As Reported by the House Agriculture and Natural Resources Committee

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Sub. S. B. No. 165

Senator Niehaus

Cosponsors: Senators Gibbs, Stewart, Carey, Harris, Seitz, Hughes, Schaffer, Wilson, Cates, Wagoner, Coughlin
Representatives Domenick, Boose, Hite, Balderson

A B I L L

To amend sections 1509.01, 1509.02, 1509.03, 1509.04, 1509.05, 1509.06, 1509.07, 1509.071, 1509.072, 1509.10, 1509.11, 1509.12, 1509.13, 1509.14, 1509.17, 1509.18, 1509.20, 1509.21, 1509.22, 1509.221, 1509.222, 1509.225, 1509.226, 1509.23, 1509.24, 1509.27, 1509.31, 1509.35, 1509.36, 1565.07, 1565.13, 1571.05, 5703.052, 5703.21, 5749.01, 5749.03, 5749.06, 5749.07, 5749.08, 5749.10, 5749.12, 5749.13, 5749.14, 5749.15, and 5749.17 and to enact sections 1509.021, 1509.041, 1509.062, 1509.073, 1509.181, 1509.19, 1509.34, 1509.50, 1509.60, 1509.61, 1571.18, and 4929.041 of the Revised Code to revise the Oil and Gas Law.

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

Section 1. That sections 1509.01, 1509.02, 1509.03, 1509.04, 1509.05, 1509.06, 1509.07, 1509.071, 1509.072, 1509.10, 1509.11, 1509.12, 1509.13, 1509.14, 1509.17, 1509.18, 1509.20, 1509.21, 1509.22, 1509.221, 1509.222, 1509.225, 1509.226, 1509.23, 1509.24,

1509.27, 1509.31, 1509.35, 1509.36, 1565.07, 1565.13, 1571.05, 5703.052, 5703.21, 5749.01, 5749.03, 5749.06, 5749.07, 5749.08, 5749.10, 5749.12, 5749.13, 5749.14, 5749.15, and 5749.17 be amended and sections 1509.021, 1509.041, 1509.062, 1509.073, 1509.181, 1509.19, 1509.34, 1509.50, 1509.60, 1509.61, 1571.18, and 4929.041 of the Revised Code be enacted to read as follows:

Sec. 1509.01. As used in this chapter:

(A) "Well" means any borehole, whether drilled or bored, within the state for production, extraction, or injection of any gas or liquid mineral, excluding potable water to be used as such, but including natural or artificial brines and oil field waters.

(B) "Oil" means crude petroleum oil and all other hydrocarbons, regardless of gravity, that are produced in liquid form by ordinary production methods, but does not include hydrocarbons that were originally in a gaseous phase in the reservoir.

(C) "Gas" means all natural gas and all other fluid hydrocarbons that are not oil, including condensate.

(D) "Condensate" means liquid hydrocarbons that were originally in the gaseous phase in the reservoir.

(E) "Pool" means an underground reservoir containing a common accumulation of oil or gas, or both, but does not include a gas storage reservoir. Each zone of a geological structure that is completely separated from any other zone in the same structure may contain a separate pool.

(F) "Field" means the general area underlaid by one or more pools.

(G) "Drilling unit" means the minimum acreage on which one well may be drilled, but does not apply to a well for injecting

gas into or removing gas from a gas storage reservoir.

(H) "Waste" includes all of the following:

(1) Physical waste, as that term generally is understood in the oil and gas industry;

(2) Inefficient, excessive, or improper use, or the unnecessary dissipation, of reservoir energy;

(3) Inefficient storing of oil or gas;

(4) Locating, drilling, equipping, operating, or producing an oil or gas well in a manner that reduces or tends to reduce the quantity of oil or gas ultimately recoverable under prudent and proper operations from the pool into which it is drilled or that causes or tends to cause unnecessary or excessive surface 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, individually taxed parcel of land appearing on the tax list.

(K) "Owner," unless referring to a mine, means the person who has the right to drill on a tract or drilling unit, to drill into and produce from a pool, and to appropriate the oil or gas produced therefrom either for the person or for others, except that a person ceases to be an owner with respect to a well when the well has been plugged in accordance with applicable rules adopted and orders issued under this chapter. <u>"Owner" does not include a person who obtains a lease of the mineral rights for oil</u>

and gas on a parcel of land if the person does not attempt to produce or produce oil or gas from a well or obtain a permit under this chapter for a well or if the entire interest of a well is transferred to the person in accordance with division (B) of section 1509.31 of the Revised Code.

(L) "Royalty interest" means the fee holder's share in the production from a well.

(M) "Discovery well" means the first well capable of producing oil or gas in commercial quantities from a pool.

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

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

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

(Q) "Coal bearing township" means a township designated as such by the chief under section 1561.06 of the Revised Code.

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

(S) "Safe Drinking Water Act" means the "Safe Drinking Water Act," 88 Stat. 1661 (1974), 42 U.S.C.A. 300(f), as amended by the "Safe Drinking Water Amendments of 1977," 91 Stat. 1393, 42 U.S.C.A. 300(f), the "Safe Drinking Water Act Amendments of 1986," 100 Stat. 642, 42 U.S.C.A. 300(f), and the "Safe Drinking Water

Act Amendments of 1996," 110 Stat. 1613, 42 U.S.C.A. 300(f), and regulations adopted under those acts.

(T) "Person" includes any political subdivision, department, agency, or instrumentality of this state; the United States and any department, agency, or instrumentality thereof; and any legal entity defined as a person under section 1.59 of the Revised Code.

(U) "Brine" means all saline geological formation water resulting from, obtained from, or produced in connection with ~~the~~ exploration, drilling, ~~or~~ 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 meets all of the following criteria:

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

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

(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~~ Berea sandstone in areas directly underlain by Permian stratigraphy;

(4) Is used primarily to provide oil or gas for domestic use.

(X) "Exempt domestic well" means a well that meets all of the following criteria:

(1) Is owned by the owner of the surface estate of the tract

on which the well is located;

(2) Is used primarily to provide gas for the owner's domestic use;

(3) Is located more than two hundred feet horizontal distance from any inhabited private dwelling house other than an inhabited private dwelling house located on the tract on which the well is located;

(4) Is located more than two hundred feet horizontal distance from any public building that may be used as a place of resort, assembly, education, entertainment, lodging, trade, manufacture, repair, storage, traffic, or occupancy by the public.

(Y) "Urbanized area" means an area where a well or production facilities of a well are located within a municipal corporation or within a township that has an unincorporated population of more than five thousand in the most recent federal decennial census prior to the issuance of the permit for the well or production facilities.

(Z) "Well stimulation" or "stimulation of a well" means the process of enhancing well productivity, including hydraulic fracturing operations.

(AA) "Production operation" means site preparation, access roads, drilling, well completion, well stimulation, well operation, site reclamation, and well plugging. "Production operation" also includes all of the following:

(1) The piping and equipment 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, and measurement of hydrocarbon gas and liquids;

(3) The processes associated with production compression, gas lift, gas injection, and fuel gas supply.

(BB) "Annular overpressurization" means the accumulation of fluids within an annulus with sufficient pressure to allow migration of annular fluids into underground sources of drinking water.

(CC) "Idle and orphaned well" means a well for which a bond has been forfeited or an abandoned well for which no money is available to plug the well in accordance with this chapter and rules adopted under it.

(DD) "Temporarily inactive well" means a well that has been granted temporary inactive status under section 1509.062 of the Revised Code.

(EE) "Material and substantial violation" means any of the following:

(1) Failure to obtain a permit to drill, reopen, convert, plugback, or plug a well under this chapter;

(2) Failure to obtain or maintain insurance coverage that is required under this chapter;

(3) Failure to obtain or maintain a surety bond that is required under this chapter;

(4) Failure to plug an abandoned well or idle and orphaned well unless the well has been granted temporary inactive status under section 1509.062 of the Revised Code or the chief has approved another option concerning the abandoned well or idle and orphaned well;

(5) Failure to restore a disturbed land surface as required by section 1509.072 of the Revised Code;

(6) Failure to reimburse the oil and gas fund pursuant to a final order issued under section 1509.071 of the Revised Code;

(7) Failure to comply with a final nonappealable order of the chief issued under section 1509.04 of the Revised Code.

(FF) "Severer" has the same meaning as in section 5749.01 of the Revised Code.

Sec. 1509.02. There is hereby created in the department of natural resources the division of mineral resources management, which shall be administered by the chief of the division of mineral resources management. The division has sole and exclusive authority to regulate the permitting, location, and spacing of oil and gas wells and production operations within the state. The regulation of oil and gas activities is a matter of general statewide interest that requires uniform statewide regulation, and this chapter and rules adopted under it constitute a comprehensive plan with respect to all aspects of the locating, drilling, and operating of oil and gas wells within this state, including site restoration and disposal of wastes from those wells. Nothing in this section affects the authority granted to the director of transportation and local authorities in section 723.01 or 4513.34 of the Revised Code, provided that the authority granted under those sections shall not be exercised in a manner that discriminates against, unfairly impedes, or obstructs oil and gas activities and operations regulated under this chapter.

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 1509.06, 1509.061, 1509.062, 1509.071, 1509.13, 1509.22, ~~and~~ 1509.221, 1509.222, 1509.34, and 1509.50, ninety per cent of moneys received by the treasurer of state from the tax levied in divisions (A)(5) and (6) of section 5749.02, all civil penalties paid under section 1509.33, and, notwithstanding any section of

the Revised Code relating to the distribution or crediting of fines for violations of the Revised Code, all fines imposed under divisions (A) and (B) of section 1509.99 of the Revised Code and fines imposed under divisions (C) and (D) of section 1509.99 of the Revised Code for all violations prosecuted by the attorney general and for violations prosecuted by prosecuting attorneys that do not involve the transportation of brine by vehicle shall be deposited into the state treasury to the credit of the oil and gas well fund, which is hereby created. Fines imposed under divisions (C) and (D) of section 1509.99 of the Revised Code for violations prosecuted by prosecuting attorneys that involve the transportation of brine by vehicle and penalties associated with a compliance agreement entered into pursuant to this chapter shall be paid to the county treasury of the county where the violation occurred.

The fund shall be used solely and exclusively for the purposes enumerated in division (B) of section 1509.071 of the Revised Code, for the expenses of the division associated with the administration of ~~the "Natural Gas Policy Act of 1978," 92 Stat. 3358, 15 U.S.C. 3301, and for the division's other functions~~ this chapter and Chapter 1571. of the Revised Code and rules adopted under them, and for expenses that are critical and necessary for the protection of human health and safety and the environment related to oil and gas production in this state. The expenses of the division in excess of the moneys available in the fund shall be paid from general revenue fund appropriations to the department.

Sec. 1509.021. On and after the effective date of this section, all of the following apply:

(A) The surface location of a new well or a tank battery of a well shall not be within one hundred fifty feet of an occupied

dwelling that is located in an urbanized area unless the owner of the land on which the occupied dwelling is located consents in writing to the surface location of the well or tank battery of a well less than one hundred fifty feet from the occupied dwelling and the chief of the division of mineral resources management approves the written consent of that owner. However, the chief shall not approve the written consent of such an owner when the surface location of a new well or a tank battery of a well will be within one hundred feet of an occupied dwelling that is located in an urbanized area.

(B) The surface location of a new well shall not be within one hundred fifty feet from the property line of a parcel of land that is not in the drilling unit of the well if the parcel of land is located in an urbanized area and directional drilling will be used to drill the new well unless the owner of the parcel of land consents in writing to the surface location of the well less than one hundred fifty feet from the property line of the parcel of land and the chief approves the written consent of that owner. However, the chief shall not approve the written consent of such an owner when the surface location of a new well will be less than one hundred feet from the property line of the owner's parcel of land that is not in the drilling unit of the well if the parcel of land is located in an urbanized area and directional drilling will be used.

(C) The surface location of a new well shall not be within two hundred feet of an occupied dwelling that is located in an urbanized area and that is located on land that has become part of the drilling unit of the well pursuant to a mandatory pooling order issued under section 1509.27 of the Revised Code unless the owner of the land on which the occupied dwelling is located consents in writing to the surface location of the well at a distance that is less than two hundred feet from the occupied

dwelling. However, if the owner of the land on which the occupied dwelling is located provides such written consent, the surface location of the well shall not be within one hundred feet of the occupied dwelling.

If an applicant cannot identify an owner of land or if an owner of land is not responsive to attempts by the applicant to contact the owner, the applicant may submit an affidavit to the chief attesting to such an unidentifiable owner or to such unresponsiveness of an owner and attempts by the applicant to contact the owner and include a written request to reduce the distance of the location of the well from the occupied dwelling to less than two hundred feet. If the chief receives such an affidavit and written request, the chief shall reduce the distance of the location of the well from the occupied dwelling to a distance of not less than one hundred feet.

(D) Except as otherwise provided in division (L) of this section, the surface location of a new well shall not be within one hundred fifty feet of the property line of a parcel of land that is located in an urbanized area and that has become part of the drilling unit of the well pursuant to a mandatory pooling order issued under section 1509.27 of the Revised Code unless the owner of the land consents in writing to the surface location of the well at a distance that is less than one hundred fifty feet from the owner's property line. However, if the owner of the land provides such written consent, the surface location of the well shall not be within seventy-five feet of the property line of the owner's parcel of land.

If an applicant cannot identify an owner of land or if an owner of land is not responsive to attempts by the applicant to contact the owner, the applicant may submit an affidavit to the chief attesting to such an unidentifiable owner or to such unresponsiveness of an owner and attempts by the applicant to

contact the owner and include a written request to reduce the distance of the location of the well from the property line of the owner's parcel of land to less than one hundred fifty feet. If the chief receives such an affidavit and written request, the chief shall reduce the distance of the location of the well from the property line to a distance of not less than seventy-five feet.

(E) The surface location of a new tank battery of a well shall not be within one hundred fifty feet of an occupied dwelling that is located in an urbanized area and that is located on land that has become part of the drilling unit of the well pursuant to a mandatory pooling order issued under section 1509.27 of the Revised Code unless the owner of the land on which the occupied dwelling is located consents in writing to the location of the tank battery at a distance that is less than one hundred fifty feet from the occupied dwelling. However, if the owner of the land on which the occupied dwelling is located provides such written consent, the location of the tank battery shall not be within one hundred feet of the occupied dwelling.

If an applicant cannot identify an owner of land or if an owner of land is not responsive to attempts by the applicant to contact the owner, the applicant may submit an affidavit to the chief attesting to such an unidentifiable owner or to such unresponsiveness of an owner and attempts by the applicant to contact the owner and include a written request to reduce the distance of the location of the tank battery from the occupied dwelling to less than one hundred fifty feet. If the chief receives such an affidavit and written request, the chief shall reduce the distance of the location of the tank battery from the occupied dwelling to a distance of not less than one hundred feet.

(F) Except as otherwise provided in division (L) of this section, the location of a new tank battery of a well shall not be within seventy-five feet of the property line of a parcel of land

that is located in an urbanized area and that has become part of the drilling unit of the well pursuant to a mandatory pooling order issued under section 1509.27 of the Revised Code unless the owner of the land consents in writing to the location of the tank battery at a distance that is less than seventy-five feet from the owner's property line. However, if the owner of the land provides such written consent, the location of the tank battery shall not be within the property line of the owner's parcel of land.

If an applicant cannot identify an owner of land or if an owner of land is not responsive to attempts by the applicant to contact the owner, the applicant may submit an affidavit to the chief attesting to such an unidentifiable owner or to such unresponsiveness of an owner and attempts by the applicant to contact the owner and include a written request to reduce the distance of the location of the tank battery from the property line of the owner's parcel of land to less than seventy-five feet. If the chief receives such an affidavit and written request, the chief shall reduce the distance of the location of the tank battery from the property line, provided that the tank battery shall not be within the property line of the owner's parcel of land.

(G) For purposes of divisions (C) to (F) of this section, written consent of an owner of land may be provided by any of the following:

(1) A copy of an original lease agreement as recorded in the office of the county recorder of the county in which the occupied dwelling or property is located that expressly provides for the reduction of the distance of the location of a well or a tank battery, as applicable, from an occupied dwelling or a property line;

(2) A copy of a deed severing the oil or gas mineral rights, as applicable, from the owner's parcel of land as recorded in the

office of the county recorder of the county in which the property is located that expressly provides for the reduction of the distance of the location of a well or a tank battery, as applicable, from an occupied dwelling or a property line;

(3) A written statement that consents to the proposed location of a well or a tank battery, as applicable, and that is approved by the chief. For purposes of division (G)(3) of this section, an applicant shall submit a copy of a written statement to the chief.

(H) For areas that are not urbanized areas, the surface location of a new well shall not be within one hundred feet of an occupied private dwelling or of a public building that may be used as a place of assembly, education, entertainment, lodging, trade, manufacture, repair, storage, or occupancy by the public. This division does not apply to a building or other structure that is incidental to agricultural use of the land on which the building or other structure is located unless the building or other structure is used as an occupied private dwelling or for retail trade.

(I) The surface location of a new well shall not be within one hundred feet of any other well. However, an applicant may submit a written statement to request the chief to authorize a new well to be located at a distance that is less than one hundred feet from another well. If the chief receives such a written statement, the chief may authorize a new well to be located within one hundred feet of another well if the chief determines that the applicant satisfactorily has demonstrated that the location of the new well at a distance that is less than one hundred feet from another well is necessary to reduce impacts to the owner of the land on which the well is to be located or to the surface of the land on which the well is to be located.

(J) For areas that are not urbanized areas, the location of a

new tank battery of a well shall not be within one hundred feet of an existing inhabited structure.

(K) The location of a new tank battery of a well shall not be within fifty feet of any other well.

(L) The surface location of a new well or a new tank battery of a well shall not be within fifty feet of a railroad track or of the traveled portion of a public street, road, or highway. This division applies regardless of whether the public street, road, or highway has become part of the drilling unit of the well pursuant to a mandatory pooling order issued under section 1509.27 of the Revised Code.

(M) A new oil tank shall not be within three feet of another oil tank.

(N) The surface location of a mechanical separator shall not be within any of the following:

(1) Fifty feet of a well;

(2) Ten feet of an oil tank;

(3) One hundred feet of an existing inhabited structure.

(O) A vessel that is equipped in such a manner that the contents of the vessel may be heated shall not be within any of the following:

(1) Fifty feet of an oil production tank;

(2) Fifty feet of a well;

(3) One hundred feet of an existing inhabited structure;

(4) If the contents of the vessel are heated by a direct fire heater, fifty feet of a mechanical separator.

Sec. 1509.03. (A) The chief of the division of mineral resources management shall adopt, rescind, and amend, in

accordance with Chapter 119. of the Revised Code, rules for the administration, implementation, and enforcement of this chapter. The rules shall include an identification of the subjects that the chief shall address when attaching terms and conditions to a permit with respect to a well and production facilities of a well that are located within an urbanized area. The subjects shall include all of the following:

~~(A)~~(1) Safety concerning the drilling or operation of a well;

~~(B)~~(2) Protection of the public and private water supply;

~~(C) Location of surface facilities of a well;~~

~~(D)~~(3) Fencing and screening of surface facilities of a well;

~~(E)~~(4) Containment and disposal of drilling and production wastes;

~~(F)~~(5) Construction of access roads for purposes of the drilling and operation of a well;

(6) Noise mitigation for purposes of the drilling of a well and the operation of a well, excluding safety and maintenance operations.

No person shall violate any rule of the chief adopted under this chapter.

(B) Any order issuing, denying, or modifying a permit or notices required to be made by the chief pursuant to this chapter shall be made in compliance with Chapter 119. of the Revised Code, except that personal service may be used in lieu of service by mail. Every order issuing, denying, or modifying a permit under this chapter and described as such shall be considered an adjudication order for purposes of Chapter 119. of the Revised Code.

Where notice to the owners is required by this chapter, the notice shall be given as prescribed by a rule adopted by the chief

to govern the giving of notices. ~~Such~~ The rule shall provide for notice by publication except in those cases where other types of notice are necessary in order to meet the requirements of the law.

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

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

(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 disposal; or to implement, administer, or enforce division (A) of section 1509.224 and sections 1509.22, 1509.222, 1509.223, 1509.225, and 1509.226 of the Revised Code pertaining to the transportation of brine by vehicle and the disposal of brine so

transported are not adjudication orders for purposes of Chapter 119. of the Revised Code. The chief shall issue such orders under division (A) or (B) of section 1509.224 of the Revised Code, as appropriate.

