
DEPARTMENT OF NATURAL RESOURCES

Sale, transfer, or use of Department property and water

- Requires the Director of Natural Resources to obtain the Governor's approval only for specified types of property transactions in an amount of \$50,000 or more rather than generally requiring both the Governor's and Attorney General's approval of any such transaction in any amount as in current law.
- Generally requires any such transaction, regardless of the amount, to be executed in accordance with a provision of the Conveyances and Encumbrances Law that requires specific actions to be taken regarding conveyances of state real estate, including drafting by the Auditor of State and signature by the Governor.

Department notices

- Requires the Department to publish notices regarding certain activities, projects, or improvements as contemplated in the general newspaper publication statute.

Mining operation annual reports

- Transfers the responsibility to prepare and publish certain mining operation reports from the Chief of the Division of Geological Survey or the Chief of the Division of Mineral Resources Management, as applicable, to the Director or the Director's designee.
- Authorizes the Director or the Director's designee to require the Division of Mineral Resources Management to perform the reporting duties currently performed by the Division of Geological Survey.

Streams and wetlands restoration by coal mining operators

- Requires a permitted coal mining and reclamation operator to restore on the permit area streams and wetlands affected by mining operations unless the Chief of the Division of Mineral Resources Management approves mitigation activities off the permit area without a coal mining and reclamation permit, provided that the Chief first must make certain determinations.
- Requires the operator, if the Chief approves restoration off the permit area, to complete all mitigation construction or other activities required by the applicable mitigation plan.



- Specifies that performance security for reclamation activities on the permit area must be released pursuant to current law, except that any release of the remaining portion of performance security must not be approved prior to the construction of required mitigation activities off the permit area.

Wildlife Boater Angler Fund

- Revises the uses of the Wildlife Boater Angler Fund by allowing its use for maintenance and repair of dams and impoundments, rather than unspecified maintenance, and acquisitions, including lands and facilities for boating access, in addition to its existing uses.
- Specifies that the activities for which the Fund may be used must occur on waters, rather than only on lakes, on which the operation of gasoline-powered watercraft is permissible.
- Increases from \$200,000 to \$500,000 the amount of annual expenditures from the Fund that may be used to pay for related equipment and personnel costs.

Deer permits; hunting licenses

- Revises existing law requiring the procurement of a \$23 deer permit to hunt deer by establishing a nonresident deer permit, the fee for which is \$99, and a resident deer permit, the fee for which is \$23.
- Retains existing law providing either half-price or free deer permits for Ohio residents who are at least 66 years old, and specifies that the fee for the existing youth deer permit remains $\frac{1}{2}$ of the regular resident deer permit fee regardless of residency.
- Revises existing law requiring a person on active military duty who is either stationed in Ohio or on leave or furlough to obtain a deer permit by requiring such a person to obtain a resident deer permit and specifying that the person is eligible to obtain a resident deer permit regardless of residency.
- Increases the nonresident hunting license fee and the apprentice nonresident hunting license fee from \$124 to \$149.

Oil and Gas Law

Application of Law

- Applies the Oil and Gas Law to a limited liability company, a joint venture, and any other form of business by including them in the definition of "person" in that Law.



- Applies to public land provisions in the Law governing minimum distances of wells from boundaries of tracts, voluntary and mandatory pooling, special drilling units, establishment of exception tracts to which minimum acreage and distance requirements do not apply, unit operation of a pool, and revision of an existing tract by a person holding a permit under that Law.
- Accomplishes the change by revising the definition of "tract" in that Law by including land that is not taxed.

Definition of "condensate"

- Revises the definition of "condensate" in the Law, and thus for purposes of the bill's severance tax provisions, to mean liquid hydrocarbons separated at or near the well pad or along the gas production or gathering system or by, rather than prior to, gas processing.

Registration containing background information

- Requires a person that intends to engage in an activity regulated under the Law to register with the Division of Oil and Gas Resources Management and disclose all felony convictions or guilty pleas of or by the person and officers of the person to specified water pollution control laws within the previous 25 years.
- Authorizes the Chief of the Division to request additional information regarding such a felony conviction or felony guilty plea, except for information extending to the person's corporate parent entities.
- Authorizes the Chief to request the Superintendent of the Bureau of Criminal Identification and Investigation to review federal and state criminal records with respect to any person that submitted a form for registration.
- Authorizes the Chief to deny a person's registration by issuance of an order after reviewing the information submitted, any additional information requested, and any information received from a criminal records review requested by the Chief.
- Prohibits the Chief from issuing a permit, registration certificate, or order authorizing an activity under the Law to a person whose registration was denied.
- Excludes specific types of individuals from the registration requirement.
- Allows a person denied a registration to reapply for a registration beginning three months from the date on which the Chief's order denying the registration becomes final and nonappealable.

Application fee for permit to plug back existing oil or gas well

- Requires an application for a permit to plug back an existing oil or gas well to be accompanied by a nonrefundable fee by removing the exemption in current law under which such an application need not be accompanied by a fee.

Disclosure of chemical information and records

- Requires an owner or person that is required under current law to maintain records for a product, fluid, or substance or chemical component in a product, fluid, or substance designated by the owner or person as a trade secret to maintain the records for at least two years from the date the product, fluid, substance, or chemical component was brought to a regulated location, rather than from the date it was placed in a well.
- Adds that an owner or person that is required under current law, upon request of the Chief of the Division of Oil and Gas Resources Management, to disclose to the Chief records necessary to respond to a spill, release, or investigation must disclose the records or information without undue delay.
- Requires an owner or person that received a request for records or information to label and clearly identify all records or information that has been designated as a trade secret.
- Authorizes the Chief to provide such records or information to any state agency or emergency responder that is responding to a spill or release or that is participating in an investigation of a spill or release.
- Requires the Chief, if the Chief provides the records or information to a state agency or emergency responder, to notify, as soon as practicable, the owner or person that disclosed the records or information that the Chief has so provided the records or information.
- Prohibits the state agency or emergency responder receiving the information, in addition to the Chief as in existing law, from disclosing the records or information designated as a trade secret unless otherwise authorized by state law.
- Specifies all of the following:
 - The provision of records or information by the Chief to a state agency or emergency responder does not affect the designation of a trade secret under the Law;

--The Chief's provision of records or information to a state agency or emergency responder does not subject the record or information to public disclosure; and

--Nothing in the bill precludes an owner or person that has designated a trade secret under that Law and has disclosed records or information to the Chief from requesting a confidentiality agreement with a recipient of the records or information.

