenses of the district or subdistrict.