~~As used in this section, "urbanized area" means an area where a well or production facilities of a well are located within a municipal corporation or within a township that has an unincorporated population of more than five thousand in the most recent federal decennial census prior to the issuance of the permit for the well or production facilities.~~

Sec. 1509.04. (A) The chief of the division of mineral resources management, or the chief's authorized representatives, shall enforce this chapter and the rules, terms and conditions of permits and registration certificates, and orders adopted or issued pursuant thereto, except that any ~~"~~peace officer,~~"~~ as defined in section 2935.01 of the Revised Code, may arrest for violations of this chapter involving transportation of brine by vehicle. The enforcement authority of the chief includes the authority to enter into compliance agreements. ~~The~~

(B)(1) The chief or the chief's authorized representative may issue an administrative order to an owner for a violation of this chapter or rules adopted under it, terms and conditions of a permit issued under it, a registration certificate that is required under this chapter, or orders issued under this chapter.

(2) The chief may issue an order finding that an owner has committed a material and substantial violation.

(C) The chief, by order, immediately may suspend drilling, operating, or plugging activities that are related to a material and substantial violation and suspend and revoke an unused permit after finding either of the following:

(1) An owner has failed to comply with an order issued under division (B)(2) of this section that is final and nonappealable.

(2) An owner is causing, engaging in, or maintaining a condition or activity that the chief determines presents an imminent danger to the health or safety of the public or that results in or is likely to result in immediate substantial damage to the natural resources of this state.

(D)(1) The chief may issue an order under division (C) of this section without prior notification if reasonable attempts to notify the owner have failed or if the owner is currently in material breach of a prior order, but in such an event notification shall be given as soon thereafter as practical.

(2) Not later than five days after the issuance of an order under division (C) of this section, the chief shall provide the owner an opportunity to be heard and to present evidence that one of the following applies:

(a) The condition or activity does not present an imminent danger to the public health or safety or is not likely to result in immediate substantial damage to natural resources.

(b) Required records, reports, or logs have been submitted.

(3) If the chief, after considering evidence presented by the owner under division (D)(2)(a) of this section, determines that the activities do not present such a threat or that the required records, reports, or logs have been submitted under division (D)(2)(b) of this section, the chief shall revoke the order. The owner may appeal an order to the court of common pleas of the county in which the activity that is the subject of the order is located.

(E) The chief may issue a bond forfeiture order pursuant to section 1509.071 of the Revised Code for failure to comply with a final nonappealable order issued or compliance agreement entered

into under this section.

(F) The chief may notify drilling contractors, transporters, service companies, or other similar entities of the compliance status of an owner.

If the owner fails to comply with a prior enforcement action of the chief, the chief may issue a suspension order without prior notification, but in such an event the chief shall give notice as soon thereafter as practical. Not later than five calendar days after the issuance of an order, the chief shall provide the owner an opportunity to be heard and to present evidence that required records, reports, or logs have been submitted. If the chief, after considering the evidence presented by the owner, determines that the requirements have been satisfied, the chief shall revoke the suspension order. The owner may appeal a suspension order to the court of common pleas of the county in which the activity that is the subject of the suspension order is located.

(G) The prosecuting attorney of the county or the attorney general, upon the request of the chief, may apply to the court of common pleas in the county in which any of the provisions of this chapter or any rules, terms or conditions of a permit or registration certificate, or orders adopted or issued pursuant to this chapter are being violated for a temporary restraining order, preliminary injunction, or permanent injunction restraining any person from such violation.

Sec. 1509.041. The chief of the division of mineral resources management shall maintain a database on the division of mineral resources management's web site that is accessible to the public. The database shall list each final nonappealable order issued for a material and substantial violation under this chapter. The list shall identify the violator, the date on which the violation occurred, and the date on which the violation was corrected.

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

~~Such permit shall be issued by the chief in accordance with this chapter and shall be valid for twelve months.~~

Sec. 1509.06. (A) An application for a permit to drill a new well, drill an existing well deeper, reopen a well, convert a 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 mineral resources management upon such form as the chief prescribes and shall contain each of the following that is applicable:

(1) The name and address of the owner and, if a corporation, the name and address of the statutory agent;

(2) The signature of the owner or the owner's authorized agent. When an authorized agent signs an application, it shall be accompanied by a certified copy of the appointment as such agent.

(3) The names and addresses of all persons holding the royalty interest in the tract upon which the well is located or is to be drilled or within a proposed drilling unit;

(4) The location of the tract or drilling unit on which the well is located or is to be drilled identified by section or lot number, city, village, township, and county;

(5) Designation of the well by name and number;

(6) The geological formation to be tested or used and the proposed total depth of the well;

(7) The type of drilling equipment to be used;

(8) If the well is for the injection of a liquid, identity of the geological formation to be used as the injection zone and the composition of the liquid to be injected;

(9) For an application for a permit to drill a new well <u>within an urbanized area</u>, a sworn statement that the applicant has provided notice <u>by regular mail</u> of the application to the owner of each ~~occupied dwelling unit~~ <u>parcel of real property</u> that is located within five hundred feet of the surface location of the well ~~if the surface location will be less than five hundred feet from the boundary of the drilling unit and more than fifteen occupied dwelling units are located less than five hundred feet from the surface location of the well, excluding any dwelling that is located on real property all or any portion of which is included in the drilling unit~~ <u>and to the executive authority of the municipal corporation or the board of township trustees of the township, as applicable, in which the well is to be located</u>. <u>In addition, the notice shall contain a statement that informs an owner of real property who is required to receive the notice under division (A)(9) of this section that within five days of receipt of the notice, the owner is required to provide notice under section 1509.60 of the Revised Code to each residence in an</u>

occupied dwelling that is located on the owner's parcel of real property. The notice shall contain a statement that an application has been filed with the division of mineral resources management, identify the name of the applicant and the proposed well location, include the name and address of the division, and contain a statement that comments regarding the application may be sent to the division. The notice may be provided by hand delivery or regular mail. The identity of the owners of ~~occupied dwelling units~~ parcels of real property shall be determined using the tax records of the municipal corporation or county in which ~~the dwelling unit~~ a parcel of real property is located as of the date of the notice.

(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 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;

(12) Such other relevant information as the chief prescribes by rule.

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

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

(C) ~~The~~ <u>(1) Except as provided in division (C)(2) of this section, the</u> chief shall not issue a permit for at least ten days after the date of filing of the application for the permit unless, upon reasonable cause shown, the chief waives that period or a request for expedited review is filed under this section. However, the chief shall issue a permit within twenty-one days of the filing of the application unless the chief denies the application by order.

<u>(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 for at least eighteen days after the date of filing of the application for the permit unless, upon reasonable cause shown, the chief waives that period or the chief at the chief's discretion grants a request for an expedited review. However, the chief shall issue a</u>

permit for a well or proposed well within an urbanized area within thirty days of the filing of the application unless the chief denies the application by order.

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

In addition to a complete application for a permit that meets the requirements of this section and the permit fee prescribed by this section, a request for expedited review shall be accompanied by a separate nonrefundable filing fee of ~~five~~ two hundred fifty dollars. Upon the filing of a request for expedited review, the chief shall cause the county engineer of the county in which the well is or is to be located to be notified of the filing of the permit application and the request for expedited review by telephone or other means that in the judgment of the chief will provide timely notice of the application and request. The chief shall issue a permit within seven days of the filing of the request unless the chief denies the application by order. Notwithstanding the provisions of this section governing expedited review of permit applications, the chief may refuse to accept requests for expedited review if, in the chief's judgment, the acceptance of the requests would prevent the issuance, within twenty-one days of their filing, of permits for which applications are pending.

(E) A well shall be drilled and operated in accordance with the plans, sworn statements, and other information submitted in the approved application.

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

(G) Each application for a permit required by section 1509.05 of the Revised Code, except an application to plug back an existing well that is required by that section and an application for a well drilled or reopened for purposes of section 1509.22 of the Revised Code, also shall be accompanied by a nonrefundable fee as follows:

(1) ~~Two~~ Five hundred ~~fifty~~ dollars for a permit to conduct activities in a township with a population of fewer than ~~five~~ ten thousand;

(2) ~~Five hundred dollars for a permit to conduct activities in a township with a population of five thousand or more, but fewer than ten thousand;~~

~~(3)~~ Seven hundred fifty dollars for a permit to conduct activities in a township with a population of ten thousand or more, but fewer than fifteen thousand;

~~(4)~~(3) One thousand dollars for a permit to conduct activities in either of the following:

(a) A township with a population of fifteen thousand or more;

(b) A municipal corporation regardless of population.

(4) If the application is for a permit that requires mandatory pooling, an additional five thousand dollars.

For purposes of calculating fee amounts, populations shall be determined using the most recent federal decennial census.

Each application for the revision or reissuance of a permit shall be accompanied by a nonrefundable fee of two hundred fifty dollars.

(H) ~~The chief may order the immediate suspension of drilling, operating, or plugging activities after finding that any person is causing, engaging in, or maintaining a condition or activity that in the chief's judgment presents an imminent danger to public health or safety or results in or is likely to result in immediate substantial damage to natural resources or for nonpayment of a fee required by this section. The chief may order the immediate suspension of the drilling or reopening of a well in a coal bearing township after determining that the drilling or reopening activities present an imminent and substantial threat to public health or safety or to miners' health or safety. Before issuing any such order, the chief shall notify the owner in such manner as in the chief's judgment would provide reasonable notification that the chief intends to issue a suspension order. The chief may issue such an order without prior notification if reasonable attempts to notify the owner have failed, but in such an event notification shall be given as soon thereafter as practical. Within five calendar days after the issuance of the order, the chief shall provide the owner an opportunity to be heard and to present evidence that the condition or activity is not likely to result in immediate substantial damage to natural resources or does not present an imminent danger to public health or safety or to miners' health or safety, if applicable. In the case of activities in a coal bearing township, if the chief, after considering evidence presented by the owner, determines that the activities do~~

~~not present such a threat, the chief shall revoke the suspension order. Notwithstanding any provision of this chapter, the owner may appeal a suspension order directly to the court of common pleas of the county in which the activity is located or, if in a coal bearing township, to the reclamation commission under section 1513.13 of the Revised Code~~ Prior to the issuance of a permit to drill a proposed well that is to be located in an urbanized area, the division shall conduct a site review to identify and evaluate any site-specific terms and conditions that may be attached to the permit. At the site review, a representative of the division shall consider fencing, screening, and landscaping requirements, if any, for similar structures in the community in which the well is proposed to be located. The terms and conditions that are attached to the permit shall include the establishment of fencing, screening, and landscaping requirements for the surface facilities of the proposed well, including a tank battery of the well.

(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 section shall be valid for twenty-four months.

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

Sec. 1509.062. (A)(1) The owner of a well that has not been completed, a well that has not produced within one year after completion, or an existing well that has no reported production for two consecutive reporting periods as reported in accordance

with section 1509.11 of the Revised Code shall plug the well in accordance with section 1509.12 of the Revised Code, obtain temporary inactive well status for the well in accordance with this section, or perform another activity regarding the well that is approved by the chief of the division of mineral resources management.

(2) If a well has a reported annual production that is less than one hundred thousand cubic feet of natural gas or fifteen barrels of crude oil, or a combination thereof, the chief may require the owner of the well to submit an application for temporary inactive well status under this section for the well.

(B) In order for the owner of a well to submit an application for temporary inactive well status for the well under this division, the owner and the well shall be in compliance with this chapter and rules adopted under it, any terms and conditions of the permit for the well, and applicable orders issued by the chief. An application for temporary inactive status for a well shall be submitted to the chief on a form prescribed and provided by the chief and shall contain all of the following:

(1) The owner's name and address and, if the owner is a corporation, the name and address of the corporation's statutory agent;

(2) The signature of the owner or of the owner's authorized agent. When an authorized agent signs an application, the application shall be accompanied by a certified copy of the appointment as such agent.

(3) The permit number assigned to the well. If the well has not been assigned a permit number, the chief shall assign a permit number to the well.

(4) A map, on a scale not smaller than four hundred feet to the inch, that shows the location of the well and the tank

battery, that includes the latitude and longitude of the well, and that contains all other data that are required by the chief;

(5) A demonstration that the well is of future utility and that the applicant has a viable plan to utilize the well within a reasonable period of time;

(6) A demonstration that the well poses no threat to the health or safety of persons, property, or the environment;

(7) Any other relevant information that the chief prescribes by rule.

The chief may waive any of the requirements established in divisions (B)(1) to (6) of this section if the division of mineral resources management possesses a current copy of the information or document that is required in the applicable division.

(C) Upon receipt of an application for temporary inactive well status, the chief shall review the application and shall either deny the application by issuing an order or approve the application. The chief shall approve the application only if the chief determines that the well that is the subject of the application poses no threat to the health or safety of persons, property, or the environment. If the chief approves the application, the chief shall notify the applicant of the chief's approval. Upon receipt of the chief's approval, the owner shall shut in the well and empty all liquids and gases from all storage tanks, pipelines, and other equipment associated with the well. In addition, the owner shall maintain the well, other equipment associated with the well, and the surface location of the well in a manner that prevents hazards to the health and safety of people and the environment. The owner shall inspect the well at least every six months and submit to the chief within fourteen days after the inspection a record of inspection on a form prescribed and provided by the chief.

(D) Not later than thirty days prior to the expiration of temporary inactive well status or a renewal of temporary inactive well status approved by the chief for a well, the owner of the well may submit to the chief an application for renewal of the temporary inactive well status on a form prescribed and provided by the chief. The application shall include a detailed plan that describes the ultimate disposition of the well, the time frames for that disposition, and any other information that the chief determines is necessary. The chief shall either deny an application by order or approve the application. If the chief approves the application, the chief shall notify the owner of the well of the chief's approval.

(E) An application for temporary inactive well status shall be accompanied by a nonrefundable fee of one hundred dollars. An application for a renewal of temporary inactive well status shall be accompanied by a nonrefundable fee of two hundred fifty dollars for the first renewal and five hundred dollars for each subsequent renewal.

(F) After a third renewal, the chief may require an owner to provide a surety bond in an amount not to exceed ten thousand dollars for each of the owner's wells that has been approved by the chief for temporary inactive well status.

(G) Temporary inactive well status approved by the chief expires one year after the date of approval of the application for temporary inactive well status or production from the well commences, whichever occurs sooner. In addition, a renewal of a temporary inactive well status expires one year after the expiration date of the initial temporary inactive well status or one year after the expiration date of the previous renewal of the temporary inactive well status, as applicable, or production from the well commences, whichever occurs sooner.

(H) The owner of a well that has been approved by the chief

for temporary inactive well status may commence production from the well at any time. Not later than sixty days after the commencement of production from such a well, the owner shall notify the chief of the commencement of production.

(I) This chapter and rules adopted under it, any terms and conditions of the permit for a well, and applicable orders issued by the chief apply to a well that has been approved by the chief for temporary inactive well status or renewal of that status.

Sec. 1509.07. An owner of any well, except an exempt Mississippian well or an exempt domestic well, shall obtain liability insurance coverage from a company authorized to do business in this state in an amount of not less than ~~three hundred thousand~~ one million dollars bodily injury coverage and ~~three hundred thousand dollars~~ property damage coverage to pay damages for injury to persons or damage to property caused by the drilling, operation, or plugging of all the owner's wells in this state. However, if any well is located within an urbanized area, the owner shall obtain liability insurance coverage in an amount of not less than three million dollars for bodily injury coverage and property damage coverage to pay damages for injury to persons or damage to property caused by the drilling, operation, or plugging of all of the owner's wells in this state. The owner shall maintain ~~that~~ the coverage until all the owner's wells are plugged and abandoned ~~as required by law~~ or are transferred to an owner who has obtained insurance as required under this section and who is not under a notice of material and substantial violation or under a suspension order. The owner shall provide proof of liability insurance coverage to the chief of the division of mineral resources management upon request. Upon failure of the owner to provide that proof when requested, the chief may order the suspension of any outstanding permits and operations of the owner until the owner provides proof of the required insurance

coverage.

Except as otherwise provided in this section, an owner of any well, before being issued a permit under section 1509.06 of the Revised Code <u>or before operating or producing from a well</u>, shall execute and file with the division of mineral resources management a surety bond conditioned on compliance with the restoration requirements of section 1509.072, the plugging requirements of section 1509.12, the permit provisions of section 1509.13 of the Revised Code, and all rules and orders of the chief relating thereto, in an amount set by rule of the chief.

The owner may deposit with the chief, instead of a surety bond, cash in an amount equal to the surety bond as prescribed pursuant to this section or negotiable certificates of deposit or irrevocable letters of credit, issued by any bank organized or transacting business in this state or by any savings and loan association as defined in section 1151.01 of the Revised Code, having a cash value equal to or greater than the amount of the surety bond as prescribed pursuant to this section. Cash or certificates of deposit shall be deposited upon the same terms as those upon which surety bonds may be deposited. If certificates of deposit are deposited with the chief instead of a surety bond, the chief shall require the bank or savings and loan association that issued any such certificate to pledge securities of a cash value equal to the amount of the certificate that is in excess of the amount insured by any of the agencies and instrumentalities created under the "Federal Deposit Insurance Act," 64 Stat. 873 (1950), 12 U.S.C. 1811, as amended, and regulations adopted under it, including at least the federal deposit insurance corporation, bank insurance fund, and savings association insurance fund. The securities shall be security for the repayment of the certificate of deposit.

Immediately upon a deposit of cash, certificates of deposit,

or letters of credit with the chief, the chief shall deliver them to the treasurer of state who shall hold them in trust for the purposes for which they have been deposited.

Instead of a surety bond, the chief may accept proof of financial responsibility consisting of a sworn financial statement showing a net financial worth within this state equal to twice the amount of the bond for which it substitutes and, as may be required by the chief, a list of producing properties of the owner within this state or other evidence showing ability and intent to comply with the law and rules concerning restoration and plugging that may be required by rule of the chief. The owner of an ~~exempt domestic or~~ exempt Mississippian well is not required to file scheduled updates of the financial documents, but shall file updates of those documents if requested to do so by the chief. The owner of a ~~nonexempt domestic or~~ nonexempt Mississippian well shall file updates of the financial documents in accordance with a schedule established by rule of the chief. The chief, upon determining that an owner for whom the chief has accepted proof of financial responsibility instead of bond cannot demonstrate financial responsibility, shall order that the owner execute and file a bond or deposit cash, certificates of deposit, or irrevocable letters of credit as required by this section for the wells specified in the order within ten days of receipt of the order. If the order is not complied with, all wells of the owner that are specified in the order and for which no bond is filed or cash, certificates of deposit, or letters of credit are deposited shall be plugged. No owner shall fail or refuse to plug such a well. Each day on which such a well remains unplugged thereafter constitutes a separate offense.

The surety bond provided for in this section shall be executed by a surety company authorized to do business in this state.

The chief shall not approve any bond until it is personally signed and acknowledged by both principal and surety, or as to either by the principal's or surety's attorney in fact, with a certified copy of the power of attorney attached thereto. The chief shall not approve a bond unless there is attached a certificate of the superintendent of insurance that the company is authorized to transact a fidelity and surety business in this state.

All bonds shall be given in a form to be prescribed by the chief and shall run to the state as obligee.

An owner of an exempt Mississippian well or an exempt domestic well, in lieu of filing a surety bond, cash in an amount equal to the surety bond, certificates of deposit, irrevocable letters of credit, or a sworn financial statement, may file a one-time fee of fifty dollars, which shall be deposited in the oil and gas well plugging fund created in section 1509.071 of the Revised Code.

<u>An owner, operator, producer, or other person shall not operate a well or produce from a well at any time if the owner, operator, producer, or other person has not satisfied the requirements established in this section.</u>

Sec. 1509.071. (A) When the chief of the division of mineral resources management finds that an owner has failed to comply with <u>a final nonappealable order issued or compliance agreement entered into under section 1509.04,</u> the restoration requirements of section 1509.072, plugging requirements of section 1509.12, or permit provisions of section 1509.13 of the Revised Code, or rules and orders relating thereto, the chief shall make a finding of that fact and declare any surety bond filed to ensure compliance with those sections and rules forfeited in the amount set by rule of the chief. The chief thereupon shall certify the total

forfeiture to the attorney general, who shall proceed to collect the amount of the forfeiture. In addition, the chief may require an owner, operator, producer, or other person who forfeited a surety bond to post a new surety bond in the amount of fifteen thousand dollars for a single well, thirty thousand dollars for two wells, or fifty thousand dollars for three or more wells.