Emergency planning reporting requirements pertaining to oil and gas facilities

- Requires all persons that are regulated under the Law and rules adopted under it, rather than only owners or operators of facilities that are regulated under the Law, to submit specified information to the Chief of the Division of Oil and Gas Resources Management for inclusion in a database.
- Modifies provisions to be included in the rules governing the database by requiring the rules to ensure both of the following:
 - That the Emergency Response Commission, the local emergency planning committee of the emergency planning district in which a facility is located, and the fire department that has jurisdiction over a facility, rather than the Commission and every local emergency planning committee and fire department in Ohio as in current law, have access to the database; and
 - That the information submitted for the database be made immediately available, rather than available via the Internet or a system of computer disks as in current law, to the above entities.
- Revises current law by stipulating that an owner or operator is deemed to have satisfied all of the inventory requirements established under the Emergency Planning Law by complying with the bill's submission requirements rather than by filing a log and production statement with the Chief as in current law.

Brine storage permit financial assurance and insurance requirements

Financial assurance requirement

- Requires an applicant for a permit or order to store, recycle, treat, or process brine or other waste substances (hereafter brine storage permit) to file with the Director of Natural Resources or the Director's designee a surety bond in an amount established in rules, not to exceed \$2 million, and establishes requirements governing the issuance and deposit of the bonds.



- Authorizes a brine storage permit applicant to deposit cash or negotiable certificates of deposit in lieu of a surety bond, and establishes requirements and procedures governing their issuance and deposit.
- Requires such a person to maintain the surety bond or other financial assurance until the person complies with rules governing the closure of the location for which a brine storage permit was issued or, if no such rules are adopted, until the Director or the Director's designee inspects the location and issues a written approval of closure.

Bond forfeiture order

- Authorizes the Director or the Director's designee to issue a bond forfeiture order to a person who has been issued a brine storage permit if the Director or the Director's designee finds that the person has failed to comply with a final nonappealable enforcement order or a compliance agreement.
- Requires the Director or the Director's designee to certify the total forfeiture to the Attorney General who must collect it, and requires all money collected from such forfeitures to be credited to the existing Oil and Gas Well Fund.

Liability insurance requirement

- Requires an applicant for a brine storage permit to obtain liability insurance coverage in an amount established in rules, not to exceed \$12 million.
- Requires the insurance to provide coverage to pay damages for injury to persons or damage to property caused by the location for which the permit was issued.

Brine transportation

- Prohibits anyone from transporting brine in any manner, rather than just by vehicle as in current law, without being registered by the Chief of the Division of Oil and Gas Resources Management.
- Requires an applicant for a registration certificate to transport brine to list each pipeline that will be used to transport brine.
- Prohibits a registered transporter from allowing any other person to use the transporter's registration certificate to transport brine.
- Prohibits a permit holder or owner of a well for which a permit has been issued under the Law from entering into an agreement with a person who is not registered to transport brine to dispose of brine at the well.

- Requires a registered transporter to keep on each vessel, railcar, and container used to transport brine, in addition to each vehicle as in current law, a daily log and keep a daily log for each pipeline used to transport brine, and requires all logs to be made available upon request of the Chief, the Chief's authorized representative, or a peace officer.
- Requires registered transporters to legibly identify with reflective paint vessels, railcars, and containers employed in transporting or disposing of brine in addition to vehicles as in current law.
- Requires registered transporters to legibly identify pipelines so used in a manner similar to the identification of underground gas lines and to include specified information.

Notification of emergencies

- Requires a person engaging in an activity regulated under the Law and rules adopted under it to notify the Director or the Director's designee of specified emergency occurrences, such as an uncontrolled release of gas or oil that may jeopardize worker safety or public safety, within 30 minutes of such an occurrence.
- Requires a person that performs services on behalf of an owner of a well to notify the well owner within 30 minutes if one of the specified occurrences occurs at the well or associated production operation.
- Establishes that failure to comply with the above requirements is a strict liability offense.

Mandatory pooling

- Authorizes the owner who has the right to drill to request a mandatory pooling order under the Law rather than the owner of the tract of land who is also the owner of the mineral interest as in current law.
- Allows an application for a mandatory pooling order to be submitted if a tract or tracts, rather than a single tract of land, are of insufficient size or shape to meet the statutory minimum acreage requirements for drilling a proposed well rather than for drilling a well.
- Revises that Law regarding mandatory pooling to distinguish between mineral rights owners and surface rights owners, including by requiring the Chief to notify all mineral rights owners of tracts within the area proposed to be pooled and included in the drilling unit of the filing of the application for a mandatory pooling order and their right to a hearing rather than all owners of land within that area.

Compulsory unitization

- Revises the statute governing unitization under the Law by establishing new requirements, procedures, and prohibitions and retaining certain provisions as discussed below.

Application procedures for compulsory unitization order

- Changes who may apply for unit operation by authorizing a person that has obtained the mineral rights to at least 65% of tracts overlying a pool to submit an application to the Chief of the Division of Oil and Gas Resources Management to consider the need for operation as a unit and to consider the tracts to be included within the unit.
- Retains the requirement that an applicant for a compulsory unitization order submit a \$10,000 nonrefundable fee, and requires an applicant to submit specified information to the Chief, including maps of the proposed unit and an affidavit attesting that the applicant has obtained the mineral rights to at least 65% of the tracts overlying a pool.
- Requires the Chief to review the application to determine if it is complete and to notify the applicant if the application is incomplete, and allows the applicant to submit missing information.
- Requires the Chief to schedule a hearing upon determining that the application is complete and to notify the applicant of the scheduled hearing date.
- Requires the applicant to notify by certified mail all unleased mineral rights owners proposed to be included in the unit and all working interest owners in the unit at least 30 days before the scheduled hearing date and to publish notice in local newspapers.
- Requires the Chief to do both of the following:
 - Determine whether the hearing should proceed and, if it should not because of incomplete or improper notification, notify in a timely manner the applicant, all unleased mineral rights owners and all working interest owners, and any other person the Chief determines necessary; and
 - Post on the Division of Oil and Gas Resources Management's website all changes to scheduled hearings.

Issuance of order and requirements governing compulsory unitization

- Generally retains existing law by authorizing the Chief to issue a compulsory unitization order if the Chief finds that operation as a unit is reasonably necessary to increase substantially the ultimate recovery of oil and gas and the value of the estimated additional recovery exceeds the estimated additional costs to conduct the operation.
- Authorizes the Chief, in a compulsory unitization order, to include in the unit any tract that is not subject to a voluntary agreement if an applicant is unable to enter into a voluntary agreement creating a unit and the Chief determines that a compulsory unitization order will prevent or assist in preventing waste, avoid drilling of unnecessary wells, or protect correlative rights.
- Retains the requirement that the Chief's order include terms and conditions that are just and reasonable and prescribe a plan for unit operation that includes specified items, and revises and expands the list of items as follows:
 - Requires an allocation to the separately owned tracts in the unit area of all oil, gas, condensate, and natural gas liquids produced rather than only oil and gas;
 - Requires a provision for credits and charges to be made in adjustments among owners to instead be made in adjustments among the person to whom the order is issued and working interest owners in the area;
 - Adds a requirement that the plan include a provision requiring an accounting of the actual costs of unit creation and operation; and
 - Adds a requirement that the plan include a provision requiring an accounting that demonstrates net proceeds for unit creation and operation.
- Revises the stipulation that a compulsory unitization order does not become effective until the plan has been approved in writing by owners who will be required to pay at least 65% of the unit operation's costs and by royalty or fee owners of 65% of the included acreage to instead require such approval by a majority of the mineral rights owners of the unit.
- Requires the person to whom a compulsory unitization order is issued to record the order in the office of the county recorder in each county in which the unit is to be located within ten days of the effective date of the order, and specifies that if the person fails to so record it, the order ceases to be of force and must be revoked by the Chief.