In lieu of total forfeiture, the surety or owner, at ~~its~~ the surety's or owner's option, may cause the well to be properly plugged and abandoned and the area properly restored or pay to the treasurer of state the cost of plugging and abandonment.

(B) All moneys collected because of forfeitures of bonds as provided in this section shall be deposited in the state treasury to the credit of the oil and gas well fund created in section 1509.02 of the Revised Code. ~~The fund~~

The chief annually shall ~~be expended by the chief~~ spend not less than fourteen per cent of the revenue credited to the fund during the previous fiscal year for the following purposes ~~in addition to the other purposes specified in that section~~:

(1) In accordance with division (D) of this section, to plug idle and orphaned wells or to restore the land surface properly as required in section 1509.072 of the Revised Code ~~for which the bonds have been forfeited, for abandoned wells for which no funds are available to plug the wells in accordance with this chapter, or to use abandoned wells for the injection of oil or gas production wastes~~;

(2) In accordance with division (E) of this section, to correct conditions that the chief reasonably has determined are causing imminent health or safety risks at an idle and orphaned well or a well for which the owner cannot be contacted in order to initiate a corrective action within a reasonable period of time as determined by the chief.

Expenditures from the fund shall be made only for lawful purposes. <u>In addition, expenditures from the fund shall not be made to purchase real property or to remove a dwelling in order to access a well.</u>

(C)(1) Upon determining that the owner of a well has failed to properly plug and abandon it or to properly restore the land surface at the well site in compliance with the applicable requirements of this chapter and applicable rules adopted and orders issued under it or that a well is an abandoned well for which no funds are available to plug the well in accordance with this chapter, the chief shall do all of the following:

(a) Determine from the records in the office of the county recorder of the county in which the well is located the identity of the owner of the land on which the well is located, the identity of the owner of the oil or gas lease under which the well was drilled or the identity of each person owning an interest in the lease, and the identities of the persons having legal title to, or a lien upon, any of the equipment appurtenant to the well;

(b) Mail notice to the owner of the land on which the well is located informing the landowner that the well is to be plugged. If the owner of the oil or gas lease under which the well was drilled is different from the owner of the well or if any persons other than the owner of the well own interests in the lease, the chief also shall mail notice that the well is to be plugged to the owner of the lease or to each person owning an interest in the lease, as appropriate.

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

(2) If none of the persons described in division (C)(1)(c) of this section plugs the well within sixty days after the mailing of the notice required by that division, all equipment appurtenant to the well is hereby declared to be forfeited to this state without compensation and without the necessity for any action by the state for use to defray the cost of plugging and abandoning the well and restoring the land surface at the well site.

(D) Expenditures from the fund for the purpose of division (B)(1) of this section shall be made in accordance with either of the following:

(1) The expenditures may be made pursuant to contracts entered into by the chief with persons who agree to furnish all of the materials, equipment, work, and labor as specified and provided in such a contract <u>for activities associated with the restoration or plugging of a well as determined by the chief. The activities may include excavation to uncover a well, geophysical methods to locate a buried well when clear evidence of leakage from the well exists, cleanout of wellbores to remove material from a failed plugging of a well, plugging operations, installation of vault and vent systems, including associated engineering certifications and permits, restoration of property, and repair of damage to property that is caused by such activities. Expenditures shall not be used for salaries, maintenance, equipment, or other administrative purposes, except for costs directly attributed to the plugging of an idle and orphaned well</u>. Agents or employees of persons contracting with the chief for ~~the~~ <u>a</u> restoration~~,~~ <u>or</u> plugging~~, and injection projects~~ <u>project</u> may enter upon any land, public or private, on which the well is located for the purpose of performing the work. Prior to such entry, the chief shall give to the following persons written notice of the existence of a contract for a project to restore~~,~~ <u>or</u> plug~~, or inject oil or gas production wastes into~~ a well, the

names of the persons with whom the contract is made, and the date that the project will commence: the owner of the well, the owner of the land upon which the well is located, the owner or agents of adjoining land, and, if the well is located in the same township as or in a township adjacent to the excavations and workings of a mine and the owner or lessee of that mine has provided written notice identifying those townships to the chief at any time during the immediately preceding three years, the owner or lessee of the mine.

(2)(a) The owner of the land on which a well is located who has received notice under division (C)(1)(b) of this section may plug the well and be reimbursed by the division for the reasonable cost of plugging the well. In order to plug the well, the landowner shall submit an application to the chief on a form prescribed by the chief and approved by the technical advisory council on oil and gas created in section 1509.38 of the Revised Code. The application, at a minimum, shall require the landowner to provide the same information as is required to be included in the application for a permit to plug and abandon under section 1509.13 of the Revised Code. The application shall be accompanied by a copy of a proposed contract to plug the well prepared by a contractor regularly engaged in the business of plugging oil and gas wells. The proposed contract shall require the contractor to furnish all of the materials, equipment, work, and labor necessary to plug the well properly and shall specify the price for doing the work, including a credit for the equipment appurtenant to the well that was forfeited to the state through the operation of division (C)(2) of this section. <u>Expenditures under division (D)(2)(a) of this section shall be consistent with the expenditures for activities described in division (D)(1) of this section.</u> The application also shall be accompanied by the permit fee required by section 1509.13 of the Revised Code unless the chief, in the chief's discretion, waives payment of the permit

fee. The application constitutes an application for a permit to plug and abandon the well for the purposes of section 1509.13 of the Revised Code.

(b) Within thirty days after receiving an application and accompanying proposed contract under division (D)(2)(a) of this section, the chief shall determine whether the plugging would comply with the applicable requirements of this chapter and applicable rules adopted and orders issued under it and whether the cost of the plugging under the proposed contract is reasonable. If the chief determines that the proposed plugging would comply with those requirements and that the proposed cost of the plugging is reasonable, the chief shall notify the landowner of that determination and issue to the landowner a permit to plug and abandon the well under section 1509.13 of the Revised Code. Upon approval of the application and proposed contract, the chief shall transfer ownership of the equipment appurtenant to the well to the landowner. The chief may disapprove an application submitted under division (D)(2)(a) of this section if the chief determines that the proposed plugging would not comply with the applicable requirements of this chapter and applicable rules adopted and orders issued under it, that the cost of the plugging under the proposed contract is unreasonable, or that the proposed contract is not a bona fide, arms length contract.

(c) After receiving the chief's notice of the approval of the application and permit to plug and abandon a well under division (D)(2)(b) of this section, the landowner shall enter into the proposed contract to plug the well. ~~The plugging shall be completed within one hundred eight days after the landowner receives the notice of approval and permit.~~

(d) Upon determining that the plugging ~~has been completed within the time required by division (D)(2)(c) of this section and~~ has been completed in compliance with the applicable requirements

of this chapter and applicable rules adopted and orders issued under it, the chief shall reimburse the landowner for the cost of the plugging as set forth in the proposed contract approved by the chief. The reimbursement shall be paid from the oil and gas well fund. If the chief determines that the plugging ~~was not completed within the required time or~~ was not completed in accordance with the applicable requirements, the chief shall not reimburse the landowner for the cost of the plugging, and the landowner or the contractor, as applicable, promptly shall transfer back to this state title to and possession of the equipment appurtenant to the well that previously was transferred to the landowner under division (D)(2)(b) of this section. If any such equipment was removed from the well during the plugging and sold, the landowner shall pay to the chief the proceeds from the sale of the equipment, and the chief promptly shall pay the moneys so received to the treasurer of state for deposit into the oil and gas well fund.

The chief may establish an annual limit on the number of wells that may be plugged under division (D)(2) of this section or an annual limit on the expenditures to be made under that division.

As used in division (D)(2) of this section, "plug" and "plugging" include the plugging of the well and the restoration of the land surface disturbed by the plugging.

(E) Expenditures from the oil and gas well fund for the purpose of division (B)(2) of this section may be made pursuant to contracts entered into by the chief with persons who agree to furnish all of the materials, equipment, work, and labor as specified and provided in such a contract. The competitive bidding requirements of Chapter 153. of the Revised Code do not apply if the chief reasonably determines that correction of the applicable health or safety risk requires immediate action. The chief,

designated representatives of the chief, and agents or employees of persons contracting with the chief under this division may enter upon any land, public or private, for the purpose of performing the work.

(F) Contracts entered into by the chief under this section are not subject to either of the following:

(1) Chapter 4115. of the Revised Code;

(2) Section 153.54 of the Revised Code, except that the contractor shall obtain and provide to the chief as a bid guaranty a surety bond or letter of credit in an amount equal to ten per cent of the amount of the contract.

(G) The owner of land on which a well is located who has received notice under division (C)(1)(b) of this section, in lieu of plugging the well in accordance with division (D)(2) of this section, may cause ownership of the well to be transferred to an owner who is lawfully doing business in this state and who has met the financial responsibility requirements established under section 1509.07 of the Revised Code, subject to the approval of the chief. The transfer of ownership also shall be subject to the landowner's filing the appropriate forms required under ~~this chapter~~ section 1509.31 of the Revised Code and providing to the chief sufficient information to demonstrate the landowner's or owner's right to produce a formation or formations. That information may include a deed, a lease, or other documentation of ownership or property rights.

The chief shall approve or disapprove the transfer of ownership of the well. If the chief approves the transfer, the owner is responsible for operating the well in accordance with this chapter and rules adopted under it, including, without limitation, all of the following:

(1) Filing an application with the chief under section

1509.06 of the Revised Code if the owner intends to drill deeper or produce a formation that is not listed in the records of the division for that well;

(2) Taking title to and possession of the equipment appurtenant to the well that has been identified by the chief as having been abandoned by the former owner;

(3) Complying with all applicable requirements that are necessary to drill deeper, plug the well, or plug back the well.

(H) The chief shall issue an order that requires the owner of a well to pay the actual documented costs of a corrective action that is described in division (B)(2) of this section concerning the well. The chief shall transmit the money so recovered to the treasurer of state who shall deposit the money in the state treasury to the credit of the oil and gas well fund.

Sec. 1509.072. No oil or gas well owner or agent of an oil or gas well owner shall fail to restore the land surface within the area disturbed in siting, drilling, completing, and producing the well as required in this section.

(A) Within ~~five months~~ fourteen days after the date upon which the ~~surface~~ drilling of a well is ~~commenced~~ completed to total depth in an urbanized area and within two months after the date upon which the drilling of a well is completed in all other areas, the owner or the owner's agent, in accordance with the restoration plan filed under division (A)(10) of section 1509.06 of the Revised Code, shall fill all the pits for containing brine~~,~~ and other waste substances resulting, obtained, or produced in connection with exploration or drilling for~~, or production of,~~ oil or gas~~, or oil~~ that are not required by other state or federal law or regulation, and remove all ~~concrete bases,~~ drilling supplies~~,~~ and drilling equipment. ~~Within nine~~ Unless the chief of the division of mineral resources management approves a longer time

period, within three months after the date upon which the surface drilling of a well is commenced in an urbanized area and within six months after the date upon which the surface drilling of a well is commenced in all other areas, the owner or the owner's agent shall grade or terrace and plant, seed, or sod the area disturbed that is not required in production of the well where necessary to bind the soil and prevent substantial erosion and sedimentation. If the chief ~~of the division of mineral resources management~~ finds that a pit used for containing brine, other waste substances, or oil is in violation of section 1509.22 of the Revised Code or rules adopted or orders issued under it, the chief may require the pit to be emptied and closed before expiration of the ~~five-month~~ fourteen-day or three-month restoration period.

(B) Within three months after a well that has produced oil or gas is plugged in an urbanized area and within six months after a well that has produced oil or gas is plugged in all other areas, or after the plugging of a dry hole, unless the chief approves a longer time period, the owner or the owner's agent shall remove all production and storage structures, supplies, and equipment, and any oil, salt water, and debris, and fill any remaining excavations. Within that period the owner or the owner's agent shall grade or terrace and plant, seed, or sod the area disturbed where necessary to bind the soil and prevent substantial erosion and sedimentation.

The owner shall be released from responsibility to perform any or all restoration requirements of this section on any part or all of the area disturbed upon the filing of a request for a waiver with and obtaining the written approval of the chief, which request shall be signed by the surface owner to certify the approval of the surface owner of the release sought. The chief shall approve the request unless the chief finds upon inspection that the waiver would be likely to result in substantial damage to

adjoining property, substantial contamination of surface or underground water, or substantial erosion or sedimentation.

The chief, by order, may shorten the time periods provided for under division (A) or (B) of this section if failure to shorten the periods would be likely to result in damage to public health or the waters or natural resources of the state.

The chief, upon written application by an owner or an owner's agent showing reasonable cause, may extend the period within which restoration shall be completed under divisions (A) and (B) of this section, but not to exceed a further six-month period, except under extraordinarily adverse weather conditions or when essential equipment, fuel, or labor is unavailable to the owner or the owner's agent.

If the chief refuses to approve a request for waiver or extension, the chief shall do so by order.

Sec. 1509.073. A person that is issued a permit under this chapter to drill a new well or drill an existing well deeper in an urbanized area shall establish fluid drilling conditions prior to penetration of the Onondaga limestone and continue to use fluid drilling until total depth of the well is achieved unless the chief of the division of mineral resources management authorizes such drilling without using fluid.

Sec. 1509.10. (A) Any person drilling within the state shall, within ~~thirty~~ sixty days after the completion of ~~the well~~ drilling operations to the proposed total depth or after a determination that a well is a dry or lost hole, file with the division of mineral resources management all wireline electric logs and an accurate ~~log designating~~ well completion record on a form that is approved by the chief of the division of mineral resources management that designates:

~~(A)~~(1) The purpose for which the well was drilled;

~~(B)~~(2) The character, depth, and thickness of geological ~~formations~~ units encountered, including ~~fresh water,~~ coal seams, mineral beds, associated fluids such as fresh water, brine, and crude oil ~~and~~, natural gas ~~bearing formations~~, and sour gas, if such seams, beds, fluids, or gases are known;

~~(C)~~(3) The dates on which drilling operations were commenced and completed;

(4) The types of drilling tools used and the name of the person that drilled the well;

(5) The length in feet of the various sizes of casing and tubing used in drilling the well, the amount removed after completion, the type and setting depth of each packer, ~~and~~ all other data relating to ~~mudding~~ cementing in the annular space behind such casing or tubing, and data indicating completion as a dry, gas, oil, combination oil and gas, brine injection, or artificial brine well or a stratigraphic test;

~~(D)~~(6) The number of perforations in the casing and the intervals of the perforations;

(7) The elevation above mean sea level of the point from which the depth measurements were made, stating also the height of the point above ground level at the well, the total depth of the well, and the deepest geological unit that was penetrated in the drilling of the well;

(8) If applicable, the type, volume, and concentration of acid, and the date on which acid was used in acidizing the well;

(9) If applicable, the type and volume of fluid used to stimulate the reservoir of the well, the reservoir breakdown pressure, the method used for the containment of fluids recovered from the fracturing of the well, the methods used for the

containment of fluids when pulled from the wellbore from swabbing the well, the average pumping rate of the well, and the name of the person that performed the well stimulation. In addition, the owner shall include a copy of the log from the stimulation of the well, a copy of the invoice for each of the procedures and methods described in division (A)(9) of this section that were used on a well, and a copy of the pumping pressure and rate graphs. However, the owner may redact from the copy of each invoice that is required to be included under division (A)(9) of this section the costs of and charges for the procedures and methods described in division (A)(9) of this section that were used on a well.

(10) The name of the company that performed the logging of the well and the types of wireline electric logs performed on the well.

The ~~log~~ well completion record shall be submitted in duplicate. The first copy shall be retained as a permanent record in the files of the division, and the second copy shall be transmitted by the chief ~~of the division of mineral resources management~~ to the division of geological survey.

~~Any~~ (B)(1) Not later than sixty days after the completion of the drilling operations to the proposed total depth, the owner shall file all wireline electric ~~log, or radioactivity log, or other geophysical log, if made in connection with the well shall be filed~~ logs with the division of mineral resources management and the chief shall transmit such logs electronically, if available, to the division of geological survey. Such logs may be retained by the owner for a period of not more than six months, or such additional time as may be granted by the chief in writing, after the completion of the well substantially to the depth shown in the application required by section 1509.06 of the Revised Code.

(2) If a well is not completed within sixty days after the

completion of drilling operations, the owner shall file with the division a supplemental well completion record that includes all of the information required under this section within sixty days after the completion of the well.

(C) Upon request in writing by the chief of the division of geological survey prior to the beginning of drilling of the well, the person drilling the well shall make available a complete set of cuttings accurately identified as to depth.

(D) The form of the ~~log~~ well completion record required by this section shall be one that has been approved by the chief of the division of mineral resources management and the chief of the division of geological survey. The filing of a log as required by this section fulfills the requirement of filing a log with the chief of the division of geological survey in section 1505.04 of the Revised Code.

(E) If there is a material listed on the invoice that is required by division (A)(9) of this section for which the division of mineral resources management does not have a material safety data sheet, the chief shall obtain a copy of the material safety data sheet for the material and post a copy of the material safety data sheet on the division's web site.

Sec. 1509.11. The owner of any well producing or capable of producing oil or gas shall file with the chief of the division of mineral resources management, on or before the ~~first~~ thirty-first day of March, a statement of production of oil, gas, and brine for the last preceding calendar year in such form as the chief may prescribe. An owner that has more than one hundred wells in this state shall submit electronically the statement of production in a format that is approved by the chief. The chief shall include on the form, at the minimum, a request for the submittal of the information that a person who is regulated under this chapter is

required to submit under the "Emergency Planning and Community Right-To-Know Act of 1986," 100 Stat. 1728, 42 U.S.C.A. 11001, and regulations adopted under it, and that the division does not obtain through other reporting mechanisms.

Sec. 1509.12. (A) No owner of any well shall construct a well, or permit defective casing ~~or tubing~~ in ~~such~~ a well to leak fluids or ~~gas~~ gases, that ~~may cause~~ causes damage to other permeable strata, underground sources of drinking water, or the surface of the land or that threatens the public health and safety or the environment. Upon ~~notice from~~ the discovery that the casing in a well is defective or that a well was not adequately constructed, the owner of the well shall notify the chief of the division of mineral resources management within twenty-four hours of the discovery, ~~such~~ and the owner shall immediately repair ~~such tubing or~~ the casing, correct the construction inadequacies, or plug and abandon ~~such~~ the well.

~~Unless written permission is granted by the chief, any well that is or becomes incapable of producing oil or gas in commercial quantities shall be plugged, but no well shall be required to be plugged under this section that is being used to produce oil or gas for domestic purposes, or that is being lawfully used for a purpose other than production of oil or gas. When~~

(B) When the chief finds that a well should be plugged, the chief shall notify the owner to that effect by order in writing and shall specify in ~~such~~ the order a reasonable time within which to comply. No owner shall fail or refuse to plug a well within the time specified in the order. Each day on which such a well remains unplugged thereafter constitutes a separate offense.

Where the plugging method prescribed by rules adopted pursuant to section 1509.15 of the Revised Code cannot be applied or if applied would be ineffective in carrying out the protection

that the law is meant to give, the chief~~, by order,~~ may designate a different method of plugging. The abandonment report shall show the manner in which the well was plugged.

(C) In case of oil or gas wells abandoned prior to September 1, ~~1951~~ 1978, the board of county commissioners of the county in which ~~such~~ the wells are located may submit to the electors of the county the question of establishing a special fund, by ~~special~~ general levy, by general bond issue, or out of current funds, which shall be approved by a majority of the electors voting upon ~~such~~ that question for the purpose of plugging ~~such~~ the wells. The fund shall be administered by the board and the plugging of oil and gas wells shall be under the supervision of the chief, and the board shall let contracts for ~~such~~ that purpose, provided that ~~such~~ the fund shall not be used for the purpose of plugging oil and gas wells that were abandoned subsequent to September 1, ~~1951~~ 1978.

Sec. 1509.13. (A) No person shall plug and abandon a well without having a permit to do so issued by the chief of the division of mineral resources management. The permit shall be issued by the chief in accordance with this chapter~~,~~ and ~~the chief may establish by rule~~ shall be valid for a period of ~~time~~ twenty-four months from the date of issue ~~during which permits will be valid~~. ~~Application~~

(B) Application by the owner for a permit to plug and abandon shall be filed as many days in advance as will be necessary for a mineral resources inspector or, if the well is located in a coal bearing township, both a deputy mine inspector and a mineral resources inspector to be present at the plugging. The application shall be filed with the chief upon a form that the chief prescribes and shall contain the following information:

~~(A)~~(1) The name and address of the owner;

~~(B)~~(2) The signature of the owner or the owner's authorized agent. When an authorized agent signs an application, it shall be accompanied by a certified copy of the appointment as that agent.