- Generally retains the Chief's authority to amend a compulsory unitization order by an order, and requires the Chief to determine if additional information, a hearing, or a new application for a compulsory unitization order is required for an amendment.
- Allows the Chief to amend a compulsory unitization order after commencement of operations on a unit.
- States all of the following:
 - The Chief retains continuing jurisdiction over any unit created by a compulsory unitization order consistent with the Chief's authority under the Law;
 - A compulsory unitization order takes precedence over any terms included in any agreement between the person to whom the order is issued and any voluntary participants in the unit, including working interest owners; and
 - A compulsory unitization order terminates if drilling operations in the unit are not begun by the date required by the order.

Payment of royalties

- Requires the person to whom a compulsory unitization order is issued to pay each unleased mineral rights owner included in the unit a monthly cash payment equal to a one-eighth landowner royalty interest calculated on gross proceeds at the same time that a royalty payment is made to a voluntary participant in the unit that is owed a royalty payment.
- Requires that after the person to whom an order is issued recovers not more than 200% of the actual cost of well site construction, drilling, testing, completing, and producing for a well, the person must pay an unleased mineral rights owner a monthly cash payment equal to a seven-eighths share of the net proceeds of production.
- Specifies that allocation of royalties must be based on the unit participation of an unleased mineral rights owner's tract, as determined on a surface acreage basis unless otherwise specified by the Chief in the compulsory unitization order.

Prohibitions, liability, and enforcement

- Prohibits the person to whom a compulsory unitization order is issued from conducting surface operations on or causing disturbances to the surface of the land on a tract belonging to an unleased mineral rights owner and included in the unit by the order without the written consent of the owner of the surface tract.

- States that an unleased mineral rights owner of any tract included in a compulsory unitization order does not incur liability for any personal or property damage associated with any drilling, testing, completing, producing, operating, or plugging activities of any well within a unit subject to an order.
- Establishes that failure to comply with any of several requirements established by the bill is a strict liability offense.
- Generally retains through reenactment several provisions of law, including allocation of oil, gas, condensate, and natural gas liquids (oil and gas in existing law) to separately owned tracts, contracts relating to the sale or purchase of production from a separately owned tract, and ownership of property, and modifies them to apply in the context of compulsory unitization.
- Stipulates that orders issued under existing law governing unitization continue in effect notwithstanding the bill's revisions.

Penalties for violations

- Increases civil penalties for certain violations of the Law.
- Increases criminal penalties for certain violations of the Law, and specifies that a knowing violation of the statutes governing the management, transportation, and disposal of brine is a felony and that a negligent violation is a misdemeanor for a first offense and a felony for each subsequent offense.

Response costs and liability

- States that a person who violates the general permit requirements of the Law and provisions of that Law governing a permit for recovery operations, or any term or condition of a permit or order, is liable for damage or injury caused by the violation and for the actual cost of rectifying the violation and conditions caused by it.
- Establishes that a person may be subject to both a civil penalty and a term of imprisonment under the Law for the same offense.
- Provides that if a person is convicted of or pleads guilty to a violation of any provision of the Law, the sentencing court may order the person to reimburse the state agency or a political subdivision for any actual response costs.

Sale, transfer, or use of Department property and water

(R.C. 1501.01)

The bill requires the Director of Natural Resources to obtain the Governor's approval only for specified types of property transactions in an amount of \$50,000 or more. Those property transactions are the sale, lease, or exchange of portions of lands or real or personal property of the Department of Natural Resources; grants of easements or licenses for the use of the lands or property; and agreements for the sale of water from lands and waters under the Department's administration or care. Current law instead requires both the Governor's and Attorney General's approval of any such transaction in any amount unless that approval is not required for leases and contracts made under the Water Improvements Law and under the statutes governing public service facilities in state parks and the operation and maintenance of canals and canal reservoirs owned by the state.

The bill then requires any such transaction to be executed in accordance with a provision in the Conveyances and Encumbrances Law, if applicable, that generally requires all conveyances of real estate sold on behalf of the state to be drafted by the Auditor of State, executed in the name of the state, signed by the Governor, countersigned by the Secretary of State, sealed with the state seal, and entered by the Auditor of State in records kept by the Auditor for that purpose.

Department notices

(R.C. 1501.011)

The bill requires the Department to publish notices regarding certain activities, projects, or improvements as contemplated in the general newspaper publication statute. Continuing law requires the Department to supervise the design and construction of, and to make contracts for the construction, reconstruction, improvement, enlargement, alteration, repair, or decoration of, certain projects such as dam repairs, waterway safety improvements, and Division of Wildlife improvements.

The general newspaper publication statute requires that the first publication of a notice be made in its entirety in a newspaper of general circulation, but the second publication may be made in abbreviated form in a newspaper of general circulation and on the newspaper's Internet website if the newspaper has one. That statute also authorizes a state agency or political subdivision to eliminate any further newspaper publications, provided that the second, abbreviated notice meets all of the following requirements:



(1) It is published in the newspaper of general circulation in which the first publication of the notice was made and is published on that newspaper's Internet website if the newspaper has one.

(2) It is published on the state public notice website.

(3) It includes a title, followed by a summary paragraph or statement that clearly describes the specific purpose of the notice, and includes a statement that the notice is posted in its entirety on the state public notice website. The notice also may be posted on the state agency's or political subdivision's Internet website.

(4) It includes the Internet addresses of the state public notice website and of the newspaper's and state agency's or political subdivision's Internet website if the notice or advertisement is posted on those websites and the name, address, telephone number, and electronic mail address of the state agency, political subdivision, or other party responsible for publication of the notice.

A notice published on an Internet website must be published in its entirety.

Mining operation annual reports

(R.C. 1505.10 and 1561.04)

The bill transfers the responsibility to prepare and publish mining operation annual reports from the Chief of the Division of Geological Survey to the Director or the Director's designee. The Director or the Director's designee may require the Division of Mineral Resources Management to perform the duties currently performed by the Division of Geological Survey regarding preparation and publishing of the reports. Continuing law requires the reports to include lists of operators and extraction operations in Ohio, information regarding commodities extracted, employment, and tonnage extracted at each location, and information regarding the production, use, distribution, and value of Ohio's mineral resources.