~~(C)~~(3) The location of the well identified by section or lot number, city, village, township, and county;

~~(D)~~(4) Designation of well by name and number;

~~(E)~~(5) The total depth of the well to be plugged;

~~(F)~~(6) The date and amount of last production from the well;

~~(G)~~(7) Other data that the chief may require.

(C) If oil or gas has been produced from the well, the application shall be accompanied by a fee of two hundred fifty dollars. If a ~~new dry~~ well has been drilled in accordance with law and the permit is still valid, the permit holder may receive approval to plug the well from a mineral resources inspector ~~or, if the well is located in a coal bearing township, both a deputy mine inspector and a mineral resources inspector~~ so that the well can be plugged and abandoned without undue delay. Unless waived by a mineral resources inspector, the owner of a well or the owner's authorized representative shall notify a mineral resources inspector at least twenty-four hours prior to the commencement of the plugging of a well. No well shall be plugged and abandoned without a mineral resources inspector present unless permission has been granted by the chief. The owner of ~~the~~ a well that has produced oil or gas shall give written notice at the same time to the owner of the land upon which the well is located~~, the owners or agents of adjoining land, adjoining well owners or agents, and, if~~ and to all lessors that receive gas from the well pursuant to a lease agreement. If the well penetrates or passes within one hundred feet of the excavations and workings of a mine, the owner of the well shall give written notice to the owner or lessee of that mine, of the well owner's intention to abandon the well and

of the time when the well owner will be prepared to commence plugging it.

(D) An applicant may file a request with the chief for expedited review of an application for a permit to plug and abandon a well. The chief may refuse to accept a request for expedited review if, in the chief's judgment, acceptance of the request will prevent the issuance, within twenty-one days of filing, of permits for which applications filed under section 1509.06 of the Revised Code are pending. In addition to a complete application for a permit that meets the requirements of this section and the permit fee prescribed by this section, if applicable, a request shall be accompanied by a nonrefundable filing fee of ~~two~~ five hundred ~~fifty~~ dollars unless the chief has ordered the applicant to plug and abandon the well. When a request for expedited review is filed, the chief shall immediately begin to process the application and shall issue a permit within seven days of the filing of the request unless the chief, by order, denies the application.

(E) This section does not apply to a well plugged or abandoned in compliance with section 1571.05 of the Revised Code.

Sec. 1509.14. Any person who abandons a well, when written permission has been granted by the chief of the division of mineral resources management to abandon and plug the well without an inspector being present to supervise the plugging, shall make a written report of the abandonment to the chief. The report shall be submitted not later than thirty days after the date of abandonment and shall include all of the following:

(A) The date of abandonment;

(B) The name of the owner or operator of the well at the time of abandonment and the post-office address of the owner or operator;

(C) The location of the well as to township and county and the name of the owner of the surface upon which the well is drilled, with the address thereof;

(D) The date of the permit to drill;

(E) The date when drilled;

(F) The depth of the well;

(G) The depth of the top of the formation to which the well was drilled;

(H) The depth of each seam of coal drilled through, if known;

(I) A detailed report as to how the well was plugged, giving in particular the manner in which the coal and various formations were plugged, and the date of the plugging of the well, including the names of those who witnessed the plugging of the well.

The report shall be signed by the owner or operator, or the agent of the owner or operator, who abandons and plugs the well and verified by the oath of the party so signing. For the purposes of this section, the mineral resources inspectors may take acknowledgments and administer oaths to the parties signing the report.

Sec. 1509.17. ~~Any person who drills a well shall, before drilling into the principal or major producing formation therein, encase such well with good and sufficient wrought iron or steel casing so as to exclude all surface, fresh, or salt water from any part of such well penetrating the oil or gas bearing sand or rock or fresh water strata. The method of placing such casing shall be approved by the chief of the division of mineral resources management and shall be in accord with the most approved method used in the operation of such type of well. The chief may, in lieu of the casing method outlined in this section, accept adequate mudding methods with prepared clay in the annular space behind~~

~~such casing in sufficient quantities to shut off all gas or oil and that will exclude all surface, fresh, or salt water from any part of such well penetrating the oil, gas, or mineral bearing formation, or fresh water strata.~~

~~Written approval from the chief is required in each case. In the operation of a gas well, it is permissible, with the written consent of the chief, to withdraw all casing in such well, leaving only the tubing and the packer therein, provided that such well is filled with prepared clay from the top of such packer to the surface, as each succeeding string of casing in such well is withdrawn.~~

(A) A well shall be constructed in a manner that is approved by the chief of the division of mineral resources management as specified in the permit using materials that comply with industry standards for the type and depth of the well and the anticipated fluid pressures that are associated with the well. In addition, a well shall be constructed using sufficient steel or conductor casing in a manner that supports unconsolidated sediments, that protects and isolates all underground sources of drinking water as defined by the Safe Drinking Water Act, and that provides a base for a blowout preventer or other well control equipment that is necessary to control formation pressures and fluids during the drilling of the well and other operations to complete the well. Using steel production casing with sufficient cement, an oil and gas reservoir shall be isolated during well stimulation and during the productive life of the well. In addition, sour gas zones and gas bearing zones that have sufficient pressure and volume to over-pressurize the surface production casing annulus resulting in annular overpressurization shall be isolated using approved cementing, casing, and well construction practices. However, isolating an oil and gas reservoir shall not exclude open-hole completion. A well shall not be perforated for purposes of well

stimulation in any zone that is located around casing that protects underground sources of drinking water without written authorization from the chief in accordance with division (D) of this section. When the well penetrates the excavations of a mine, the casing shall remain intact as provided in section 1509.18 of the Revised Code and be plugged and abandoned in accordance with section 1509.15 of the Revised Code.

(B) The chief may adopt rules in accordance with Chapter 119. of the Revised Code that are consistent with division (A) of this section and that establish standards for constructing a well, for evaluating the quality of well construction materials, and for completing remedial cementing. In addition, the standards established in the rules shall consider local geology and various drilling conditions and shall require the use of reasonable methods that are based on sound engineering principles.

(C) An owner or an owner's authorized representative shall notify a mineral resources inspector each time that the owner or the authorized representative notifies a person to perform the cementing of the conductor casing, the surface casing, or the production casing. In addition, not later than sixty days after the completion of the cementing of the production casing, an owner shall submit to the chief a copy of the cement tickets for each cemented string of casing and a copy of all logs that were used to evaluate the quality of the cementing.

(D) The chief shall grant an exemption from this section and rules adopted under it for a well if the chief determines that a cement bond log confirms zonal isolation and there is a minimum of five hundred feet between the uppermost perforation of the casing and the lowest depth of an underground source of drinking water.

Sec. 1509.18. Any person who drills a well within the limits of a mining operation shall give consideration for the safety of

the personnel working in ~~such~~ the mine, and, if possible, shall locate ~~such~~ the well so as to penetrate a pillar.

If a well is to be drilled within the limits of a mining operation that may penetrate the excavation of a mine, the hole shall be reduced approximately fifteen feet above the roof of the mine. If roof conditions at the mine warrant, the hole shall be reduced in the rock formation immediately above ~~such~~ the mine, and a string of casing placed upon the shoulder so as to shut off all water, then drilling shall be continued to a point approximately thirty feet below the floor of the mine and another string of casing set. Both strings of casing shall be approximately the same diameter as the diameter of the hole.

If no water is encountered between the bottom of the drive pipe and the approximate casing shoulder above the roof of ~~such~~ the mine, in lieu of the casing method outlined above, it is permissible to use the following casing method: the hole shall be drilled thirty feet below the floor of the mine and a string of casing shall be extended from the surface to a point thirty feet below the floor of the mine with a packer of sufficient size attached to ~~such~~ the string of casing. ~~Such~~ The packer shall be placed so that it will be below all water and will be located in the rock formation immediately above ~~such~~ the mine and shall prevent water or destructive matter from entering therein. Then the annular space above ~~such~~ the packer between the casing and well wall shall be filled with prepared clay a minimum distance of fifty feet.

If a well is drilled within the limits of a mining operation and does not penetrate the excavations of a mine, the hole shall be reduced thirty feet below the coal or mineral that is being mined and a string of casing placed at this point. The annular space behind ~~such~~ the casing shall be filled with neat cement from the casing seat to a point not less than fifty feet above ~~such~~ the

seam of coal or mineral that is being mined. The packer method, outlined in this section, is also permissible in this type of well.

It is permissible to attach a release coupling or a right and left nipple to the string of casing that extends through the mine, but ~~such~~ the release coupling or right and left nipple shall be placed in such a manner that it is above the packer or at least twenty feet above the coal or mineral that is being mined.

In wells penetrating the excavation of a mine, the casing shall be enclosed, if possible, with a column extending from the floor to the roof of ~~such~~ the mine, built of brick or other suitable material, subject to the approval of the chief of the division of mineral resources management. If the chief finds the method prescribed in this section unsafe, inadequate, or not suitable, the chief shall require ~~such~~ the method to be altered in such a manner that it will be safe.

Sec. 1509.181. (A) The chief of the division of mineral resources management may order the immediate suspension of the drilling or reopening of a well in a coal bearing township after determining that the drilling or reopening activities present an imminent and substantial threat to public health or safety or to a miner's health or safety.

(B) Before issuing an order under division (A) of this section, the chief shall notify the owner in any manner that the chief determines would provide reasonable notification of the chief's intent to issue a suspension order. However, the chief may order the immediate suspension of the drilling or reopening of a well in a coal bearing township without prior notification if the chief has made reasonable attempts to notify the owner and the attempts have failed. If the chief orders the immediate suspension of such drilling or reopening, the chief shall provide the owner

notice of the order as soon as practical.

(C) Not later than five days after the issuance of an order under division (A) of this section to immediately suspend the drilling or reopening of a well in a coal bearing township, the chief shall provide the owner an opportunity to be heard and to present evidence that the drilling or reopening activities will not likely result in an imminent and substantial threat to public health or safety or to a miner's health or safety, as applicable. If the chief, after considering all evidence presented by the owner, determines that the activities do not present such a threat, the chief shall revoke the suspension order.

(D) Notwithstanding any other provision of this chapter, an owner may appeal a suspension order issued under this section to the reclamation commission in accordance with section 1513.13 of the Revised Code.

Sec. 1509.19. An owner who elects to stimulate a well shall stimulate the well in a manner that will not endanger underground sources of drinking water. Not later than twenty-four hours before commencing the stimulation of a well, the owner or the owner's authorized representative shall notify a mineral resources inspector. If during the stimulation of a well damage to the production casing or cement occurs and results in the circulation of fluids from the annulus of the surface production casing, the owner shall immediately terminate the stimulation of the well and notify the chief of the division of mineral resources management. If the chief determines that the casing and the cement may be remediated in a manner that isolates the oil and gas bearing zones of the well, the chief may authorize the completion of the stimulation of the well. If the chief determines that the stimulation of a well resulted in irreparable damage to the well, the chief shall order that the well be plugged and abandoned

within thirty days of the issuance of the order.

For purposes of determining the integrity of the remediation of the casing or cement of a well that was damaged during the stimulation of the well, the chief may require the owner of the well to submit cement evaluation logs, temperature surveys, pressure tests, or a combination of such logs, surveys, and tests.

Sec. 1509.20. All owners, lessees, or their agents, drilling for or producing crude oil or natural gas, shall use every reasonable precaution in accordance with the most approved methods of operation to stop and prevent waste of oil or gas, or both. Any well productive of natural gas in quantity sufficient to justify utilization shall be utilized or shut in within ten days after completion.

The owner of any well producing both oil and gas may burn such gas in flares when it is necessary to protect the health and safety of the public or when the gas is lawfully produced and there is no economic market at the well for the escaping gas.

Sec. 1509.21. No person shall, without first having obtained a permit from the chief of the division of mineral resources management, conduct secondary or additional recovery operations, including any underground injection of fluids or carbon dioxide for the secondary or tertiary recovery of oil or natural gas or for the storage of hydrocarbons that are liquid at standard temperature or pressure, unless a rule of the chief expressly authorizes such operations without a permit. ~~Such~~ The permit shall be in addition to any permit required by section 1509.05 of the Revised Code. Secondary or additional recovery operations shall be conducted in accordance with rules and orders of the chief and any terms or conditions of the permit authorizing such operations. In addition, the chief may authorize tests to evaluate whether fluids

or carbon dioxide may be injected in a reservoir and to determine the maximum allowable injection pressure. The tests shall be conducted in accordance with methods prescribed in rules of the chief or conditions of the permit. Rules adopted under this section shall include provisions regarding applications for and the issuance of permits; the terms and conditions of permits; entry to conduct inspections and to examine records to ascertain compliance with this section and rules, orders, and terms and conditions of permits adopted or issued thereunder; the provision and maintenance of information through monitoring, recordkeeping, and reporting; and other provisions in furtherance of the goals of this section and the Safe Drinking Water Act. To implement the goals of the Safe Drinking Water Act, the chief shall not issue a permit for the underground injection of fluids for the secondary or tertiary recovery of oil or natural gas or for the storage of hydrocarbons that are liquid at standard temperature and pressure, unless the chief concludes that the applicant has demonstrated that the injection will not result in the presence of any contaminant in underground water that supplies or can be reasonably expected to supply any public water system, such that the presence of any such contaminant may result in the system's not complying with any national primary drinking water regulation or may otherwise adversely affect the health of persons. Rules, orders, and terms or conditions of permits adopted or issued under this section shall be construed to be no more stringent than required for compliance with the Safe Drinking Water Act, unless essential to ensure that underground sources of drinking water will not be endangered.

Sec. 1509.22. (A) Except when acting in accordance with section 1509.226 of the Revised Code, no person shall place or cause to be placed brine, crude oil, natural gas, or other fluids associated with the exploration or development of oil and gas

resources in surface or ground water or in or on the land in such quantities or in such manner as actually causes or could reasonably be anticipated to cause either of the following:

(1) Water used for consumption by humans or domestic animals to exceed the standards of the Safe Drinking Water Act;

(2) Damage or injury to public health or safety or the environment.

(B) 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.

(C) The chief of the division of mineral resources management shall adopt rules and issue orders regarding storage and disposal of brine and other waste substances; however, the storage and disposal of brine and other waste substances and the chief's rules relating to storage and disposal are subject to all of the following standards:

(1) Brine from any well except an exempt Mississippian well shall be disposed of only by injection into an underground formation, including annular disposal if approved by rule of the chief, which injection shall be subject to division (D) of this section; by surface application in accordance with section 1509.226 of the Revised Code; in association with a method of enhanced recovery as provided in section 1509.21 of the Revised Code; or by other methods approved by the chief for testing or implementing a new technology or method of disposal. Brine from exempt Mississippian wells shall not be discharged directly into the waters of the state.

(2) Muds, cuttings, and other waste substances shall not be

disposed of in violation of any rule~~;~~.

(3) Pits ~~may~~ or steel tanks shall be used as authorized by the chief for containing brine and other waste substances resulting from, obtained from, or produced in connection with drilling, ~~fracturing~~ well stimulation, reworking, reconditioning, plugging back, or plugging operations~~, but the~~. The pits and steel tanks shall be constructed and maintained to prevent the escape of brine and other waste substances. ~~A~~

(4) A dike or pit may be used for spill prevention and control. A dike or pit so used shall be constructed and maintained to prevent the escape of brine and crude oil, and the reservoir within such a dike or pit shall be kept reasonably free of brine, crude oil, and other waste substances.

~~(4)~~(5) Earthen impoundments constructed pursuant to the division's specifications may be used for the temporary storage of ~~brine and other waste substances in association with a saltwater injection well, an enhanced recovery project, or a solution mining project;~~ fluids used in the stimulation of a well.

~~(5)~~(6) No pit, earthen impoundment, or dike shall be used for the temporary storage of brine or other substances except in accordance with divisions (C)(3) ~~and (4)~~ to (5) of this section~~;~~.

~~(6)~~(7) No pit or dike shall be used for the ultimate disposal of brine or other liquid waste substances.

(D) No person, without first having obtained a permit from the chief, shall inject brine or other waste substances resulting from, obtained from, or produced in connection with oil or gas drilling, exploration, or production into an underground formation unless a rule of the chief expressly authorizes the injection without a permit. The permit shall be in addition to any permit required by section 1509.05 of the Revised Code, and the permit application shall be accompanied by a permit fee of one ~~hundred~~

thousand dollars. The chief shall adopt rules in accordance with Chapter 119. of the Revised Code regarding the injection into wells of brine and other waste substances resulting from, obtained from, or produced in connection with oil or gas drilling, exploration, or production. The rules may authorize tests to evaluate whether fluids or carbon dioxide may be injected in a reservoir and to determine the maximum allowable injection pressure, which shall be conducted in accordance with methods prescribed in the rules or in accordance with conditions of the permit. In addition, the rules shall include provisions regarding applications for and issuance of the permits required by this division; entry to conduct inspections and to examine and copy records to ascertain compliance with this division and rules, orders, and terms and conditions of permits adopted or issued under it; the provision and maintenance of information through monitoring, recordkeeping, and reporting; and other provisions in furtherance of the goals of this section and the Safe Drinking Water Act. To implement the goals of the Safe Drinking Water Act, the chief shall not issue a permit for the injection of brine or other waste substances resulting from, obtained from, or produced in connection with oil or gas drilling, exploration, or production unless the chief concludes that the applicant has demonstrated that the injection will not result in the presence of any 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 complying with any national primary drinking water regulation or may otherwise adversely affect the health of persons. This division and rules, orders, and terms and conditions of permits adopted or issued under it shall be construed to be no more stringent than required for compliance with the Safe Drinking Water Act unless essential to ensure that underground sources of drinking water will not be endangered.

(E) The owner holding a permit, or an assignee or transferee who has assumed the obligations and liabilities imposed by this chapter and any rules adopted or orders issued under it pursuant to section 1509.31 of the Revised Code, and the operator of a well shall be liable for a violation of this section or any rules adopted or orders or terms or conditions of a permit issued under it.

(F) An owner shall replace the water supply of the holder of an interest in real property who obtains all or part of the holder's supply of water for domestic, agricultural, industrial, or other legitimate use from an underground or surface source where the supply has been substantially disrupted by contamination, diminution, or interruption proximately resulting from the owner's oil or gas operation, or the owner may elect to compensate the holder of the interest in real property for the difference between the fair market value of the interest before the damage occurred to the water supply and the fair market value after the damage occurred if the cost of replacing the water supply exceeds this difference in fair market values. However, during the pendency of any order issued under this division, the owner shall obtain for the holder or shall reimburse the holder for the reasonable cost of obtaining a water supply from the time of the contamination, diminution, or interruption by the operation until the owner has complied with an order of the chief for compliance with this division or such an order has been revoked or otherwise becomes not effective. If the owner elects to pay the difference in fair market values, but the owner and the holder have not agreed on the difference within thirty days after the chief issues an order for compliance with this division, within ten days after the expiration of that thirty-day period, the owner and the chief each shall appoint an appraiser to determine the difference in fair market values, except that the holder of the interest in real property may elect to appoint and compensate the

holder's own appraiser, in which case the chief shall not appoint an appraiser. The two appraisers appointed shall appoint a third appraiser, and within thirty days after the appointment of the third appraiser, the three appraisers shall hold a hearing to determine the difference in fair market values. Within ten days after the hearing, the appraisers shall make their determination by majority vote and issue their final determination of the difference in fair market values. The chief shall accept a determination of the difference in fair market values made by agreement of the owner and holder or by appraisers under this division and shall make and dissolve orders accordingly. This division does not affect in any way the right of any person to enforce or protect, under applicable law, the person's interest in water resources affected by an oil or gas operation.

(G) In any action brought by the state for a violation of division (A) of this section involving any well at which annular disposal is used, there shall be a rebuttable presumption available to the state that the annular disposal caused the violation if the well is located within a one-quarter-mile radius of the site of the violation.

Sec. 1509.221. (A) No person, without first having obtained a permit from the chief of the division of mineral resources management, shall drill a well or inject a substance into a well for the exploration for or extraction of minerals or energy, other than oil or natural gas, including, but not limited to, the mining of sulfur by the Frasch process, the solution mining of minerals, the in situ combustion of fossil fuel, or the recovery of geothermal energy to produce electric power, unless a rule of the chief expressly authorizes the activity without a permit. The permit shall be in addition to any permit required by section 1509.05 of the Revised Code. The chief shall adopt rules in accordance with Chapter 119. of the Revised Code governing the

issuance of permits under this section. The rules shall include provisions regarding the matters the applicant for a permit shall demonstrate to establish eligibility for a permit; the form and content of applications for permits; the terms and conditions of permits; entry to conduct inspections and to examine and copy records to ascertain compliance with this section and rules, orders, and terms and conditions of permits adopted or issued thereunder; provision and maintenance of information through monitoring, recordkeeping, and reporting; and other provisions in furtherance of the goals of this section and the Safe Drinking Water Act. To implement the goals of the Safe Drinking Water Act, the chief shall not issue a permit under this section, unless the chief concludes that the applicant has demonstrated that the drilling, injection of a substance, and extraction of minerals or energy will not result in the presence of any contaminant in underground 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 complying with any national primary drinking water regulation or may otherwise adversely affect the health of persons. The chief may issue, without a prior adjudication hearing, orders requiring compliance with this section and rules, orders, and terms and conditions of permits adopted or issued thereunder. This section and rules, orders, and terms and conditions of permits adopted or issued thereunder shall be construed to be no more stringent than required for compliance with the Safe Drinking Water Act, unless essential to ensure that underground sources of drinking water will not be endangered.

(B)(1) There is levied on the owner of an injection well who has been issued a permit under division (D) of section 1509.22 of the Revised Code the following fees:

(a) Five cents per barrel of each substance that is delivered

to a well to be injected in the well when the substance is produced within the division of mineral resources management regulatory district in which the well is located or within an adjoining mineral resources management regulatory district;

(b) Twenty cents per barrel of each substance that is delivered to a well to be injected in the well when the substance is not produced within the division of mineral resources management regulatory district in which the well is located or within an adjoining mineral resources management regulatory district.

(2) The maximum number of barrels of substance per injection well in a calendar year on which a fee may be levied under division (B) of this section is five hundred thousand. If in a calendar year the owner of an injection well receives more than five hundred thousand barrels of substance to be injected in the owner's well and if the owner receives at least one substance that is produced within the division's regulatory district in which the well is located or within an adjoining regulatory district and at least one substance that is not produced within the division's regulatory district in which the well is located or within an adjoining regulatory district, the fee shall be calculated first on all of the barrels of substance that are not produced within the division's regulatory district in which the well is located or within an adjoining district at the rate established in division (B)(2) of this section. The fee then shall be calculated on the barrels of substance that are produced within the division's regulatory district in which the well is located or within an adjoining district at the rate established in division (B)(1) of this section until the maximum number of barrels established in division (B)(2) of this section has been attained.

(3) The owner of an injection well who is issued a permit under division (D) of section 1509.22 of the Revised Code shall

collect the fee levied by division (B) of this section on behalf of the division of mineral resources management and forward the fee to the division. The chief shall transmit all money received under division (B) of this section to the treasurer of state who shall deposit the money in the state treasury to the credit of the oil and gas well fund created in section 1509.02 of the Revised Code. The owner of an injection well who collects the fee levied by this division may retain up to three per cent of the amount that is collected.

(4) The chief shall adopt rules in accordance with Chapter 119. of the Revised Code establishing requirements and procedures for collection of the fee levied by division (B) of this section.

(C) In an action under section 1509.04 or 1509.33 of the Revised Code to enforce this section, the court shall grant preliminary and permanent injunctive relief and impose a civil penalty upon the showing that the person against whom the action is brought has violated, is violating, or will violate this section or rules, orders, or terms or conditions of permits adopted or issued thereunder. The court shall not require, prior to granting such preliminary and permanent injunctive relief or imposing a civil penalty, proof that the violation was, is, or will be the result of intentional conduct or negligence. In any such action, any person may intervene as a plaintiff upon the demonstration that the person has an interest that is or may be adversely affected by the activity for which injunctive relief or a civil penalty is sought.

Sec. 1509.222. (A)(1) Except as provided in section 1509.226 of the Revised Code, no person shall transport brine by vehicle in this state unless the business entity that employs the person first registers with and obtains a registration certificate and identification number from the chief of the division of ~~oil and~~

~~gas~~ mineral resources management.

(2) No more than one registration certificate shall be required of any business entity. Registration certificates issued under this section are not transferable. An applicant shall file an application with the chief, containing such information in such form as the chief prescribes, but including a plan for disposal that provides 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 and that lists all disposal sites that the applicant intends to use, the bond required by section 1509.225 of the Revised Code, and a certificate issued by an insurance company authorized to do business in this state certifying that the applicant has in force a liability insurance policy in an amount not less than three hundred thousand dollars bodily injury coverage and three hundred thousand dollars property damage coverage to pay damages for injury to persons or property caused by the collecting, handling, transportation, or disposal of brine. The policy shall be maintained in effect during the term of the registration certificate. The policy or policies providing the coverage shall require the insurance company to give notice to the chief if the policy or policies lapse for any reason. Upon such termination of the policy, the chief may suspend the registration certificate until proper insurance coverage is obtained. Each application for a registration certificate shall be accompanied by a nonrefundable fee of five hundred dollars.

(3) If a business entity that has been issued a registration certificate under this section changes its name due to a business reorganization or merger, the business entity shall revise the bond or certificates of deposit required by section 1509.225 of the Revised Code and obtain a new certificate from an insurance company in accordance with division (A)(2) of this section to

reflect the change in the name of the business entity.

(B) The chief shall issue an order denying an application for a registration certificate if the chief finds that either of the 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) of this section by applying for a registration certificate under a different name or business organization name, by transferring responsibility to another person or entity, or by any similar act.

(D) A registered transporter shall apply to revise a disposal plan under procedures that the chief shall prescribe by rule. However, at a minimum, an application for a revision shall list all sources and disposal sites of brine currently transported. The chief shall deny any application for a revision of a plan under this division if the chief finds that the proposed revised plan 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. Approvals and denials of revisions shall be by order of the chief.

(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 1509.222 to 1509.226 of the Revised Code for protection of public health or safety or conservation of natural resources.

Sec. 1509.225. (A) Before being issued a registration certificate under section 1509.222 of the Revised Code, an applicant shall execute and file with the division of mineral resources management a surety bond for fifteen thousand dollars to provide compensation for damage and injury resulting from transporters' violations of sections 1509.22, 1509.222, and 1509.223 of the Revised Code, all rules and orders of the chief of the division of mineral resource management relating thereto, and all terms and conditions of the registration certificate imposed thereunder. The applicant may deposit with the chief, in lieu of a surety bond, cash in an amount equal to the surety bond as prescribed in this section, or negotiable certificates of deposit issued by any bank organized or transacting business in this state, or certificates of deposit issued by any building and loan association as defined in section 1151.01 of the Revised Code, having a cash value equal to or greater than the amount of the surety bond as prescribed in this section. Cash or certificates of deposit shall be deposited upon the same terms as those upon which surety bonds may be deposited. If certificates of deposit are deposited with the chief in lieu of a surety bond, the chief shall require the bank or building and loan association that issued any such certificate to pledge securities of a cash value equal to the amount of the certificate that is in excess of the amount insured by any of the agencies and instrumentalities created under the "Federal Deposit Insurance Act," 64 Stat. 873 (1950), 12 U.S.C. 1811, as amended, and regulations adopted under it, including at least the federal deposit insurance corporation, bank insurance fund, and savings association insurance fund.

Such securities shall be security for the repayment of the

certificate of deposit. Immediately upon a deposit of cash or certificates with the chief, the chief shall deliver it to the treasurer of state who shall hold it in trust for the purposes for which it has been deposited.

(B) The surety bond provided for in this section shall be executed by a surety company authorized to do business in this state. The chief shall not approve any bond until it is personally signed and acknowledged by both principal and surety, or as to either by an attorney in fact, with a certified copy of the power of attorney attached thereto. The chief shall not approve ~~such~~ the bond unless there is attached a certificate of the superintendent of insurance that the company is authorized to transact a fidelity and surety business in this state. All bonds shall be given in a form to be prescribed by the chief.

(C) If a registered transporter is found liable for a violation of section 1509.22, 1509.222, or 1509.223 of the Revised Code or a rule, order, or term or condition of a certificate involving, in any case, damage or injury to persons or property, or both, the court may order the forfeiture of any portion of the bond, cash, or other securities required by this section in full or partial payment of damages to the person to whom the damages are due. The treasurer of state and the chief shall deliver the bond or any cash or other securities deposited in lieu of bond, as specified in the court's order, to the person to whom the damages are due; however, execution against the bond, cash, or other securities, if necessary, is the responsibility of the person to whom the damages are due. The chief shall not release the bond, cash, or securities required by this section except by court order or until ~~two years after the date on which a~~ the registration is terminated.

Sec. 1509.226. (A) If a board of county commissioners, a

board of township trustees, or the legislative authority of a municipal corporation wishes to permit the surface application of brine to roads, streets, highways, and other similar land surfaces it owns or has the right to control for control of dust or ice, it may adopt a resolution permitting such application as provided in this section. If a board or legislative authority does not adopt such a resolution, then no such surface application of brine is permitted on such roads, streets, highways, and other similar surfaces. If a board or legislative authority votes on a proposed resolution to permit such surface application of brine, but the resolution fails to receive the affirmative vote of a majority of the board or legislative authority, the board or legislative authority shall not adopt such a resolution for one year following the date on which the vote was taken. A board or legislative authority shall hold at least one public hearing on any proposal to permit surface application of brine under this division and may hold additional hearings. The board or legislative authority shall publish notice of the time and place of each such public hearing in a newspaper of general circulation in the political subdivision at least five days before the day on which the hearing is to be held.

(B) If a board or legislative authority adopts a resolution permitting the surface application of brine to roads, streets, highways, and other similar land surfaces under division (A) of this section, the board or legislative authority shall, within thirty days after the adoption of the resolution, prepare and submit to the chief of the division of mineral resources management a copy of the resolution. Any department, agency, or instrumentality of this state or the United States that wishes to permit the surface application of brine to roads, streets, highways, and other similar land surfaces it owns or has a right to control shall prepare and submit guidelines for such application, but need not adopt a resolution under division (A) of

this section permitting such surface application.

All resolutions and guidelines shall be subject to the following standards:

(1) Brine shall not be applied:

(a) To a water-saturated surface;

(b) Directly to vegetation near or adjacent to surfaces being treated;

(c) Within twelve feet of structures crossing bodies of water or crossing drainage ditches;

(d) Between sundown and sunrise, except for ice control.

(2) The discharge of brine through the spreader bar shall stop when the application stops.

(3) The applicator vehicle shall be moving at least five miles per hour at all times while the brine is being applied.

(4) The maximum spreader bar nozzle opening shall be three-quarters of an inch in diameter.

(5) The maximum uniform application rate of brine shall be three thousand gallons per mile on a twelve-foot-wide road or three gallons per sixty square feet on unpaved lots.

(6) The applicator vehicle discharge valve shall be closed between the brine collection point and the specific surfaces that have been approved for brine application.

(7) Any valves that provide for tank draining other than through the spreader bar shall be closed during the brine application and transport.

(8) The angle of discharge from the applicator vehicle spreader bar shall not be greater than sixty degrees from the perpendicular to the unpaved surface.

(9) Only the last twenty-five per cent of an applicator

vehicle's contents shall be allowed to have a pressure greater than atmospheric pressure; therefore, the first seventy-five per cent of the applicator vehicle's contents shall be discharged under atmospheric pressure.

(10) Only brine that is produced from a well shall be allowed to be spread on a road. Fluids from the drilling of a well, flowback from the stimulation of a well, and other fluids used to treat a well shall not be spread on a road.

If a resolution or guidelines contain only the standards listed in division (B)(1) to ~~(9)~~(10) of this section, without addition or qualification, the resolution or guidelines shall be deemed effective when submitted to the chief without further action by the chief. All other resolutions and guidelines shall comply with and be no less stringent than this chapter, rules concerning surface application that the chief shall adopt under division (C) of section 1509.22 of the Revised Code, and other rules of the chief. Within fifteen days after receiving such other resolutions and guidelines, the chief shall review them for compliance with the law and rules and disapprove them if they do not comply.

The board, legislative authority, or department, agency, or instrumentality may revise and resubmit any resolutions or guidelines that the chief disapproves after each disapproval, and the chief shall again review and approve or disapprove them within fifteen days after receiving them. The board, legislative authority, or department, agency, or instrumentality may amend any resolutions or guidelines previously approved by the chief and submit them, as amended, to the chief. The chief shall receive, review, and approve or disapprove the amended resolutions or guidelines on the same basis and in the same time as original resolutions or guidelines. The board, legislative authority, or department, agency, or instrumentality shall not implement amended

resolutions or guidelines until they are approved by the chief under this division.

(C) Any person, other than a political subdivision required to adopt a resolution under division (A) of this section or a department, agency, or instrumentality of this state or the United States, who owns or has a legal right or obligation to maintain a road, street, highway, or other similar land surface may file with the board of county commissioners a written plan for the application of brine to the road, street, highway, or other surface. The board need not approve any such plans, but if it approves a plan, the plan shall comply with this chapter, rules adopted thereunder, and the board's resolutions, if any. Disapproved plans may be revised and resubmitted for the board's approval. Approved plans may also be revised and submitted to the board. A plan or revised plan shall do all of the following:

(1) Identify the sources of brine to be used under the plan;

(2) Identify by name, address, and registration certificate, if applicable, any transporters of the brine;

(3) Specifically identify the places to which the brine will be applied;

(4) Specifically describe the method, rate, and frequency of application.

(D) The board may attach terms and conditions to approval of a plan, or revised plan, and may revoke approval for any violation of this chapter, rules adopted thereunder, resolutions adopted by the board, or terms or conditions attached by the board. The board shall conduct at least one public hearing before approving a plan or revised plan, publishing notice of the time and place of each such public hearing in a newspaper of general circulation in the county at least five days before the day on which the hearing is to be held. The board shall record the filings of all plans and

revised plans in its journal. The board shall approve, disapprove, or revoke approval of a plan or revised plan by the adoption of a resolution. Upon approval of a plan or revised plan, the board shall send a copy of the plan to the chief. Upon revoking approval of a plan or revised plan, the board shall notify the chief of the revocation.

(E) No person shall:

(1) Apply brine to a water-saturated surface;

(2) Apply brine directly to vegetation adjacent to the surface of roads, streets, highways, and other surfaces to which brine may be applied.

(F) Each political subdivision that adopts a resolution under divisions (A) and (B) of this section, each department, agency, or instrumentality of this state or the United States that submits guidelines under division (B) of this section, and each person who files a plan under divisions (C) and (D) of this section shall, on or before the fifteenth day of April of each year, file a report with the chief concerning brine applied within the person's or governmental entity's jurisdiction, including the quantities transported and the sources and application points during the last preceding calendar year and such other information in such form as the chief requires.

(G) Any political subdivision or department, agency, or instrumentality of this state or the United States that applies brine under this section may do so with its own personnel, vehicles, and equipment without registration under or compliance with section 1509.222 or 1509.223 of the Revised Code and without the necessity for filing the surety bond or other security required by section 1509.225 of the Revised Code. However, each such entity shall legibly identify vehicles used to apply brine with reflective paint in letters no less than four inches in

height, indicating the word "brine" and that the vehicle is a vehicle of the political subdivision, department, agency, or instrumentality. Except as stated in this division, such entities shall transport brine in accordance with sections 1509.22 to 1509.226 of the Revised Code.

(H) A surface application plan filed for approval under division (C) of this section shall be accompanied by a nonrefundable fee of fifty dollars, which shall be credited to the general fund of the county. An approved plan is valid for one year from the date of its approval unless it is revoked before that time. An approved revised plan is valid for the remainder of the term of the plan it supersedes unless it is revoked before that time. Any person who has filed such a plan or revised plan and had it approved may renew it by refiling it in accordance with divisions (C) and (D) of this section within thirty days before any anniversary of the date on which the original plan was approved. The board shall notify the chief of renewals and nonrenewals of plans. Even if a renewed plan is approved under those divisions, the plan is not effective until notice is received by the chief, and until notice is received, the chief shall enforce this chapter and rules adopted thereunder with regard to the affected roads, streets, highways, and other similar land surfaces as if the plan had not been renewed.

(I) A resolution adopted under division (A) of this section by a board or legislative authority shall be effective for one year following the date of its adoption and from month to month thereafter until the board or legislative authority, by resolution, terminates the authority granted in the original resolution. The termination shall be effective not less than seven days after enactment of the resolution, and a copy of the resolution shall be sent to the chief.

Sec. 1509.23. (A) Rules of the chief of the division of mineral resources management may specify practices to be followed in the drilling and treatment of wells ~~and~~, production of oil and gas, and plugging of wells for protection of public health or safety or to prevent damage to natural resources, including specification of the following:

(1) Appropriate devices;

(2) Minimum distances that wells and other excavations, structures, and equipment shall be located from water wells, streets, roads, highways, rivers, lakes, streams, ponds, other bodies of water, railroad tracks, public or private recreational areas, zoning districts, and buildings or other structures~~;~~. Rules adopted under division (A)(2) of this section shall not conflict with section 1509.021 of the Revised Code.

(3) Other methods of operation;

(4) Procedures, methods, and equipment and other requirements for equipment to prevent and contain discharges of oil and brine from oil production facilities and oil drilling and workover facilities consistent with and equivalent in scope, content, and coverage to section 311(j)(1)(c) of the "Federal Water Pollution Control Act Amendments of 1972," 86 Stat. 886, 33 U.S.C.A. 1251, as amended, and regulations adopted under it. In addition, the rules may specify procedures, methods, and equipment and other requirements for equipment to prevent and contain surface and subsurface discharges of fluids, condensates, and gases.

(5) Notifications.

(B) The chief, in consultation with the emergency response commission created in section 3750.02 of the Revised Code, shall adopt rules in accordance with Chapter 119. of the Revised Code that specify the information that shall be included in an

electronic database that the chief shall create and host. The information shall be that which 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. At the minimum, the information shall include that which a person who is regulated under this chapter is required to submit under the "Emergency Planning and Community Right-To-Know Act of 1986," 100 Stat. 1728, 42 U.S.C.A. 11001, and regulations adopted under it.

In addition, the rules shall specify whether and to what extent the database and the information that it contains will be made accessible to the public. The rules shall ensure that the database will be made available via the internet or a system of computer disks to the emergency response commission and to every local emergency planning committee and fire department in this state.

Sec. 1509.24. (A) The chief of the division of mineral resources management, with the approval of the technical advisory council on oil and gas created in section 1509.38 of the Revised Code, may adopt, amend, or rescind rules relative to minimum acreage requirements for drilling units and minimum distances from which a new well may be drilled or an existing well deepened, plugged back, or reopened to a source of supply different from the existing pool from boundaries of tracts, drilling units, and other wells for the purpose of conserving oil and gas reserves. ~~Rules~~ The rules relative to minimum acreage requirements for drilling units shall require a drilling unit to be compact and composed of contiguous land.

(B) Rules adopted under this section and special orders made under section 1509.25 of the Revised Code shall apply only to new wells to be drilled or existing wells to be deepened, plugged

back, or reopened to a source of supply different from the existing pool for the purpose of extracting oil or gas in their natural state.

Sec. 1509.27. If a tract of land is of insufficient size or shape to meet the requirements for drilling a well thereon as provided in section 1509.24 or 1509.25 of the Revised Code, whichever is applicable, and the owner of the tract who also is the owner of the mineral interest has been unable to form a drilling unit under agreement as provided in section 1509.26 of the Revised Code, on a just and equitable basis, ~~the~~ such an owner ~~of such tract~~ may make application to the division of mineral resources management for a mandatory pooling order.

~~Such~~ The application shall include ~~such data and~~ information as shall be reasonably required by the chief of the division of mineral resources management and shall be accompanied by an application for a permit as required by section 1509.05 of the Revised Code. The chief shall notify all owners of land within the area proposed to be included within the ~~order~~ drilling unit of the filing of ~~such~~ the application and of their right to a hearing ~~if requested~~. After the hearing or after the expiration of thirty days from the date notice of application was mailed to such owners, the chief, if satisfied that the application is proper in form and that mandatory pooling is necessary to protect correlative rights ~~or~~ and to provide effective development, use, ~~or~~ and conservation of oil and gas, shall issue a drilling permit and a mandatory pooling order complying with the requirements for drilling a well as provided in section 1509.24 or 1509.25 of the Revised Code, whichever is applicable~~, which~~. The mandatory pooling order shall:

(A) Designate the boundaries of the drilling unit within which the well shall be drilled;

(B) Designate the proposed ~~drilling~~ production site;

(C) Describe each separately owned tract or part thereof pooled by the order;

(D) Allocate on a surface acreage basis a pro rata portion of the production to the owner of each tract~~;~~ pooled by the order. The pro rata portion shall be in the same proportion that the percentage of the owner's acreage is to the state minimum acreage requirements established in rules adopted under this chapter for a drilling unit unless the applicant demonstrates to the chief using geological evidence that the geologic structure containing the oil or gas is larger than the minimum acreage requirement in which case the pro rata portion shall be in the same proportion that the percentage of the owner's acreage is to the geologic structure.