The bill also transfers the responsibility to submit an annual mining report to the Governor from the Chief of the Division of Mineral Resources Management to the Director or the Director's designee. Continuing law requires the report to include all of the following:

(1) A summary of the activities and of the reports of deputy mine inspectors;

(2) A statement of the condition and the operation of Ohio mines; and

(3) A statement of the number of accidents in and about the mines, the manner in which they occurred, and any other data and facts bearing on the prevention of



accidents and the preservation of life, health, and property and any suggestions relative to the better preservation of the life, health, and property of those engaged in the mining industry.

The bill also transfers to the Director or the Director's designee the requirement to mail a copy of the report to each coal operator in Ohio and a representative of the miners at each mine as well as other persons identified by the Director. Finally, under the bill, the Director or the Director's designee, rather than the Chief, must prepare and publish quarterly reports containing the above information.

Streams and wetlands restoration by coal mining operators

(R.C. 1513.16)

The bill requires a permitted coal mining and reclamation operator to restore on the permit area streams and wetlands affected by mining operations unless the Chief of the Division of Mineral Resources Management approves mitigation activities off the permit area without a coal mining and reclamation permit instead of restoration on the permit area, provided that the Chief first makes all of the following written determinations:

(1) A hydrologic and engineering assessment demonstrates that restoration on the permit area is not possible;

(2) The proposed mitigation plan under which mitigation activities described in item (3), below, will be conducted is limited to a stream or wetland, or a portion of a stream or wetland, for which restoration on the permit area is not possible;

(3) Mitigation activities off the permit area, including mitigation banking and payment of in-lieu mitigation fees, will be performed pursuant to a permit issued under the Federal Water Pollution Control Act or a state isolated wetland permit or pursuant to a no-cost reclamation contract for the restoration of water resources affected by past mining activities; and

(4) The proposed mitigation plan and mitigation activities comply with the performance standards applicable to operators.

The bill also requires the operator, if the Chief approves restoration off the permit area, to complete all mitigation construction or other activities required by the mitigation plan. In addition, the bill specifies that performance security for reclamation activities on the permit area must be released pursuant to current law, except that any release of the remaining portion of performance security must not be approved prior to the construction of required mitigation activities off the permit area.



Wildlife Boater Angler Fund

(R.C. 1531.35)

The bill revises the uses of the Wildlife Boater Angler Fund by allowing its use for maintenance and repair of dams and impoundments, rather than unspecified maintenance as in current law, and acquisitions, including lands and facilities for boating access, in addition to its existing uses for boating access construction and improvements and to pay for equipment and personnel costs involved with those activities. The bill also specifies that the above activities must occur on waters, rather than only on lakes, on which the operation of gasoline-powered watercraft is permissible and increases from \$200,000 to \$500,000 the amount of annual expenditures from the Fund that may be used to pay for equipment and personnel costs.

Deer permits; hunting licenses

(R.C. 1533.10, 1533.11, and 1533.12)

The bill revises existing law requiring the procurement of a \$23 deer permit to hunt deer by establishing a nonresident deer permit, the fee for which is \$99, and a resident deer permit, the fee for which is \$23. It retains and slightly revises existing law under which an Ohio resident who is at least 66 years old, unless the person was born on or before December 31, 1937, may obtain a senior resident deer permit, the fee for which is $\frac{1}{2}$ of the resident deer permit fee. The bill similarly retains existing law that allows an Ohio resident who was born on or before December 31, 1937, to be issued a free deer permit. Under the bill, a nonresident who is at least 66 years old must obtain the nonresident deer permit established by the bill rather than the general deer permit required in existing law. The bill also specifies that the fee for a youth deer permit established in current law is $\frac{1}{2}$ of the regular resident deer permit fee regardless of residency.

In addition, the bill revises existing law requiring a person on active duty in the U.S. Armed Forces who is either stationed in Ohio or on leave or furlough to obtain a deer permit by requiring such a person to obtain a resident deer permit and specifying that the person is eligible to obtain a resident deer permit regardless of whether the person is a resident of Ohio. It retains existing law under which such a person need not obtain a hunting license in order to obtain a deer permit.

Finally, the bill increases the fee for a nonresident hunting license and an apprentice nonresident hunting license from \$124 to \$149.



Oil and Gas Law

Application of Law

(R.C. 1509.01)

The bill applies the Oil and Gas Law to a limited liability company, a joint venture, and any other form of business organization or entity by including them in the definition of "person" in that Law.

Additionally, the bill applies to public land provisions in the Law governing minimum distances of wells from the boundaries of tracts, voluntary and mandatory pooling, special drilling units, establishment of exception tracts to which minimum acreage and distance requirements do not apply, unit operation of a pool, and revision of an existing tract by a person holding a permit under that Law. The bill accomplishes the change by revising the definition of "tract" to mean a single, individual parcel of land or a portion of a single, individual parcel of land rather than a single, individually taxed parcel of land appearing on the tax list as in current law.

Definition of "condensate"

(R.C. 1509.01(D))

The bill revises the definition of "condensate" in the Law to mean liquid hydrocarbons separated at or near the well pad or along the gas production or gathering system or by gas processing rather than prior to gas processing as in current law. The term is used in the statute governing unitization as revised by the bill and also in continuing law authorizing the Chief of the Division of Oil and Gas Resources Management to adopt rules establishing requirements to prevent and contain surface and subsurface discharges of condensates. Additionally, "condensate" as defined in the Law is used in the bill's provisions revising the severance tax.

Registration containing background information

(R.C. 1509.051)

The bill requires a person that intends to engage in an activity regulated under the Law or rules adopted under it to register with the Division of Oil and Gas Resources Management on a form prescribed by the Chief prior to engaging in the activity. The person must disclose on the form all felony convictions or felony guilty pleas of or by the person and of or by the officers of the person, including any statutory agent, to any of the following that have occurred within the 25 years previous to the date of registration:



- (1) Knowing violations of the Federal Water Pollution Control Act;
- (2) Purposeful violations of the state Water Pollution Control Law or rules adopted under it; or
- (3) Purposeful or knowing violations, as applicable, of any other state's laws implementing the Federal Water Pollution Control Act that are not more stringent than that Act.

The Chief may request additional information if the person has been convicted of or pled guilty to such a felony. However, the Chief cannot request information extending to the person's corporate parent entities. The Chief may request the Superintendent of the Bureau of Criminal Identification and Investigation to review federal and state criminal records with respect to any person that submitted a form for registration.

After the Chief has reviewed the submitted information and any additional information requested or received from a criminal records review, the Chief may deny the person's registration by order. If the Chief issues such an order, the person may appeal to the Oil and Gas Commission or to the Franklin County Court of Common Pleas. The bill prohibits the Chief from issuing a permit, registration certificate, or order authorizing an activity under the Law or rules adopted under it to a person whose registration was denied.

The bill specifies that none of the following are required to submit the above registration containing background information:

- (1) A person that is registered with the Division prior to the provision's effective date;
- (2) A person that, prior to the provision's effective date, was issued a permit, registration certificate, or order authorizing an activity under the Law or rules adopted under it; and
- (3) A person that, prior to the provision's effective date, was authorized to store, recycle, treat, process, or dispose of brine or other waste substances without a permit under conditions specified in current law.