(E) Specify the basis upon which each owner of a tract pooled by the order shall share all reasonable costs and expenses of drilling and producing if the owner elects to participate in the drilling and operation of the well;

(F) Designate the person to whom the permit shall be issued.

A person shall not submit more than five applications for mandatory pooling orders per year under this section unless otherwise approved by the chief.

No surface operations or disturbances to the surface of the land shall occur on a tract pooled by an order without the written consent of or a written agreement with the owner of the tract that approves the operations or disturbances.

If an owner of a tract pooled by the order does not elect to participate in the risk and cost of the drilling and operation~~, or operation,~~ of a well, the owner ~~may elect to~~ shall be designated as a nonparticipating owner in the drilling and operation~~, or operation,~~ of the well~~,~~ on a limited or carried basis ~~upon~~ and is subject to terms and conditions determined by the chief to be just

and reasonable. In addition, if an owner is designated as a nonparticipating owner, the owner is not liable for actions or conditions associated with the drilling or operation of the well. If ~~one or more of~~ the ~~participating owners bear~~ applicant bears the costs of drilling, equipping, ~~or~~ and operating a well for the benefit of a nonparticipating owner, as provided for in the pooling order, then ~~such participating owner or owners~~ the applicant shall be entitled to the share of production from the drilling unit accruing to the interest of ~~such~~ that nonparticipating owner, exclusive of the nonparticipating owner's proportionate share of the royalty interest ~~if the fee holder has leased the fee holder's land to others, otherwise, one-eighth of the fee holder's share of the production,~~ until there has been received the share of costs charged to ~~such~~ that nonparticipating owner plus such additional percentage of the share of costs as the chief shall determine. The total amount receivable hereunder shall in no event exceed ~~double~~ two hundred per cent of the share of costs charged to ~~such~~ that nonparticipating owner. After receipt of that share of costs by such an applicant, a nonparticipating owner shall receive a proportionate share of the working interest in the well in addition to a proportionate share of the royalty interest, if any.

If there is a dispute as to costs of drilling, equipping, or operating a well, the chief shall determine ~~such~~ those costs.

~~In instances where a well is completed prior to the pooling of interests in a drilling unit under this section, the sharing of production and adjustment of the original costs of drilling, equipping, and completing the well shall be from the effective date of the mandatory pooling order.~~

~~From and after the date of a pooling order, all operation, including the commencement of drilling or the operating of or production from a well upon any tract or portion of the drilling~~

~~unit, shall be deemed for all purposes the conduct of such operations upon and production from any lease or contract for lands any portion of which is included in the drilling unit.~~

Sec. 1509.31. (A) Whenever the entire interest of an oil and gas lease is assigned or otherwise transferred, the assignor or transferor shall notify the holders of the royalty interests, and, if a well or wells exist on the lease, the division of mineral resources management, of the name and address of the assignee or transferee by certified mail, return receipt requested, not later than thirty days after the date of the assignment or transfer. When notice of any such assignment or transfer is required to be provided to the division, it shall be provided on a form prescribed and provided by the division and verified by both the assignor or transferor and by the assignee or transferee and shall be accompanied by a nonrefundable fee of one hundred dollars for each well. The notice form applicable to assignments or transfers of a well to the owner of the surface estate of the tract on which the well is located shall contain a statement informing the landowner that the well may require periodic servicing to maintain its productivity; that, upon assignment or transfer of the well to the landowner, the landowner becomes responsible for compliance with the requirements of this chapter and rules adopted under it, including, without limitation, the proper disposal of brine obtained from the well, the plugging of the well when it becomes incapable of producing oil or gas, and the restoration of the well site; and that, upon assignment or transfer of the well to the landowner, the landowner becomes responsible for the costs of compliance with the requirements of this chapter and rules adopted under it and the costs for operating and servicing the well.

(B) When the entire interest of a well is proposed to be assigned or otherwise transferred to the landowner for use as an exempt domestic well, the owner who has been issued a permit under

this chapter for the well shall submit to the chief an application for the assignment or transfer that contains all documents that the chief requires and a nonrefundable fee of one hundred dollars. The application for such an assignment or transfer shall be prescribed and provided by the chief. The chief may approve the application if the application is accompanied by a release of all of the oil and gas leases that are included in the applicable formation of the drilling unit, the release is in a form such that the well ownership merges with the fee simple interest of the surface tract, and the release is in a form that may be recorded. However, if the owner of the well does not release the oil and gas leases associated with the well that is proposed to be assigned or otherwise transferred or if the fee simple tract that results from the merger of the well ownership with the fee simple interest of the surface tract is less than five acres, the proposed exempt domestic well owner shall post a five thousand dollar bond with the division of mineral resources management prior to the assignment or transfer of the well to ensure that the well will be properly plugged. The chief, for good cause, may modify the requirements of this section governing the assignment or transfer of the interests of a well to the landowner. Upon the assignment or transfer of the well, the owner of an exempt domestic well is not subject to the severance tax levied under section 5749.02 of the Revised Code, but is subject to all applicable fees established in this chapter.

(C) The owner holding a permit under section 1509.05 of the Revised Code is responsible for all obligations and liabilities imposed by this chapter and any rules, orders, and terms and conditions of a permit adopted or issued under it, and no assignment or transfer by the owner relieves the owner of the obligations and liabilities until and unless the assignee or transferee files with the division the information described in divisions (A)(1), (2), (3), (4), (5), (10), (11), and (12) of

section 1509.06 of the Revised Code; obtains liability insurance coverage required by section 1509.07 of the Revised Code, except when none is required by that section; and executes and files a surety bond, negotiable certificates of deposit or irrevocable letters of credit, or cash, as described in that section. Instead of a bond, but only upon acceptance by the chief of the division of mineral resources management, the assignee or transferee may file proof of financial responsibility, described in section 1509.07 of the Revised Code. Section 1509.071 of the Revised Code applies to the surety bond, cash, and negotiable certificates of deposit and irrevocable letters of credit described in this section. Unless the chief approves a modification, each assignee or transferee shall operate in accordance with the plans and information filed by the permit holder pursuant to section 1509.06 of the Revised Code.

(D) If a mortgaged property that is being foreclosed is subject to an oil or gas lease, pipeline agreement, or other instrument related to the production or sale of oil or natural gas and the lease, agreement, or other instrument was recorded subsequent to the mortgage, and if the lease, agreement, or other instrument is not in default, the oil or gas lease, pipeline agreement, or other instrument, as applicable, has priority over all other liens, claims, or encumbrances on the property so that the oil or gas lease, pipeline agreement, or other instrument is not terminated or extinguished upon the foreclosure sale of the mortgaged property. If the owner of the mortgaged property was entitled to oil and gas royalties before the foreclosure sale, the oil or gas royalties shall be paid to the purchaser of the foreclosed property.

Sec. 1509.34. (A)(1) If an owner fails to pay the fees imposed by this chapter, or if the chief of the division of mineral resources management incurs costs under division (E) of

section 1509.071 of the Revised Code to correct conditions associated with the owner's well that the chief reasonably has determined are causing imminent health or safety risks, the division of mineral resources management shall have a priority lien against that owner's interest in the applicable well in front of all other creditors for the amount of any such unpaid fees and costs incurred. The chief shall file a statement in the office of the county recorder of the county in which the applicable well is located of the amount of the unpaid fees and costs incurred as described in this division. The statement shall constitute a lien on the owner's interest in the well as of the date of the filing. The lien shall remain in force so long as any portion of the lien remains unpaid or until the chief issues a certificate of release of the lien. If the chief issues a certificate of release of the lien, the chief shall file the certificate of release in the office of the applicable county recorder.

(2) A lien imposed under division (A)(1) of this section shall be in addition to any lien imposed by the attorney general for failure to pay the assessment imposed by section 1509.50 of the Revised Code or the tax levied under division (A)(5) or (6) of section 5749.02 of the Revised Code, as applicable.

(3) If the attorney general cannot collect from a severer or an owner for an outstanding balance of amounts due under section 1509.50 of the Revised Code or of unpaid taxes levied under division (A)(5) or (6) of section 5749.02 of the Revised Code, as applicable, the tax commissioner may request the chief to impose a priority lien against the owner's interest in the applicable well. Such a lien has priority in front of all other creditors.

(B) The chief promptly shall issue a certificate of release of a lien under either of the following circumstances:

(1) Upon the repayment in full of the amount of unpaid fees

imposed by this chapter or costs incurred by the chief under division (E) of section 1509.071 of the Revised Code to correct conditions associated with the owner's well that the chief reasonably has determined are causing imminent health or safety risks;

(2) Any other circumstance that the chief determines to be in the best interests of the state.

(C) The chief may modify the amount of a lien under this section. If the chief modifies a lien, the chief shall file a statement in the office of the county recorder of the applicable county of the new amount of the lien.

(D) An owner regarding which the division has recorded a lien against the owner's interest in a well in accordance with this section shall not transfer a well, lease, or mineral rights to another owner or person until the chief issues a certificate of release for each lien against the owner's interest in the well.

(E) All money from the collection of liens under this section shall be deposited in the state treasury to the credit of the oil and gas well fund created in section 1509.02 of the Revised Code.

Sec. 1509.35. (A) There is hereby created an oil and gas commission consisting of five members appointed by the governor. Terms of office shall be for five years, commencing on the fifteenth day of October and ending on the fourteenth day of October, except that the terms of the first five members of the board shall be for one, two, three, four, and five years, respectively, as designated by the governor at the time of the appointment. Each member shall hold office from the date of appointment until the end of the term for which the member was appointed. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall hold office for the remainder of ~~such~~ that

term. Any member shall continue in office subsequent to the expiration date of the member's term until a successor takes office, or until a period of sixty days has elapsed, whichever occurs first. Each vacancy occurring on the commission shall be filled by appointment within sixty days after the vacancy occurs. One of the appointees to the commission shall be a person who, by reason of the person's previous vocation, employment, or affiliations, can be classed as a representative of a major petroleum company. One of the appointees to the commission shall be a person who, by reason of the person's previous vocation, employment, or affiliations, can be classed as a representative of the public. One of the appointees to the commission shall be a person who, by reason of the person's previous training and experience, can be classed as a representative of independent petroleum operators. One of the appointees to the commission shall be a person who, by reason of the person's previous training and experience, can be classed as one learned and experienced in oil and gas law. One of the appointees to the commission shall be a person who, by reason of the person's previous training and experience, can be classed as one learned and experienced in geology <u>or petroleum engineering</u>. Not more than three members shall be members of the same political party. This division does not apply to temporary members appointed under division (C) of this section.

(B) Three members constitute a quorum and no action of the commission is valid unless it has the concurrence of at least a majority of the members voting on that action. The commission shall keep a record of its proceedings.

(C) If the chairperson of the commission determines that a quorum cannot be obtained for the purpose of considering a matter that will be before the commission because of vacancies or recusal of its members, the chairperson may contact the technical advisory

council on oil and gas created in section 1509.38 of the Revised Code and request a list of members of the council who may serve as temporary members of the commission. Using the list provided by the council, the chairperson may appoint temporary members to the commission. The appointment of temporary members shall be for only the matter for which a quorum cannot be obtained. The number of temporary members appointed by the chairperson shall not exceed the number that is necessary to obtain a quorum for the matter. A temporary member of the commission has the same authority, rights, and obligations as a member of the commission, including the right to compensation and other expenses as provided in this section. The authority, rights, and obligations of a temporary member cease when the temporary member's service on the commission ends.

(D) Each member shall be paid an amount fixed pursuant to division (J) of section 124.15 of the Revised Code per diem when actually engaged in the performance of work as a member and when engaged in travel necessary in connection with ~~such~~ that work. In addition to such compensation each member shall be reimbursed for all traveling, hotel, and other expenses necessarily incurred in the performance of work as a member.

(E) The commission shall select from among its members a chairperson, a vice-chairperson, and a secretary. These officers shall serve for terms of one year.

(F) The governor may remove any member of the commission from office for inefficiency, neglect of duty, malfeasance, misfeasance, or nonfeasance.

(G) The commission, in accordance with Chapter 119. of the Revised Code, shall adopt rules to govern its procedure.

Sec. 1509.36. Any person ~~claiming to be aggrieved or~~ adversely affected by an order by the chief of the division of mineral resources management may appeal to the oil and gas

commission for an order vacating or modifying ~~such~~ the order.

The person so appealing to the commission shall be known as appellant and the chief shall be known as appellee. Appellant and appellee shall be deemed to be parties to the appeal.

The appeal shall be in writing and shall set forth the order complained of and the grounds upon which the appeal is based. The appeal shall be filed with the commission within thirty days after the date upon which the appellant received notice by ~~registered~~ certified mail ~~of the making~~ and, for all other persons adversely affected by the order, within thirty days after the date of the order complained of. Notice of the filing of the appeal shall be filed with the chief within three days after the appeal is filed with the commission.

Upon the filing of the appeal the commission promptly shall fix the time and place at which the hearing on the appeal will be held, and shall give the appellant and the chief at least ten days' written notice thereof by mail. The commission may postpone or continue any hearing upon its own motion or upon application of the appellant or of the chief.

The filing of an appeal provided for in this section does not automatically suspend or stay execution of the order appealed from, but upon application by the appellant the commission may suspend or stay ~~such~~ the execution pending determination of the appeal upon such terms as the commission considers proper.

Either party to the appeal or any interested person who, pursuant to commission rules has been granted permission to appear, may submit such evidence as the commission considers admissible.

For the purpose of conducting a hearing on an appeal, the commission may require the attendance of witnesses and the production of books, records, and papers, and it may, and at the

request of any party it shall, issue subpoenas for witnesses or subpoenas duces tecum to compel the production of any books, records, or papers, directed to the sheriffs of the counties where ~~such~~ the witnesses are found. The subpoenas shall be served and returned in the same manner as subpoenas in criminal cases are served and returned. The fees of sheriffs shall be the same as those allowed by the court of common pleas in criminal cases. Witnesses shall be paid the fees and mileage provided for under section 119.094 of the Revised Code. Such fees and mileage expenses incurred at the request of appellant shall be paid in advance by the appellant, and the remainder of ~~such~~ those expenses shall be paid out of funds appropriated for the expenses of the division of mineral resources management.

In case of disobedience or neglect of any subpoena served on any person, or the refusal of any witness to testify to any matter regarding which the witness may be lawfully interrogated, the court of common pleas of the county in which ~~such~~ the disobedience, neglect, or refusal occurs, or any judge thereof, on application of the commission or any member thereof, shall compel obedience by attachment proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from ~~such~~ that court or a refusal to testify therein. Witnesses at such hearings shall testify under oath, and any member of the commission may administer oaths or affirmations to persons who so testify.

At the request of any party to the appeal, a stenographic record of the testimony and other evidence submitted shall be taken by an official court shorthand reporter at the expense of the party making the request therefor. ~~Such~~ The record shall include all of the testimony and other evidence and the rulings on the admissibility thereof presented at the hearing. The commission shall pass upon the admissibility of evidence, but any party may

at the time object to the admission of any evidence and except to the rulings of the commission thereon, and if the commission refuses to admit evidence the party offering same may make a proffer thereof, and such proffer shall be made a part of the record of ~~such~~ the hearing.

If upon completion of the hearing the commission finds that the order appealed from was lawful and reasonable, it shall make a written order affirming the order appealed from; if the commission finds that the order was unreasonable or unlawful, it shall make a written order vacating the order appealed from and making the order that it finds the chief should have made. Every order made by the commission shall contain a written finding by the commission of the facts upon which the order is based.

Notice of the making of the order shall be given forthwith to each party to the appeal by mailing a certified copy thereof to each such party by certified mail.

The order of the commission is final unless vacated by the court of common pleas of Franklin county in an appeal as provided for in section 1509.37 of the Revised Code. Sections 1509.01 to 1509.37 of the Revised Code, providing for appeals relating to orders by the chief or by the commission, or relating to rules adopted by the chief, do not constitute the exclusive procedure that any person who believes the person's rights to be unlawfully affected by those sections or any official action taken thereunder must pursue in order to protect and preserve those rights, nor do those sections constitute a procedure that that person must pursue before that person may lawfully appeal to the courts to protect and preserve those rights.

Sec. 1509.50. (A) An oil and gas regulatory cost recovery assessment is hereby imposed by this section on an owner. An owner shall pay the assessment in the same manner as a severer who is

required to file a return under section 5749.06 of the Revised Code. However, an owner may designate a severer who shall pay the owner's assessment on behalf of the owner on the return that the severer is required to file under that section. If a severer so pays an owner's assessment, the severer may recoup from the owner the amount of the assessment. Except for an exempt domestic well, the assessment imposed shall be in addition to the taxes levied on the severance of oil and gas under section 5749.02 of the Revised Code.

(B)(1) Except for an exempt domestic well, the oil and gas regulatory cost recovery assessment shall be calculated on a quarterly basis and shall be one of the following:

(a) If the sum of ten cents per barrel of oil for all of the wells of the owner, one-half of one cent per one thousand cubic feet of natural gas for all of the wells of the owner, and the amount of the severance tax levied on each severer for all of the wells of the owner under divisions (A)(5) and (6) of section 5749.02 of the Revised Code, as applicable, is greater than the sum of fifteen dollars for each well owned by the owner, the amount of the assessment is the sum of ten cents per barrel of oil for all of the wells of the owner and one-half of one cent per one thousand cubic feet of natural gas for all of the wells of the owner.

(b) If the sum of ten cents per barrel of oil for all of the wells of the owner, one-half of one cent per one thousand cubic feet of natural gas for all of the wells of the owner, and the amount of the severance tax levied on each severer for all of the wells of the owner under divisions (A)(5) and (6) of section 5749.02 of the Revised Code, as applicable, is less than the sum of fifteen dollars for each well owned by the owner, the amount of the assessment is the sum of fifteen dollars for each well owned

by the owner less the amount of the tax levied on each severer for all of the wells of the owner under divisions (A)(5) and (6) of section 5749.02 of the Revised Code, as applicable.

(2) The oil and gas regulatory cost recovery assessment for a well that becomes an exempt domestic well on and after the effective date of this section shall be sixty dollars to be paid to the division of mineral resources management on the first day of July of each year.

(C) All money collected pursuant to this section shall be deposited in the state treasury to the credit of the oil and gas well fund created in section 1509.02 of the Revised Code.

(D) Except for purposes of revenue distribution as specified in division (B) of section 5749.02 of the Revised Code, the oil and gas regulatory cost recovery assessment imposed by this section shall be treated the same and equivalent for all purposes as the taxes levied on the severance of oil and gas under that section. However, the assessment imposed by this section is not a tax under Chapter 5749. of the Revised Code.

Sec. 1509.60. If the owner of a parcel of real property receives a notice concerning the filing of an application for a permit to drill a new well within an urbanized area as required by division (A)(9) of section 1509.06 of the Revised Code, the owner shall provide to each residence in an occupied dwelling that is located on the owner's parcel of real property, if any, a copy of that notice within five days of receipt of the notice.

Sec. 1509.61. (A) The legislative authority of a political subdivision shall conduct a public meeting concerning a proposed lease agreement for the development of oil and gas resources on land that is located in an urbanized area and that is owned by the political subdivision prior to entering into the lease agreement.

The public meeting shall be conducted in a public venue in the municipal corporation or township in which the proposed well is to be located. The public meeting shall not occur at the same meeting at which the legislative authority of the political subdivision votes to enter into a proposed lease, if applicable.

The legislative authority of the political subdivision shall send notice not later than ten days prior to the date of the public meeting to the owner of each parcel of real property that is located within five hundred feet of the surface location of the property that is the subject of the proposed lease agreement. The notice shall contain a statement that the legislative authority of the political subdivision is considering entering into an oil or gas lease agreement, and provide the location, date, and time of the public meeting. In addition, the statement shall contain a statement that informs an owner of real property who is required to receive notice of the public meeting under this division that, within five days of receipt of the notice, the owner is required to provide notice under division (C) of this section to each residence in an occupied dwelling that is located on the owner's parcel of real property.