Under the bill, a person whose registration was denied by an order of the Chief may re-apply for a registration beginning three months from the date on which the Chief's order denying the registration becomes final and nonappealable.



Application fee for permit to plug back existing oil or gas well

(R.C. 1509.06)

The bill requires an application for a permit to plug back an existing oil or gas well to be accompanied by a nonrefundable fee as follows:

(1) \$500 for a permit to conduct activities in a township with a population of fewer than 10,000;

(2) \$750 for a permit to conduct activities in a township with a population of 10,000 to 14,999; or

(3) \$1,000 for a permit to conduct activities in either a township with a population of 15,000 or more or a municipal corporation regardless of population.

The bill accomplishes the change by removing the exemption in current law under which such an application need not be accompanied by a fee.

Disclosure of chemical information and records

(R.C. 1509.10)

The bill requires an owner or person that is required under current law to maintain records for a product, fluid, or substance or chemical component in a product, fluid, or substance designated by the owner or person as a trade secret to maintain the records for a period of at least two years from the date the product, fluid, substance, or chemical component was brought to a location regulated under or subject to the Law rather than from the date it was placed in a well.

The bill adds that an owner or person that is required under current law, upon request of the Chief of the Division of Oil and Gas Resources Management, to disclose to the Chief records necessary to respond to a spill, release, or investigation must disclose the records or information without undue delay. It also requires an owner or person that received a request for records or information to label and clearly identify all records or information that has been designated as a trade secret.

The bill authorizes the Chief to provide such records or information to any state agency or emergency responder that is responding to a spill or release or that is participating in an investigation of a spill or release. If the Chief provides the records or information to a state agency or emergency provider, the Chief must notify, as soon as practicable, the owner or person that disclosed the records or information that the Chief has so provided the records or information. The state agency or emergency responder receiving the records or information, like the Chief under current law, cannot disclose



the records or information that has been designated as a trade secret unless otherwise authorized by state law.

Finally, the bill specifies all of the following:

--The provision of records or information by the Chief to a state agency or emergency responder does not affect the designation of a trade secret under the Law;

--The Chief's provision of records or information to a state agency or emergency responder does not subject the record or information to public disclosure; and

--Nothing in the bill precludes an owner or person that has designated a trade secret under that Law and has disclosed records or information to the Chief from requesting a confidentiality agreement with a recipient of the records or information.

Emergency planning reporting requirements pertaining to oil and gas facilities

(R.C. 1509.11, 1509.23, 1509.231, 3750.081, and 3750.13)

The bill revises certain requirements governing the reporting of hazardous materials associated with oil and gas operations. Under current law, persons regulated under the Law must report to the Division of Oil and Gas Resources Management specified information regarding hazardous materials that is required to be reported by the federal Emergency Planning and Community Right-to-Know Act (EPCRA). The Chief of the Division, in consultation with the Emergency Response Commission, must adopt rules that specify the information that must be included in an electronic database that the Chief creates and hosts. The information must be information that the Chief considers to be appropriate for the purpose of responding to emergency situations that pose a threat to public health or safety or the environment.

The bill requires all persons that are regulated under the Law and rules adopted under it, rather than only owners or operators of facilities that are regulated under the Law, to submit the above information to the Chief. As a result, the bill requires the information to be filed with the Chief on or before March 1 of each year rather than as part of an owner or operator's statement of production of oil, gas, and brine for a specified period of time as provided in current law.

The bill retains, with certain modifications, provisions to be included in the rules governing the database and the information submitted for it. Specifically, the bill's modifications require the Chief's rules to do all of the following:



(1) Require that the information be consistent with the information that a person regulated under the Law is required to submit under EPCRA;

(2) Ensure that the Emergency Response Commission, the local emergency planning committee of the emergency planning district in which a facility is located, and the fire department that has jurisdiction over a facility, rather than the Commission and every local emergency planning committee and fire department in Ohio as in current law, have access to the database;

(3) Ensure that the information submitted for the database be made immediately available, rather than available via the Internet or a system of computer disks as in current law, to the above entities; and

(4) Ensure that the information includes the information required to be reported under the Emergency Planning Law and rules adopted under it governing the submission of an emergency and hazardous chemical inventory form.

As a result of the modification discussed in item (1), above, the bill eliminates current law that requires, at a minimum, the information in the database to include the information that a person that is regulated under the Law is required to submit under EPCRA.

For purposes of the above provisions, the bill applies the definition of "facility" in the Emergency Planning Law. Under that Law, a facility is all buildings, equipment, structures, and other stationary items that are located on a single site or on contiguous or adjacent sites and that are owned or operated by the same person or by any person who controls, is controlled by, or is under common control with that person.

The bill then revises a requirement governing the filing of information under the state Emergency Planning Law. Under the bill, an owner or operator of a facility that is regulated under the Oil and Gas Law generally is deemed to have satisfied all of the inventory requirements established under the Emergency Planning Law by complying with the requirements established by the bill. Current law instead specifies that any such owner or operator who has filed a log and production statement with the Chief in accordance with the Oil and Gas Law is generally deemed to have satisfied all of the submission and filing requirements established under the Emergency Planning Law.

Finally, the bill makes conforming changes.



Brine storage permit financial assurance and insurance requirements

(R.C. 1509.211; Section 715.10)

Financial assurance requirement

The bill prohibits a person that has been issued a permit or order to store, recycle, treat, or process brine or other waste substances (hereafter brine storage permit) from failing to satisfy the financial assurance requirements established by the bill. Under the bill, a brine storage permit applicant must execute and file with the Director of Natural Resources or the Director's designee a surety bond or other specified form of financial assurance. The surety bond must be in an amount established in rules adopted by the Director, but cannot exceed \$2 million. The bond must be payable to the state and conditioned on the performance of all requirements established in the Law and rules adopted under it. The bill establishes standard requirements and procedures governing the issuance and deposit of such surety bonds. It authorizes a brine storage permit applicant, in lieu of a surety bond, to deposit with the Director or the Director's designee cash or negotiable certificates of deposit and establishes requirements and procedures governing their issuance and deposit.

Under the bill, such a person must maintain the surety bond or other financial assurance until the person complies with rules governing the closure of the location for which a brine storage permit was issued. If such rules are not adopted, the person must maintain the surety bond or other financial assurance until the Director or the Director's designee inspects the location for which a brine storage permit was issued and issues a written approval of closure.

Bond forfeiture order

The Director or the Director's designee may issue a bond forfeiture order to a person who has been issued a brine storage permit if the Director or the Director's designee finds that the person has failed to comply with a final nonappealable enforcement order or a compliance agreement. The bond forfeiture order must include provisions that do all of the following:

- (1) Specify the violation giving rise to the order;
- (2) Declare that the entire amount of the bond or other form of financial assurance is forfeited; and
- (3) If the bond is supported by or in the form of cash or negotiable certificates of deposit, declare the cash or certificates property of the state.



The Director or the Director's designee must certify the total forfeiture to the Attorney General who must collect the amount of the forfeiture. All money collected from such forfeitures must be credited to the existing Oil and Gas Well Fund and used to restore the applicable brine storage location. The Director or the Director's designee is not required to use money in excess of the amount of the bond or other financial assurance to restore the location.

Liability insurance requirement

The bill also requires an applicant for a brine storage permit to obtain liability insurance coverage in an amount established in rules adopted by the Director, which cannot exceed \$12 million. The insurance must provide coverage to pay damages for injury to persons or damage to property caused by the location for which the permit was issued.

Rules

The bill authorizes the Director to adopt rules establishing requirements and procedures concerning the financial assurance and insurance requirements established by the bill.

Brine transportation

(R.C. 1509.222 and 1509.223)

The bill prohibits anyone from transporting brine without being registered by the Chief of the Division of Oil and Gas Resources Management rather than only prohibiting anyone from transporting brine by vehicle without being so registered. It makes conforming changes in the statute governing registration by removing references to transportation by vehicle only. The bill then requires an applicant for a registration certificate to transport brine to list each pipeline that will be used to transport brine in addition to each vehicle, vessel, railcar, and container as in current law.

The bill states that for purposes of the provisions of the Law governing transporter registration, "transport brine" excludes the movement of brine within the boundaries of a location for which an order or permit was issued under that Law for the storage, recycling, treatment, processing, or disposal of brine or other waste substances and "pipeline" excludes piping or other appurtenances associated with processing activity within the boundaries of such a location.

The bill prohibits a registered transporter from allowing any other person to use the transporter's registration certificate to transport brine. It also prohibits a permit holder or the owner of a well for which a permit has been issued under the Law from



entering into an agreement with a person who is not registered to transport brine to dispose of brine at the well.

Under existing law, a transporter must include with an application for registration a disposal plan for brine that in part includes a list of all disposal sites to be used. A registered transporter that intends to revise the plan must apply to the Chief in order to do so. The bill retains the requirement that an application for revision must include a list of all disposal sites of brine currently transported, but eliminates a requirement that an application also list all sources of brine currently transported. It also eliminates a requirement that approvals and denials of revisions must be by order of the Chief.

The bill requires each registered transporter to keep on each vessel, railcar, and container used to transport brine, in addition to each vehicle as in current law, a daily log and to keep a daily log for each pipeline used to transport brine. All logs must be made available upon request of the Chief, the Chief's authorized representative, or a peace officer. The bill requires a daily log to include, in addition to information specified in current law, the date and time brine is transported through a pipeline and the amount of brine transported through a pipeline, as applicable.

The bill applies existing identification requirements for vehicles used to transport or dispose of brine to vessels, railcars, and containers, requiring registered transporters to identify them with reflective paint and to indicate specified information, including the transporter's name and telephone number. It also requires pipelines used to transport or dispose of brine to be legibly identified on the surface of the ground in a manner similar to the identification of underground gas lines. The identification must indicate specified information, including the transporter's name and telephone number.

Notification of emergencies

(R.C. 1509.232)

The bill requires a person engaging in an activity regulated under the Law and rules adopted under it to notify the Director or the Director's designee of the occurrence of any of the following within 30 minutes of the occurrence:

(1) Emergency medical treatment at a location other than the production operation of a person exposed to a chemical or injured at a production operation or a fatality occurring at a production operation;

(2) The response of a fire department to a fire at a production operation, excluding flaring or controlled burns authorized under the Law and rules adopted under it or by the terms and conditions of a permit;



(3) An uncontrolled release of gas or oil that may jeopardize worker safety or public safety;

(4) A discharge or spill of a liquid, solid, or semisolid substance or material associated with a production operation or other activity regulated under that Law and rules adopted under it, excluding a discharge or spill consisting solely of fresh water; or

(5) Any other occurrence that the Director specifies in rules.

Additionally, a person that performs services on behalf of the owner of a well must notify the well owner within 30 minutes of any of the above occurrences at the well or associated production operation.

Failure to comply with the bill's emergency notification requirements is a strict liability offense. The bill authorizes the Director to adopt rules necessary for the administration of the requirements.

Mandatory pooling

(R.C. 1509.27)

The bill authorizes the owner who has the right to drill to request a mandatory pooling order under the Law rather than the owner of the tract of land who is also the owner of the mineral interest as in current law. In addition, the bill allows an application for a mandatory pooling order to be submitted if a tract or tracts, rather than a single tract of land as in existing law, are of insufficient size or shape to meet the statutory minimum acreage requirements for drilling units for drilling a proposed well rather than for drilling a well as in existing law.

The bill also revises that Law regarding mandatory pooling to distinguish between mineral rights owners and surface rights owners as follows:

(1) Requires the Chief to notify all mineral rights owners of tracts within the area proposed to be pooled by an order and included in the drilling unit of the filing of the application for a mandatory pooling order and of their right to a hearing rather than all owners of land within that area;

(2) Requires a mandatory pooling order to allocate on a surface acreage basis a pro rata portion of the production to each tract pooled by the order rather than to the owner of each such tract, and requires the pro rata portion to be in the same proportion that the percentage of the tract's acreage, rather than the owner's acreage, is to the state minimum acreage requirements;

(3) Requires a mandatory pooling order to specify the basis on which each mineral rights owner of a tract, rather than each owner of a tract, pooled by the order must share all reasonable costs and expenses of drilling and producing if the mineral rights owner, rather than the owner of a tract, elects to participate in the drilling and operation of the well;

(4) Prohibits surface operations or disturbances to the surface of the land from occurring on a tract pooled by an order without the written consent of or a written agreement with the surface rights owner of the tract rather than the owner of the tract; and

(5) Provides that a mineral rights owner of a tract pooled by a mandatory pooling order who does not elect to participate in the risk and cost of the drilling and operation of a well must be designated as a nonparticipating owner in the drilling and operation and is not liable for actions or conditions associated with the drilling or operation rather than applying those provisions to the owner of a tract.

Compulsory unitization

(R.C. 1509.28)

The bill revises the statute governing unitization under the Law by establishing new requirements, procedures, and prohibitions and retaining certain provisions as discussed below.

Application procedures for compulsory unitization order

(R.C. 1509.28(A), (B), and (C))

The bill authorizes a person that has obtained the mineral rights to at least 65% of tracts overlying a pool to submit an application to the Chief of the Division of Oil and Gas Resources Management to consider the need for a compulsory unitization order for operation as a unit and to consider the tracts to be included within the unit. Current law instead authorizes the owners of 65% of the land area overlying a pool to apply for unit operation of an entire pool or part of a pool. Current law additionally authorizes the Chief, on the Chief's own motion, to consider the need for such unit operation.