(B) The legislative authority of a political subdivision that is required to provide notice under division (A) of this section shall provide the notice in accordance with requirements established by the legislative authority governing public meetings that are held by the legislative authority.

(C) If the owner of a parcel of real property receives a notice under division (A) of this section, the owner shall provide to each residence in an occupied dwelling that is located on the owner's parcel of real property, if any, a copy of that notice within five days of receipt of the notice.

Sec. 1565.07. The superintendent in charge of a mine shall direct the mine foreperson in such manner as is necessary to secure compliance with this chapter and Chapters 1561., 1563., and 1567. and ~~sections~~ section 1509.18 ~~and 1509.19~~ of the Revised Code. The superintendent may act as mine foreperson, but if the superintendent does so act regularly, the superintendent shall obtain a certificate from the chief of the division of mineral resources management in the same manner as the certification of mine foreperson is obtained.

A person designated as a superintendent of an underground coal mine after January 1, 1977, shall, within six months after being so designated, demonstrate to the chief that the person has knowledge of the mining laws of this state governing the operation of underground coal mines either by presenting evidence that the person has passed a mine foreperson examination given by the chief or an examination given by the chief concerning the laws of this state governing the operation of underground coal mines.

No person shall refuse or neglect to comply with this section.

Sec. 1565.13. In case of an injury to person or property, occasioned by a violation of this chapter and Chapters 1561., 1563., and 1567., and ~~sections~~ section 1509.18 ~~and 1509.19~~ of the Revised Code, or any failure to comply with ~~such~~ those chapters or ~~sections~~ that section, by any operator of a mine, a right of action shall accrue to the person injured, for any direct damage ~~he~~ the person injured has sustained thereby. In case of loss of life by reason of such failure or neglect, a right of action shall accrue to the widow, and children, or if there are none, then to the parents and next of kin, of the person whose death was so caused, for like recovery of damages for the injury they have sustained. Any operator of a mine who has complied with Chapter

4123. of the Revised Code~~,~~ is exempt as provided in section 4123.74 of the Revised Code, and not liable for damages at common law or by statute for injury or death of any employee.

Sec. 1571.05. (A) Whenever any part of a gas storage reservoir or any part of its protective area underlies any part of a coal mine, or is, or within nine months is expected or intended to be, within two thousand linear feet of the boundary of a coal mine that is operating in a coal seam any part of which extends over any part of the storage reservoir or its protective area, the operator of ~~such~~ the reservoir, if the reservoir operator or some other reservoir operator has not theretofore done so, shall:

(1) Use every known method that is reasonable under the circumstance for discovering and locating all wells drilled within the area of ~~such~~ the reservoir or its protective area that underlie any part of ~~such~~ the coal mine or its protective area;

(2) Plug or recondition all known wells drilled within the area of ~~such~~ the reservoir or its protective area that underlie any part of ~~such~~ the coal mine.

(B) Whenever an operator of a gas storage reservoir is notified by the operator of a coal mine, as provided in division (B) of section 1571.03 of the Revised Code, that ~~such~~ the coal mine operator believes that part of the boundary of ~~such~~ the mine is within two thousand linear feet of a well that is drilled through the horizon of ~~such~~ the coal mine and into or through the storage stratum or strata of ~~such~~ the reservoir within the boundary of ~~such~~ the reservoir or within its protective area, ~~such~~ the reservoir operator shall plug or recondition ~~such~~ the well as in this section prescribed, unless it is agreed in a conference or is ordered by the chief of the division of mineral resources management after a hearing, as provided in section 1571.10 of the Revised Code, that the well referred to in the notice is not such

a well as is described in division (B) of section 1571.03 of the Revised Code.

Whenever an operator of a gas storage reservoir is notified by the operator of a coal mine as provided in division (C) or (D) of section 1571.03 of the Revised Code, that part of the boundary of ~~such~~ the mine is, or within nine months is intended or expected to be, within two thousand linear feet of a well that is drilled through the horizon of ~~such~~ the mine and into or through the storage stratum or strata of ~~such~~ the reservoir within the boundary of ~~such~~ the reservoir or within its protective area, ~~such~~ the reservoir operator shall plug or recondition ~~such~~ the well as in this section prescribed.

Whenever the operator of a coal mine considers that the use of a well such as in this section described, if used for injecting gas into, or storing gas in, or removing gas from, a gas storage reservoir, would be hazardous to the safety of persons or property on or in the vicinity of the premises of ~~such~~ the coal mine or ~~such~~ the reservoir or well, the coal mine operator may file with the division objections to the use of ~~such~~ the well for such purposes, and a request that a conference be held as provided in section 1571.10 of the Revised Code, to discuss and endeavor to resolve by mutual agreement whether or not ~~such~~ the well shall or shall not be used for such purposes, and whether or not ~~such~~ the well shall be reconditioned, inactivated, or plugged. ~~Such~~ The request shall set forth the mine operator's reasons for such objections. If no approved agreement is reached in ~~such~~ the conference, the gas storage well inspector shall within ten days after the termination of ~~such~~ the conference, file with the chief a request that the chief hear and determine the matters considered at the conference as provided in section 1571.10 of the Revised Code. Upon conclusion of the hearing, the chief shall find and determine whether or not the safety of persons or of the property

on or in the vicinity of the premises of ~~such~~ the coal mine, or ~~such~~ the reservoir, or ~~such~~ the well requires that ~~such~~ the well be reconditioned, inactivated, or plugged, and shall make an order consistent with ~~such~~ that determination, provided that the chief shall not order a well plugged unless the chief first finds that there is underground leakage of gas therefrom.

The plugging or reconditioning of each well described in a notice from a coal mine operator to a reservoir operator as provided in division (B) of section 1571.03 of the Revised Code, which must be plugged or reconditioned, shall be completed within such time as the gas storage well inspector may fix in the case of each such well. The plugging or reconditioning of each well described in a notice from a coal mine operator to a reservoir operator as provided in division (C) of section 1571.03 of the Revised Code, which must be plugged or reconditioned, shall be completed by the time ~~such~~ the well, by reason of the extension of the boundary of ~~such~~ the coal mine, is within two thousand linear feet of any part of the boundary of ~~such~~ the mine. The plugging or reconditioning of each well described in a notice from a coal mine operator to a reservoir operator, as provided in division (D) of section 1571.03 of the Revised Code, which must be plugged or reconditioned, shall be completed by the time ~~such~~ the well, by reason of the opening of ~~such~~ the new mine, is within two thousand linear feet of any part of the boundary of ~~such~~ the new mine. A reservoir operator who is required to complete the plugging or reconditioning of a well within a period of time fixed as in this division prescribed, may prior to the end of ~~such~~ that period of time, notify the division and the mine operator from whom the reservoir operator received a notice as provided in division (B), (C), or (D) of section 1571.03 of the Revised Code, in writing by registered mail, that the completion of the plugging or reconditioning of the well referred to in ~~such~~ the notice will be delayed beyond the end of the period of time fixed therefor as in

this section provided, and that the reservoir operator requests that a conference be held for the purpose of endeavoring to reach an agreement establishing a date subsequent to the end of ~~such~~ that period of time, on or before which ~~such~~ the reservoir operator may complete ~~such~~ the plugging or reconditioning without incurring any penalties for failure to do so as provided in this chapter. If such a reservoir operator sends to such a mine operator and to the division a notice and request for a conference as in this division provided, ~~such~~ the reservoir operator shall not incur any penalties for failure to complete the plugging or reconditioning of ~~such~~ the well within the period of time fixed as in this division prescribed, unless ~~such~~ the reservoir operator fails to complete the plugging or reconditioning of ~~such~~ the well within the period of time fixed by an approved agreement reached in ~~such~~ the conference, or fixed by an order by the chief upon a hearing held in the matter in the event of failure to reach an approved agreement in the conference.

Whenever, in compliance with this division, a well is to be plugged by a reservoir operator, ~~such~~ the operator shall give to the division notice thereof, as many days in advance as will be necessary for the gas storage well inspector or a deputy mine inspector to be present at ~~such~~ the plugging. ~~Such~~ The notification shall be made on blanks furnished by the division and shall show the following information:

(1) Name and address of the applicant;

(2) The location of the well identified by section or lot number, city or village, and township and county;

(3) The well name and number of each well to be plugged.

(C) The operator shall give written notice at the same time to the owner of the land upon which the well is located, the owners or agents of the adjoining land, and adjoining well owners

or agents of the operator's intention to abandon the well, and of the time when the operator will be prepared to commence plugging and filling the same. In addition to giving such notices, ~~such~~ the reservoir operator shall also at the same time send a copy of ~~such~~ the notice by registered mail to the coal mine operator, if any, who sent to the reservoir operator the notice as provided in division (B), (C), or (D) of section 1571.03 of the Revised Code, in order that ~~such~~ the coal mine operator or the coal mine operator's designated representative~~,~~ may attend and observe the manner in which ~~such~~ the plugging of ~~such~~ the well is done.

If the reservoir operator plugs ~~such~~ the well without an inspector from the division being present to supervise the plugging, the reservoir operator shall send to the division and to the coal mine operator a copy of the report of the plugging of ~~such~~ the well, including in ~~such~~ the report:

(1) The date of abandonment;

(2) The name of the owner or operator of ~~such~~ the well at the time of abandonment and the well owner's or operator's post office address;

(3) The location of ~~such~~ the well as to township and county and the name of the owner of the surface upon which ~~such~~ the well is drilled, with the address thereof;

(4) The date of the permit to drill;

(5) The date when drilled;

(6) Whether ~~such~~ the well has been mapped;

(7) The depth of the well;

(8) The depth of the top of the sand to which the well was drilled;

(9) The depth of each seam of coal drilled through;

(10) A detailed report as to how ~~such~~ the well was plugged,

giving in particular the manner in which the coal and various sands were plugged, and the date of the plugging of ~~such~~ the well, including therein the names of those who witnessed the plugging of the well.

~~Such~~ The report shall be signed by the operator or the operator's agent who plugged ~~such~~ the well and verified by the oath of the party so signing. For the purposes of this section, a deputy mine inspector may take acknowledgements and administer oaths to the parties signing ~~such~~ the report.

Whenever, in compliance with this division, a well is to be reconditioned by a reservoir operator, ~~such~~ the operator shall give to the division notice thereof as many days before ~~such~~ the reconditioning is begun as will be necessary for the gas storage well inspector, or a deputy mine inspector, to be present at ~~such~~ the reconditioning. No well shall be reconditioned if an inspector of the division is not present unless permission to do so has been granted by the chief. The reservoir operator, at the time of giving notice to the division as in this section required, also shall send a copy of ~~such~~ the notice by registered mail to the coal mine operator, if any, who sent to the reservoir operator the notice as provided in division (B), (C), or (D) of section 1571.03 of the Revised Code, in order that ~~such~~ the coal mine operator or the coal mine operator's designated representative~~,~~ may attend and observe the manner in which ~~such~~ the reconditioning of ~~such~~ the well is done.

If the reservoir operator reconditions ~~such~~ the well when no inspector of the division is present to supervise the reconditioning, the reservoir operator shall make written report to the division describing the manner in which ~~such~~ the reconditioning was done, and shall send to the coal mine operator a copy of ~~such~~ the report by registered mail.

(D) Wells that are required by this section to be plugged

shall be plugged in the manner specified in sections 1509.13 to ~~1509.19~~ 1509.17 of the Revised Code, and the operator shall give the notifications and reports required by divisions (B) and (C) of this section. No such well shall be plugged or abandoned without the written approval of the division, and no such well shall be mudded, plugged, or abandoned without the gas storage well inspector or a deputy mine inspector present unless written permission has been granted by the chief or the gas storage well inspector. If such a well has been plugged prior to the time plugging thereof is required by this section, and, on the basis of the data, information, and other evidence available it is determined that ~~such~~ the plugging was done in the manner required by this section, or was done in accordance with statutes prescribing the manner of plugging wells in effect at the time ~~such~~ the plugging was done, and that there is no evidence of leakage of gas from ~~such~~ the well either at or below the surface, and that ~~such~~ the plugging is sufficiently effective to prevent the leakage of gas from ~~such~~ the well, the obligations imposed upon ~~such~~ the reservoir operator by this section as to plugging the well~~,~~ shall be considered fully satisfied. The operator of a coal mine any part of the boundary of which is, or within nine months is expected or intended to be, within two thousand linear feet of ~~such~~ the well~~,~~ may at any time raise a question as to whether the plugging of ~~such~~ the well is sufficiently effective to prevent the leakage of gas therefrom, and the issue so made shall be determined by a conference or hearing as provided in section 1571.10 of the Revised Code.

(E) Wells that are to be reconditioned as required by this section shall be, or shall be made to be:

(1) Cased in accordance with the statutes of this state in effect at the time ~~such~~ the wells were drilled, with ~~such~~ the casing being, or made to be, sufficiently effective in that there

is no evidence of any leakage of gas therefrom;

(2) Equipped with a producing string and well head composed of new pipe, or pipe as good as new, and fittings designed to operate with safety and to contain the stored gas at maximum pressures contemplated.

When a well that is to be reconditioned as required by this section~~,~~ has been reconditioned for use in the operation of ~~such~~ the reservoir prior to the time prescribed in this section, and on the basis of the data, information, and other evidence available it is determined that at the time ~~such~~ the well was so reconditioned the requirements prescribed in this division were met, and that there is no evidence of underground leakage of gas from ~~such~~ the well, and that ~~such~~ the reconditioning is sufficiently effective to prevent underground leakage from the well, the obligations imposed upon ~~such~~ the reservoir operator by this section as to reconditioning ~~such~~ the well shall be considered fully satisfied. Any operator of a coal mine any part of the boundary of which is, or within nine months is expected or intended to be, within two thousand linear feet of ~~such~~ the well~~,~~ may at any time raise a question as to whether the reconditioning of ~~such~~ the well is sufficiently effective to prevent underground leakage of gas therefrom, and the issue so made shall be determined by a conference or hearing as provided in section 1571.10 of the Revised Code.

If the gas storage well inspector at any time finds that a well that is drilled through the horizon of a coal mine and into or through the storage stratum or strata of a reservoir within the boundary of ~~such~~ the reservoir or within its protective area~~,~~ is located within the boundary of ~~such~~ the coal mine or within two thousand linear feet of ~~such~~ the mine boundary, and was drilled prior to the time the statutes of this state required that wells be cased, and that ~~such~~ the well fails to meet the casing and

equipping requirements prescribed in this division, the gas storage well inspector shall promptly notify the operator of ~~such~~ the reservoir thereof in writing, and ~~such~~ the reservoir operator upon receipt of ~~such~~ the notice~~,~~ shall promptly recondition ~~such~~ the well in the manner prescribed in this division for reconditioning wells, unless, in a conference or hearing as provided in section 1571.10 of the Revised Code, a different course of action is agreed upon or ordered.

(F)(1) When a well within the boundary of a gas storage reservoir or within ~~such~~ the reservoir's protective area penetrates the storage stratum or strata of ~~such~~ the reservoir, but does not penetrate the coal seam within the boundary of a coal mine, the gas storage well inspector may, upon application of the operator of ~~such~~ the storage reservoir, exempt ~~such~~ the well from the requirements of this section. Either party affected by ~~such~~ the action of the gas storage well inspector may request a conference and hearing with respect to ~~such~~ the exemption.

(2) When a well located within the boundary of a storage reservoir or a reservoir's protective area is a producing well in a stratum above or below the storage stratum, the obligations imposed by this section shall not begin until ~~such~~ the well ceases to be a producing well.

(G) When retreat mining reaches a point in a coal mine when the operator of ~~such~~ the mine expects that within ninety days retreat work will be at the location of a pillar surrounding an active storage reservoir well, the operator of ~~such~~ the mine shall promptly send by registered mail notice to that effect to the operator of ~~such~~ the reservoir. Thereupon the operators may by agreement determine whether it is necessary or advisable to temporarily inactivate the well. If inactivated, the well shall not be reactivated until a reasonable period of time has elapsed, such period of time to be determined by agreement by the

operators. In the event that the parties cannot agree upon either of the foregoing matters, ~~such~~ the question shall be submitted to the gas storage well inspector for a conference in accordance with section 1571.10 of the Revised Code.

(H)(1) The provisions of this section that require the plugging or reconditioning of wells shall not apply to such wells as are used to inject gas into, store gas in, or remove gas from~~,~~ a gas storage reservoir when the sole purpose of ~~such~~ the injection, storage, or removal~~,~~ is testing. The operator of a gas storage reservoir who injects gas into, stores gas in, or removes gas from~~,~~ a reservoir for the sole purpose of testing~~,~~ shall be subject to all other provisions of this chapter that are applicable to operators of reservoirs.

(2) If the injection of gas into, or storage of gas in, a gas storage reservoir any part of which, or of the protective area of which, is within the boundary of a coal mine~~,~~ is begun after September 9, 1957, and if ~~such~~ the injection or storage of gas is for the sole purpose of testing, the operator of ~~such~~ the reservoir shall send by registered mail to the operator of ~~such~~ the coal mine and to the division at least sixty days' notice of the date upon which ~~such~~ the testing will be begun.

If at any time within the period of time during which testing of a reservoir is in progress, any part of ~~such~~ the reservoir or of its protective area comes within any part of the boundary of a coal mine, the operator of ~~such~~ the reservoir shall promptly send notice to that effect by registered mail to the operator of ~~such~~ the mine and to the division.

(3) Any coal mine operator who receives a notice as provided for in division (H)(2) of this section~~,~~ may within thirty days of the receipt thereof~~,~~ file with the division objections to ~~such~~ the testing. The gas storage well inspector also may, within the time within which a coal mine operator may file ~~such~~ an objection,

place in the files of the division objections to ~~such~~ the testing. The reservoir operator shall comply throughout the period of the testing operations with all conditions and requirements agreed upon and approved in the conference on such objections conducted as provided in section 1571.10 of the Revised Code, or in an order made by the chief following a hearing in the matter as provided in section 1571.10 of the Revised Code. If in complying with ~~such~~ the agreement or order either the reservoir operator or the coal mine operator encounters or discovers conditions that were not known to exist at the time of ~~such~~ the conference or hearing and that materially affect ~~such~~ the agreement or order, or the ability of the reservoir operator to comply therewith, either operator may apply for a rehearing or modification of the order.

(I) In addition to complying with all other provisions of this chapter and any lawful orders issued thereunder, the operator of each gas storage reservoir shall keep all wells drilled into or through the storage stratum or strata within the boundary of the operator's reservoir or within the reservoir's protective area in such condition, and operate the same in such manner, as to prevent the escape of gas therefrom into any coal mine, and shall operate and maintain ~~such~~ the storage reservoir and its facilities in such manner and at such pressures as will prevent gas from escaping from ~~such~~ the reservoir or its facilities into any coal mine.

Sec. 1571.18. After the effective date of this section and not later than the thirty-first day of March each year, the owner of a well that is used for gas storage or of a well that is used to monitor a gas storage reservoir and that is located in a reservoir protective area shall pay to the chief of the division of mineral resources management a gas storage well regulatory fee of one hundred twenty-five dollars for each well that the owner owned as of the thirty-first day of December of the previous year for the purposes of administering this chapter and Chapter 1509.

of the Revised Code. The chief may prescribe and provide a form for the collection of the fee imposed by this section and may adopt rules in accordance with Chapter 119. of the Revised Code that are necessary for the administration of this section.

All money collected under this section shall be deposited in the state treasury to the credit of the oil and gas well fund created in section 1509.02 of the Revised Code.

Sec. 4929.041. (A) The public utilities commission, upon the application of a natural gas company in substantial compliance with the policy specified in section 4929.02 of the Revised Code, shall exempt, by order, any investment in gathering lines or storage facilities placed into service on or after January 1, 2010, and any service of the natural gas company related to those gathering lines or storage facilities from all provisions of Chapter 4905. of the Revised Code with the exception of sections 4905.10, 4905.35, and 4905.90 to 4905.96 of the Revised Code, Chapters 4909., 4933., and 4935. of the Revised Code, with the exception of section 4935.03 of the Revised Code, and from any rule or order issued under the exempted provisions of those chapters.

(B)(1) Subject to division (C) of this section, a natural gas company subject to an exemption order issued under division (A) of this section shall, to the maximum extent practicable, keep separate the company's operations, resources, and employees, and the associated books and records, involved in the provision or marketing of a company-provided service related to an investment exempted under the exemption order from the operations, resources, and employees, and the associated books and records, involved in the provision or marketing of any company-provided service not exempted under the exemption order or any other section of the Revised Code.