As in current law, the bill requires an applicant for a compulsory unitization order to include in the application a nonrefundable fee of \$10,000. The bill also requires that an application include all of the following information rather than information that the Chief may request:

(1) The applicant's name, address, and telephone number;



(2) An affidavit attesting that the applicant has obtained the mineral rights to at least 65% of the tracts overlying a pool;

(3) A summary of the request for compulsory unitization, including an explanation of how the applicant satisfies requirements regarding the necessity of unit operation (see below);

(4) An identification of all mineral rights owners in the proposed unit, including all unleased mineral rights owners;

(5) An identification of all working interest owners in the proposed unit;

(6) Maps illustrating the location of the proposed unit within each applicable county and township and of the proposed boundaries of the unit;

(7) Geophysical data identifying the proposed geological formation to be developed;

(8) An itemized statement of proposed expenditures;

(9) An affidavit detailing attempts to lease unleased mineral rights; and

(10) Any other information the chief determines necessary.

Under the bill, the Chief must review the application to determine if it is complete. If the application is incomplete, the Chief must notify the applicant of all missing items, and the applicant may submit the missing items.

The bill requires the Chief, upon determining that an application is complete, to schedule a hearing and notify the applicant of the scheduled hearing date. The applicant must notify by certified mail all unleased mineral rights owners and all working interest owners proposed to be included in the unit at least 30 days before the hearing date and submit proof of receipt of that certified mailing to the Chief not later than 14 days before the hearing date. The applicant also must publish notice of the hearing in a newspaper of general circulation in the county or counties, as applicable, where the proposed unit is to be located and submit proof of publication to the Chief not later than 14 days prior to the hearing date.

The bill requires the Chief to review the proof of receipt of the certified mailings to determine if the hearing should proceed. If the Chief determines that the hearing should not proceed because of incomplete or improper notification, the Chief must notify the applicant, all unleased mineral rights owners and all working interest owners, and any other person the Chief determines necessary. The bill requires the



Chief to attempt to notify them in a timely manner and to post on the Division's website all changes to scheduled hearings. Finally, the bill authorizes the Chief to establish procedures and requirements governing hearings.

Issuance of order and requirements governing compulsory unitization

(R.C. 1509.28(D), (E), (G), (K), (L), (M), (N), (O), and (P))

The bill generally retains existing law by authorizing the Chief to issue a compulsory unitization order if the Chief finds that operation as a unit is reasonably necessary to increase substantially the ultimate recovery of oil and gas and the value of the estimated additional recovery exceeds the estimated additional costs to conduct the operation. It then authorizes the Chief, in a compulsory unitization order, to include in the unit any tract that is not subject to a voluntary agreement if an applicant is unable to enter into a voluntary agreement creating a unit and the Chief determines that a compulsory unitization order will prevent or assist in preventing waste, avoid drilling of unnecessary wells, or protect correlative rights. A mineral rights owner of a tract included in such a unit is considered an unleased mineral rights owner.

The bill retains the requirement that the Chief's order include terms and conditions that are just and reasonable and prescribe a plan for unit operation that includes specified items. It revises and expands the list of items by doing all of the following:

(1) Requiring an allocation to the separately owned tracts in the unit area of all oil, gas, condensate, and natural gas liquids produced rather than only oil and gas;

(2) Requiring a provision for credits and charges to be made in adjustments among owners to instead be made in adjustments among the person to whom the order is issued and working interest owners in the area;

(3) Adding a requirement that the plan include a provision requiring an accounting of the actual costs of unit creation and operation, including costs of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, pipeline construction and maintenance, and marketing and taxes; and

(4) Adding a requirement that the plan include a provision requiring an accounting that demonstrates net proceeds for unit creation and operation.

Under law retained by the bill, the Chief's plan for unit operation must also include:



- (1) A description of the unitized area, termed the unit area;
- (2) A statement of the nature of the operations contemplated;
- (3) A provision providing how the expenses of the unit operations, including capital investment, will be determined and charged to separately owned tracts and how the expenses will be paid;
- (4) A provision, if necessary, for carrying or otherwise financing any person who is unable to meet the person's financial obligations in connection with the unit, allowing a reasonable interest charge for that service;
- (5) A provision for the supervision and conduct of the unit operations, in respect to which each person must have a vote with a value corresponding to the percentage of the expenses of unit operations chargeable against the interest of that person;
- (6) The time when the unit operations will commence, and the manner in which, and the circumstances under which, the unit operations will terminate; and
- (7) Additional provisions that are appropriate for carrying on the unit operations and for the protection or adjustment of correlative rights.

The bill revises the stipulation regarding when a compulsory unitization order becomes effective. Under the bill, an order does not become effective unless and until the plan for unit operations has been approved in writing by a majority of the mineral rights owners of the unit, including the person to whom the order is issued and the working interest owners who will be required to pay the costs of the unit operation. Under current law, an order does not become effective until it has been approved in writing by owners who will be required to pay at least 65% of the unit operation's costs and also by the royalty or, with respect to unleased acreage, fee owners of 65% of the acreage to be included in the unit. Under both the bill and current law, if the plan is not approved within six months from the date on which the order was issued, the order will cease to be of force and must be revoked by the Chief.

The bill requires the person to whom a compulsory unitization order is issued to record the order in the office of the county recorder in each county in which the unit is to be located within ten days of the effective date of the order and specifies that if the person fails to so record it, the order ceases to be of force and must be revoked by the Chief.

The bill generally retains the Chief's authority to amend a compulsory unitization order by an order, but eliminates the stipulation that such an amendment does not change the percentage for allocation of oil and gas as established for any



separately owned tract by the original order, except with the consent of all persons owning interest in the tract. The bill requires the Chief to determine if additional information, a hearing, or a new application for a compulsory unitization order is required for an amendment. It allows the Chief to amend a compulsory unitization order after commencement of operations on a unit.

The bill states that the Chief retains continuing jurisdiction over any unit created by a compulsory unitization order consistent with the Chief's authority under the Law. Under the bill, such an order takes precedence over any terms included in any agreement between the person to whom the order is issued and any voluntary participants in the unit, including working interest owners. A compulsory unitization order terminates if drilling operations in the unit do not begin by the date required by the order.

Payment of royalties

(R.C. 1509.28(F))

The bill requires the person to whom a compulsory unitization order is issued to pay each unleased mineral rights owner included in the unit a monthly cash payment equal to a one-eighth landowner royalty interest calculated on gross proceeds at the same time that a royalty payment is made to a voluntary participant in the unit that is owed a royalty payment. After the person to whom an order is issued recovers not more than 200% of the actual cost of well site construction, drilling, testing, completing, and producing for a well, the person must pay an unleased mineral rights owner a monthly cash payment equal to a seven-eighths share of the net proceeds of production.

Under the bill, when a cost is charged to a well, the same cost cannot be charged to subsequent wells in the unit or another unit. Additionally, allocation of royalties must be based on the unit participation of an unleased mineral rights owner's tract as determined on a surface acreage basis unless otherwise specified by the Chief in the compulsory unitization order.