(2) An exemption order issued under division (A) of this section shall prescribe a functional separation plan for compliance with division (B)(1) of this section.

(C)(1) No natural gas company subject to an exemption order issued under division (A) of this section may use the company's storage facilities and gathering lines associated with the exemption order to provide a commodity sales service that is unregulated or subject to an exemption order issued under section 4929.04 of the Revised Code.

(2) Upon application to the commission by a natural gas company and upon a finding of good cause shown, the commission may, by order, waive the prohibition described in division (C)(1) of this section. The natural gas company shall bear the burden of proof that the waiver is just and reasonable, which shall constitute good cause.

(D) The commission shall have continuous jurisdiction to enforce any terms that it imposes in an exemption order issued under division (A) of this section. Whenever the commission is of the opinion, after hearing had upon complaint or upon its own initiative or complaint, served as provided in section 4905.26 of the Revised Code, that an exemption order issued under division (A) of this section has adversely affected the quality, adequacy, or sufficiency of service provided by the company subject to the exemption order, the commission may alter, amend, or suspend the exemption order.

Sec. 5703.052. (A) There is hereby created in the state treasury the tax refund fund, from which refunds shall be paid for taxes illegally or erroneously assessed or collected, or for any other reason overpaid, that are levied by Chapter 4301., 4305., 5728., 5729., 5733., 5735., 5739., 5741., 5743., 5747., 5748., 5749., or 5751., and sections 3737.71, 3905.35, 3905.36, 4303.33,

5707.03, 5725.18, 5727.28, 5727.38, 5727.81, and 5727.811 of the Revised Code. Refunds for fees illegally or erroneously assessed or collected, or for any other reason overpaid, that are levied by sections 3734.90 to 3734.9014 of the Revised Code also shall be paid from the fund. Refunds for amounts illegally or erroneously assessed or collected by the tax commissioner, or for any other reason overpaid, that are due under section 1509.50 of the Revised Code shall be paid from the fund. However, refunds for taxes levied under section 5739.101 of the Revised Code shall not be paid from the tax refund fund, but shall be paid as provided in section 5739.104 of the Revised Code.

(B)(1) Upon certification by the tax commissioner to the treasurer of state of a tax refund ~~or~~, a fee refund, or an other amount refunded, or by the superintendent of insurance of a domestic or foreign insurance tax refund, the treasurer of state shall place the amount certified to the credit of the fund. The certified amount transferred shall be derived from current receipts of the same tax ~~or the~~, fee, or other amount from which the refund arose. If current receipts from the tax ~~or~~, fee, or other amount from which the refund arose are inadequate to make the transfer of the amount so certified, the treasurer of state shall transfer such certified amount from current receipts of the sales tax levied by section 5739.02 of the Revised Code.

(2) When the treasurer of state provides for the payment of a refund of a tax ~~or~~, fee, or other amount from the current receipts of the sales tax, and the refund is for a tax ~~or~~, fee, or other amount that is not levied by the state, the tax commissioner shall recover the amount of that refund from the next distribution of that tax ~~or~~, fee, or other amount that otherwise would be made to the taxing jurisdiction. If the amount to be recovered would exceed twenty-five per cent of the next distribution of that tax ~~or~~, fee, or other amount, the commissioner may spread the recovery

over more than one future distribution, taking into account the amount to be recovered and the amount of the anticipated future distributions. In no event may the commissioner spread the recovery over a period to exceed twenty-four months.

Sec. 5703.21. (A) Except as provided in divisions (B) and (C) of this section, no agent of the department of taxation, except in the agent's report to the department or when called on to testify in any court or proceeding, shall divulge any information acquired by the agent as to the transactions, property, or business of any person while acting or claiming to act under orders of the department. Whoever violates this provision shall thereafter be disqualified from acting as an officer or employee or in any other capacity under appointment or employment of the department.

(B)(1) For purposes of an audit pursuant to section 117.15 of the Revised Code, or an audit of the department pursuant to Chapter 117. of the Revised Code, or an audit, pursuant to that chapter, the objective of which is to express an opinion on a financial report or statement prepared or issued pursuant to division (A)(7) or (9) of section 126.21 of the Revised Code, the officers and employees of the auditor of state charged with conducting the audit shall have access to and the right to examine any state tax returns and state tax return information in the possession of the department to the extent that the access and examination are necessary for purposes of the audit. Any information acquired as the result of that access and examination shall not be divulged for any purpose other than as required for the audit or unless the officers and employees are required to testify in a court or proceeding under compulsion of legal process. Whoever violates this provision shall thereafter be disqualified from acting as an officer or employee or in any other capacity under appointment or employment of the auditor of state.

(2) For purposes of an internal audit pursuant to section 126.45 of the Revised Code, the officers and employees of the office of internal auditing in the office of budget and management charged with conducting the internal audit shall have access to and the right to examine any state tax returns and state tax return information in the possession of the department to the extent that the access and examination are necessary for purposes of the internal audit. Any information acquired as the result of that access and examination shall not be divulged for any purpose other than as required for the internal audit or unless the officers and employees are required to testify in a court or proceeding under compulsion of legal process. Whoever violates this provision shall thereafter be disqualified from acting as an officer or employee or in any other capacity under appointment or employment of the office of internal auditing.

(3) As provided by section 6103(d)(2) of the Internal Revenue Code, any federal tax returns or federal tax information that the department has acquired from the internal revenue service, through federal and state statutory authority, may be disclosed to the auditor of state or the office of internal auditing solely for purposes of an audit of the department.

(4) For purposes of Chapter 3739. of the Revised Code, an agent of the department of taxation may share information with the division of state fire marshal that the agent finds during the course of an investigation.

(C) Division (A) of this section does not prohibit any of the following:

(1) Divulging information contained in applications, complaints, and related documents filed with the department under section 5715.27 of the Revised Code or in applications filed with the department under section 5715.39 of the Revised Code;

(2) Providing information to the office of child support within the department of job and family services pursuant to section 3125.43 of the Revised Code;

(3) Disclosing to the board of motor vehicle collision repair registration any information in the possession of the department that is necessary for the board to verify the existence of an applicant's valid vendor's license and current state tax identification number under section 4775.07 of the Revised Code;

(4) Providing information to the administrator of workers' compensation pursuant to sections 4123.271 and 4123.591 of the Revised Code;

(5) Providing to the attorney general information the department obtains under division (J) of section 1346.01 of the Revised Code;

(6) Permitting properly authorized officers, employees, or agents of a municipal corporation from inspecting reports or information pursuant to rules adopted under section 5745.16 of the Revised Code;

(7) Providing information regarding the name, account number, or business address of a holder of a vendor's license issued pursuant to section 5739.17 of the Revised Code, a holder of a direct payment permit issued pursuant to section 5739.031 of the Revised Code, or a seller having a use tax account maintained pursuant to section 5741.17 of the Revised Code, or information regarding the active or inactive status of a vendor's license, direct payment permit, or seller's use tax account;

(8) Releasing invoices or invoice information furnished under section 4301.433 of the Revised Code pursuant to that section;

(9) Providing to a county auditor notices or documents concerning or affecting the taxable value of property in the county auditor's county. Unless authorized by law to disclose

documents so provided, the county auditor shall not disclose such documents;

(10) Providing to a county auditor sales or use tax return or audit information under section 333.06 of the Revised Code;

(11) Subject to section 4301.441 of the Revised Code, disclosing to the appropriate state agency information in the possession of the department of taxation that is necessary to verify a permit holder's gallonage or noncompliance with taxes levied under Chapter 4301. or 4305. of the Revised Code;

(12) Disclosing to the department of natural resources information in the possession of the department that is necessary to verify the taxpayer's compliance with division (A)(1), (8), or (9) of section 5749.02 of the Revised Code <u>and information received pursuant to section 1509.50 of the Revised Code concerning the amount due under that section</u>;

(13) Disclosing to the department of job and family services, industrial commission, and bureau of workers' compensation information in the possession of the department of taxation solely for the purpose of identifying employers that misclassify employees as independent contractors or that fail to properly report and pay employer tax liabilities. The department of taxation shall disclose only such information that is necessary to verify employer compliance with law administered by those agencies.

Sec. 5749.01. As used in this chapter:

(A) "Ton" shall mean two thousand pounds as measured at the point and time of severance, after the removal of any impurities, under such rules and regulations as the tax commissioner may prescribe.

(B) "Taxpayer" means any person required to pay the tax

levied by Chapter 5749. of the Revised Code.

(C) "Natural resource" means all forms of coal, salt, limestone, dolomite, sand, gravel, natural gas, and oil.

(D) "Owner" has the same meaning as in section 1509.01 of the Revised Code.

(E) "Person" means any individual, firm, partnership, association, joint stock company, corporation, or estate, or combination thereof.

~~(E)~~(F) "Return" means any report or statement required to be filed pursuant to Chapter 5749. of the Revised Code used to determine the tax due.

~~(F)~~(G) "Severance" means the extraction or other removal of a natural resource from the soil or water of this state.

~~(G)~~(H) "Severed" means the point at which the natural resource has been separated from the soil or water in this state.

~~(H)~~(I) "Severer" means any person who actually removes the natural resources from the soil or water in this state.

Sec. 5749.03. The following shall be exempt from the tax imposed by section 5749.02 of the Revised Code and the amount due under section 1509.50 of the Revised Code:

The severance of natural resources from land or water in this state owned legally or beneficially by the severer, which natural resources will be used on the land from which they are taken by the severer as part of the improvement of or use in ~~his~~ the severer's homestead and which have a yearly cumulative market value of not greater than one thousand dollars. When severed natural resources so used exceed a cumulative market value of one thousand dollars during any year, the further severance of natural resources shall be subject to the tax imposed by section 5749.02 of the Revised Code.

Sec. 5749.06. (A)(1) Each severer liable for the tax imposed by section 5749.02 of the Revised Code and each severer or owner liable for the amounts due under section 1509.50 of the Revised Code shall make and file returns with the tax commissioner in the prescribed form and as of the prescribed times, computing and reflecting therein the tax as required by this chapter and amounts due under section 1509.50 of the Revised Code.

(2) The returns shall be filed for every quarterly period, which periods shall end on the thirty-first of March, the thirtieth day of June, the thirtieth day of September, and the thirty-first day of December of each year, as required by this section, unless a different return period is prescribed for a taxpayer by the ~~tax~~ commissioner.

(B)(1) A separate return shall be filed for each calendar quarterly period, or other period, or any part thereof, during which the severer holds a license as provided by section 5749.04 of the Revised Code, or is required to hold ~~such~~ the license, or during which an owner is required to file a return, and ~~such~~ the return shall be filed within forty-five days after the last day of each such calendar month, or other period, or any part thereof, for which ~~such~~ the return is required and shall include remittance payable to the treasurer of state of the amount of tax due. All such returns shall contain such information as the commissioner may require to fairly administer the tax.

(2) All returns shall be signed by the severer or owner, as applicable, shall contain the full and complete information requested, and shall be made under penalty of perjury.

(C) If the commissioner believes that quarterly payments of tax would result in a delay ~~which~~ that might jeopardize the collection of such tax payments, the commissioner may order that such payments be made weekly, or more frequently if necessary,

such payments to be made not later than seven days following the close of the period for which the jeopardy payment is required. Such an order shall be delivered to the taxpayer personally or by certified mail and shall remain in effect until the commissioner notifies the taxpayer to the contrary.

(D) Upon good cause the commissioner may extend the period for filing any notice or return required to be filed under this section, and may remit all or a part of penalties that may become due under this chapter.

(E) Any tax and any amount due under section 1509.50 of the Revised Code not paid by the day the tax or amount is due shall bear interest computed at the rate per annum prescribed by section 5703.47 of the Revised Code on that amount ~~of tax~~ due from the day that ~~such~~ the amount was originally required to be paid to the day of actual payment or to the day an assessment was issued under section 5749.07 or 5749.10 of the Revised Code, whichever occurs first.

(F) The severer shall make all payments payable to the treasurer of state. ~~All~~ Except for the amounts due under section 1509.50 of the Revised Code, all amounts that the tax commissioner receives under this section shall be deemed to be revenue from taxes imposed under this chapter. The ~~tax~~ commissioner shall immediately forward to the treasurer of state all amounts received under this section.

Sec. 5749.07. (A) If any severer required by this chapter to make and file returns and pay the tax levied by section 5749.02 of the Revised Code, or any severer or owner liable for the amounts due under section 1509.50 of the Revised Code, fails to make such return or pay such tax or amounts, the tax commissioner may make an assessment against the severer or owner based upon any information in the commissioner's possession.

No assessment shall be made or issued against any severer for any tax imposed by section 5749.02 of the Revised Code <u>or against any severer or owner for any amount due under section 1509.50 of the Revised Code</u> more than four years after the return was due or was filed, whichever is later. This section does not bar an assessment against a severer <u>or owner</u> who fails to file a return as required by this chapter, or who files a fraudulent return.

The commissioner shall give the party assessed written notice of such assessment in the manner provided in section 5703.37 of the Revised Code. With the notice, the commissioner shall provide instructions on how to petition for reassessment and request a hearing on the petition.

(B) Unless the party assessed files with the commissioner within sixty days after service of the notice of assessment, either personally or by certified mail, a written petition for reassessment signed by the party assessed or that party's authorized agent having knowledge of the facts, the assessment becomes final and the amount of the assessment is due and payable from the party assessed to the treasurer of state. The petition shall indicate the objections of the party assessed, but additional objections may be raised in writing if received by the commissioner prior to the date shown on the final determination. If the petition has been properly filed, the commissioner shall proceed under section 5703.60 of the Revised Code.

(C) After an assessment becomes final, if any portion of the assessment remains unpaid, including accrued interest, a certified copy of the ~~tax~~ commissioner's entry making the assessment final may be filed in the office of the clerk of the court of common pleas in the county in which the party assessed resides or in which the party's business is conducted. If the party assessed maintains no place of business in this state and is not a resident of this state, the certified copy of the entry may be filed in the

office of the clerk of the court of common pleas of Franklin county.

Immediately upon the filing of such entry, the clerk shall enter a judgment for the state against the party assessed in the amount shown on the entry. The judgment may be filed by the clerk in a loose-leaf book entitled "special judgments for state severance tax," and shall have the same effect as other judgments. Execution shall issue upon the judgment upon the request of the commissioner, and all laws applicable to sales on execution shall apply to sales made under the judgment.

The portion of the assessment not paid within sixty days after the day the assessment is issued shall bear interest at the rate per annum prescribed by section 5703.47 of the Revised Code from the day the commissioner issues the assessment until it is paid. Interest shall be paid in the same manner as the tax and may be collected by the issuance of an assessment under this section.

(D) All money collected by the ~~tax~~ commissioner under this section shall be paid to the treasurer of state, and when paid shall be considered as revenue arising from the tax imposed by section 5749.02 of the Revised Code <u>and the amount due under section 1509.50 of the Revised Code, as applicable</u>.

Sec. 5749.08. The tax commissioner shall refund to taxpayers the amount of taxes <u>levied by section 5749.02 of the Revised Code and amounts due under section 1509.50 of the Revised Code that were</u> paid illegally or erroneously or paid on an illegal or erroneous assessment. Applications for refund shall be filed with the ~~tax~~ commissioner, on the form prescribed by the commissioner, within four years from the date of the illegal or erroneous payment ~~of the tax~~. On the filing of the application, the commissioner shall determine the amount of refund to which the applicant is entitled, plus interest computed in accordance with

section 5703.47 of the Revised Code from the date of the payment of an erroneous or illegal assessment until the date the refund is paid. If the amount is not less than that claimed, the commissioner shall certify the amount to the director of budget and management and treasurer of state for payment from the tax refund fund created by section 5703.052 of the Revised Code. If the amount is less than that claimed, the commissioner shall proceed in accordance with section 5703.70 of the Revised Code.

Sec. 5749.10. If the tax commissioner finds that a taxpayer, liable for tax under this chapter or for any amount due under section 1509.50 of the Revised Code is about to depart from the state, or remove the taxpayer's property therefrom, or conceal the taxpayer's person or property, or do any other act tending to prejudice or to render wholly or partly ineffectual proceedings to collect such tax or other amount due unless such proceedings are brought without delay, or if the commissioner believes that the collection of the tax or amount due from any taxpayer will be jeopardized by delay, the commissioner shall give notice of such findings to such taxpayer together with the demand for an immediate return and immediate payment of such tax or other amount due, with penalty as provided in section 5749.15 of the Revised Code, whereupon such tax or other amount due shall become immediately due and payable. In such cases the commissioner may immediately file an entry with the clerk of the court of common pleas in the same manner and with the same effect as provided in section 5749.07 of the Revised Code, provided~~,~~ that if such taxpayer, within five days from notice of the assessment, furnishes evidence satisfactory to the commissioner, under the regulations prescribed by the commissioner, that the taxpayer is not in default in making returns or paying any tax prescribed by this chapter or amount due under section 1509.50 of the Revised Code, or that the taxpayer will duly return and pay, or post bond

satisfactory to the commissioner conditioned upon payment of the tax or other amount finally determined to be due, then such tax or other amount due shall not be payable prior to the time and manner otherwise fixed for payment under section 5749.07 of the Revised Code, and the person assessed shall be restored the rights granted under such section. Upon satisfaction of the assessment the commissioner shall order the bond cancelled, securities released, and judgment vacated.

Any assessment issued under this section shall bear interest as prescribed under section 5749.07 of the Revised Code.

Sec. 5749.12. Any nonresident of this state who accepts the privilege extended by the laws of this state to nonresidents severing natural resources in this state, and any resident of this state who subsequently becomes a nonresident or conceals the resident's whereabouts, makes the secretary of state of Ohio the person's agent for the service of process or notice in any assessment, action, or proceedings instituted in this state against such person under this chapter or for purposes of amounts due under section 1509.50 of the Revised Code.

Such process or notice shall be served as provided under section 5703.37 of the Revised Code.

Sec. 5749.13. The tax commissioner may prescribe requirements as to the keeping of records and other pertinent documents and the filing of copies of federal income tax returns and determinations. The commissioner may require any person, by rule or by notice served on that person, to keep such records as the commissioner considers necessary to show whether that person is liable, and the extent of liability, for the tax imposed under this chapter and the amount due under section 1509.50 of the Revised Code. Such records and other documents shall be open during business hours to

the inspection of the commissioner, and shall be preserved for a period of four years after the date the return was required to be filed or actually was filed, whichever is later, unless the commissioner, in writing, consents to their destruction within that period, or by order requires that they be kept longer.

Sec. 5749.14. The tax commissioner shall enforce and administer this chapter and applicable provisions of section 1509.50 of the Revised Code. In addition to any other powers conferred upon ~~him~~ the commissioner by law, the commissioner may:

(A) Prescribe all forms required to be filed pursuant to this chapter;

(B) Promulgate such rules ~~and regulations~~ as ~~he~~ the commissioner finds necessary to carry out this chapter and applicable provisions of section 1509.50 of the Revised Code;

(C) Appoint and employ such personnel as may be necessary to carry out the duties imposed upon ~~him~~ the commissioner by this chapter.

Sec. 5749.15. Any person who fails to file a return or pay the tax as required under this chapter or other amount due under section 1509.50 of the Revised Code who is assessed such taxes or other amount due pursuant to section 5749.07 or 5749.10 of the Revised Code may be liable for a penalty of up to twenty-five per cent of the amount assessed. The tax commissioner may adopt rules relating to the imposition and remission of penalties imposed under this section.

Sec. 5749.17. Any information provided to the department of natural resources by the department of taxation in accordance with division (C)~~(11)~~(12) of section 5703.21 of the Revised Code shall

not be disclosed publicly by the department of natural resources, but the department of natural resources may provide such information to the attorney general for purposes of enforcement of the law.

Section 2. That existing sections 1509.01, 1509.02, 1509.03, 1509.04, 1509.05, 1509.06, 1509.07, 1509.071, 1509.072, 1509.10, 1509.11, 1509.12, 1509.13, 1509.14, 1509.17, 1509.18, 1509.20, 1509.21, 1509.22, 1509.221, 1509.222, 1509.225, 1509.226, 1509.23, 1509.24, 1509.27, 1509.31, 1509.35, 1509.36, 1565.07, 1565.13, 1571.05, 5703.052, 5703.21, 5749.01, 5749.03, 5749.06, 5749.07, 5749.08, 5749.10, 5749.12, 5749.13, 5749.14, 5749.15, and 5749.17 of the Revised Code are hereby repealed.

Section 3. Section 1509.50 of the Revised Code as enacted by this act becomes operative on July 1, 2010.