Prohibitions, liability, and enforcement

(R.C. 1509.28(H), (I), (J), and (T))

The bill prohibits the person to whom a compulsory unitization order is issued from conducting surface operations on or causing disturbances to the surface of the land on a tract included belonging to an unleased mineral rights owner and included in the unit by the order without the written consent of the owner of the surface tract. The person to whom the order is issued must provide a copy of the consent to the Chief.

The bill states that an unleased mineral rights owner of any tract included in a compulsory unitization order does not incur liability for any personal or property damage associated with any drilling, testing, completing, producing, operating, or plugging activities of any well within a unit subject to an order. It generally retains existing law stating that operations conducted pursuant to a compulsory unitization order constitute a fulfillment of all the express or implied obligations of each lease or contract covering tracts in the unit to the extent that compliance with those obligations cannot be had because of the Chief's order.

Under the bill, violations of the prohibitions against failing to comply with all of the following provisions are strict liability offenses:

- (1) The requirement that an applicant send by certified mail notice of a hearing;
- (2) The requirement that a person to whom a compulsory unitization order is issued pay specified royalties;
- (3) The requirement that a person to whom a compulsory unitization order is issued obtain written consent of the owner of the surface tract and provide that written consent to the Chief before conducting surface operations or causing surface disturbances; and
- (4) The requirement that a person to whom a compulsory unitization order is issued record the order in the office of each applicable county recorder and provide proof of the recording to the Chief.

Miscellaneous

(R.C. 1509.28(Q), (R), (S), and (U); Section 803.10)

The bill generally retains through reenactment several provisions of current law governing unit operation, including allocation of oil, gas, condensate, and natural gas liquids (oil and gas in existing law) to separately owned tracts, contracts relating to the sale or purchase of production from a separately owned tract, and ownership of property and modifies them to apply in the context of compulsory unitization.

The bill defines the following terms:

- (1) "Working interest owner" means a person who has obtained a right to the mineral interests of a tract and is obligated, under an agreement or otherwise, to pay a percentage of the cost of leasing, drilling, producing, or operating a well in the unit or of the cost of operating the unit and does not include an unleased mineral rights owner.



(2) "Gross proceeds" means a share of the gross production of oil, gas, condensate, and natural gas liquids free of any and all cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, marketing, or pipeline construction and maintenance, but does not include the costs that result in enhancing the value of marketable oil, gas, condensate, natural gas liquids, or other products to receive a better price so long as the costs are the actual costs of such enhancement and an unleased mineral rights owner's pro rata part of such cost is less than the amount of the enhanced value of the product.

(3) "Net proceeds" means the share of gross production of oil, gas, condensate, or natural gas liquids after payment of all costs of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing and taxes.

Finally, the bill stipulates that orders issued under existing law governing unitization continue in effect notwithstanding the bill's revisions.

Penalties for violations

(R.C. 1509.33 and 1509.99)

The bill increases civil penalties for certain violations of the Law as follows:

Type of violation	The bill	Current law
Violations of provisions of the Oil and Gas Law, including violations of any rules or orders and terms or conditions of a permit or registration certificate, for which no specific penalty is provided.	A civil penalty of not more than \$10,000 for each offense.	A civil penalty of not more than \$4,000 for each offense.
Violations of permitting requirements for the exploration for or extraction of minerals or energy other than oil or natural gas.	A civil penalty of not more than \$10,000 for each violation.	A civil penalty of not more than \$2,500 for each violation.

The bill also increases criminal penalties for certain violations of that Law as follows:



Type of violation	The bill	Current law
Violations, including violations of any rules or orders and terms or conditions of a permit or registration certificate, for which no specific penalty is provided.	(1) For a first offense: a fine of \$500 to \$5,000 and imprisonment for not more than six months. (2) For each subsequent offense: a fine of \$1,000 to \$10,000 and imprisonment for not more than one year.	(1) For a first offense: a fine of \$100 to \$1,000. (2) For each subsequent offense: a fine of \$200 to \$2,000.
Violations of permitting requirements for the exploration for or extraction of minerals or energy other than oil or natural gas.	A fine of not more than \$5,000 for each day of each violation.	A fine of not more than \$5,000 for each violation.
Violations of provisions relating to the proper handling, storage, management, disposal, and transportation of brine.	<p>The bill increases the penalties according to the culpable mental state.</p> <ul style="list-style-type: none"> • Knowing violation is a felony punishable by: <ol style="list-style-type: none"> (1) For a first offense: a fine of \$10,000 to \$50,000, imprisonment for three years, or both. (2) For each subsequent offense: a fine of \$20,000 to \$100,000, imprisonment for six years, or both. • Negligent violation: <ol style="list-style-type: none"> (1) A first offense is a misdemeanor punishable by: a fine of \$5,000 to \$25,000, imprisonment for not more than one year, or both. (2) Each subsequent offense is a felony punishable by: a fine of \$10,000 to \$50,000, imprisonment for two years, or both. 	<ul style="list-style-type: none"> • Knowing violation: <ol style="list-style-type: none"> (1) For a first offense: a fine of \$10,000, imprisonment for six months, or both. (2) For each subsequent violation: a fine of \$20,000, imprisonment for two years, or both. • Negligent violation: a fine of not more than \$5,000.



Type of violation	The bill	Current law
Violations of provisions regarding agreements to transport brine and transporter duties.	<ul style="list-style-type: none"> • Negligent violation: <ol style="list-style-type: none"> (1) For a first offense: a fine of not more than \$1,000. (2) For each subsequent offense: a fine of not more than \$10,000. 	<ul style="list-style-type: none"> • Violation (no culpable mental state is specified – the default culpable mental state is recklessness): <ol style="list-style-type: none"> (1) For a first offense: a fine of not more than \$500. (2) For each subsequent offense: a fine of not more than \$1,000.

Response costs and liability

(R.C. 1509.33(G) and 1509.99(E))

Under the bill, anyone who violates the general permit requirements of the Law or the provisions of that Law requiring a permit for additional and secondary recovery operations, or any term or condition of a permit or order issued by the Chief of the Division of Oil and Gas Resources Management, is liable for any damage or injury caused by the violation and for the actual cost of rectifying the violation and conditions caused by it. The bill retains current law that imposes such liability on anyone who violates the provisions of that Law governing brine storage and brine transportation.

The bill also provides that a person may be subject to a civil penalty and a term of imprisonment for the same offense by revising current law to state that a person cannot be subject to both a civil penalty and a fine imposed as part of a criminal penalty under the Law for the same offense. Current law instead provides that a person cannot be subject to both a civil penalty and a criminal penalty, including both a fine and a term of imprisonment, under that Law for the same offense.

Under the bill, if a person is convicted of or pleads guilty to a violation of any provision of the Law, the sentencing court may order the person to reimburse the state agency or a political subdivision for any actual costs incurred in responding to the violation, including the cost of rectifying the violation and conditions caused by it.