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Chapter 1509: DIVISION OF OIL AND GAS RESOURCES MANAGEMENT - OIL AND GAS

1509.01 Division of oil and gas resources management - oil and gas definitions.

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. "Owner" does not include a person who obtains a lease of the mineral rights for oil 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 oil and gas 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 of the division of mineral resources management 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 exploration, drilling, well stimulation, production of oil or gas, or plugging of a well.

(V) "Waters of the state" means all streams, lakes, ponds, marshes, watercourses, waterways, springs, irrigation systems, drainage systems, and other bodies of water, surface or underground, natural or artificial, that are situated wholly or partially within this state or within its jurisdiction, except those private waters that do not combine or effect a junction with natural surface or underground waters.

(W) "Exempt Mississippian well" means a well that 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 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 all operations and activities and all related equipment, facilities, and other structures that may be used in or associated with the exploration and production of oil, gas, or other mineral resources that are regulated under this chapter, including operations and activities associated with site preparation, site construction, access road

construction, well drilling, well completion, well stimulation, well site activities, reclamation, and plugging. "Production operation" also includes all of the following:

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

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

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

(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 of the division of oil and gas resources management 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 well 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.02 Division of oil and gas resources management - chief - oil and gas well fund.

There is hereby created in the department of natural resources the division of oil and gas resources management, which shall be administered by the chief of the division of oil and gas 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, excepting only those activities regulated under federal laws for which oversight has been delegated to the environmental protection agency and activities regulated under sections 6111.02 to 6111.029 of the Revised Code. 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, well stimulation, completing, and operating of oil and gas wells within this state, including site construction and restoration, permitting related to those activities, and the 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, 1509.221, 1509.222, 1509.34, and 1509.50 of the Revised Code, 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 of the Revised Code, all civil penalties paid under section 1509.33 of the Revised Code, 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 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000; 09-16-2004

1509.021 Surface locations of new wells.

On and after June 30, 2010, 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 oil and gas 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 location of a new well or a new tank battery of a well shall not be within fifty feet of a stream, river, watercourse, water well, pond, lake, or other body of water. However, the chief may authorize a new well or a new tank battery of a well to be located at a distance that is less than fifty feet from a stream, river, watercourse, water well, pond, lake, or other body of water if the chief determines that the reduction in the distance is necessary to reduce impacts to the owner of the land on which the well or tank battery of a well is to be located or to protect public safety or the environment.

(M) 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.

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

(O) 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.

(P) 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

1509.022 Location of wells using directional drilling.

Except as provided in section 1509.021 of the Revised Code, the surface location of a new well that will be drilled using directional drilling may be located on a parcel of land that is not in the drilling unit of the well.

Added by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

1509.03 Administrative rules.

(A) The chief of the division of oil and gas 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:

- (1) Safety concerning the drilling or operation of a well;
- (2) Protection of the public and private water supply;
- (3) Fencing and screening of surface facilities of a well;
- (4) Containment and disposal of drilling and production wastes;
- (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. 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000; 09-16-2004

1509.04 Enforcement - injunction against violation.

(A) The chief of the division of oil and gas 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 issue compliance notices and to enter into compliance agreements.

(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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.041 Database listing final nonappealable orders issued for violations to be accessible to public.

The chief of the division of oil and gas resources management shall maintain a database on the division of oil and gas 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

1509.05 Permit required to drill, reopen, convert or plug back well.

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 oil and gas 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 that manner at all times during the work authorized by the permit.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.051 Amended and Renumbered RC 6111.043.

Effective Date: 05-20-1976

1509.06 Application for permit to drill, reopen, convert, or plug back a well.

(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 oil and gas 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 within an urbanized area, a sworn statement that the applicant has provided notice by regular mail of the application to the owner of each parcel of real property that is located within five hundred feet of the surface location of the well 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. 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 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 oil and gas 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 parcels of real property shall be determined using the tax records of the municipal corporation or county in which 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)(1) Except as provided in division (C)(2) of this section, the 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.

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

(2) 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;

(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) 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 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 09-05-2001; 09-16-2004; 09-29-2005

1509.061 Request to revise existing tract upon which exists producing or idle well.

An owner of a well who has been issued a permit under section 1509.06 of the Revised Code may submit to the chief of the division of oil and gas resources management, on a form prescribed by the chief, a request to revise an existing tract upon which exists a producing or idle well. The chief shall adopt, and may amend and rescind, rules under section 1509.03 of the Revised Code that are necessary for the administration of this section. The rules at least shall stipulate the information to be included on the request form and shall establish a fee to be paid by the person submitting the request, which fee shall not exceed two hundred fifty dollars.

The chief shall approve a request submitted under this section unless it would result in a violation of this chapter or rules adopted under it, including provisions establishing spacing or minimum acreage requirements.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.062 Temporary inactive well status.

(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 oil and gas 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 oil and gas 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

1509.07 Liability insurance coverage.

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 one million dollars 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 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 the coverage until all the owner's wells are plugged and abandoned 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 oil and gas 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 or before operating or producing from a well, shall execute and file with the division of oil and gas 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 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 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.

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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.071 Forfeiting bond.

(A) When the chief of the division of oil and gas resources management finds that an owner has failed to comply with a final nonappealable order issued or compliance agreement entered into

under section 1509.04, 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 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 chief annually shall spend not less than fourteen per cent of the revenue credited to the fund during the previous fiscal year for the following purposes:

(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;

(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. 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.

(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 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. Agents or employees of persons contracting with the chief for a restoration or plugging project 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 or plug 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 of oil and gas resources management 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. 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. 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, arm's 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.

(d) Upon determining that the plugging 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 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 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 09-05-2001

1509.072 Duty to restore disturbed land surface.

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 fourteen days after the date upon which the drilling of a well is 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 oil or gas that are not required by other state or federal law or regulation, and remove all drilling supplies and drilling equipment. Unless the chief of the division of oil and gas 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 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 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000; 09-29-2005

1509.073 Fluid drilling requirements.

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 oil and gas resources management authorizes such drilling without using fluid.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

1509.08 Determinations if well in coal bearing township.

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

Whether or not the well is or is to be located in a coal bearing township, the chief, by order, may refuse to issue a permit required by section 1509.05 of the Revised Code to any applicant who at the time of applying for the permit is in material or substantial violation of this chapter or rules adopted or orders issued under it. The chief shall refuse to issue a permit to any applicant who at the time of applying for the permit 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. No applicant shall attempt to circumvent this provision by applying for a permit under a different name or business organization name, by transferring responsibility to another person or entity, by abandoning the well or lease, or by any other similar act.

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

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

The chief of the division of mineral resources management immediately shall notify the owner or lessee of any affected mine that the application has been filed and send to the owner or lessee two copies of the map accompanying the application setting forth the location of the well.

If the owner or lessee objects to the location of the well or objects to any location within fifty feet of the original location as a possible site for relocation of the well, the owner or lessee shall notify the chief of the division of mineral resources management of the objection, giving the reasons for the objection and, if applicable, indicating on a copy of the map the particular location or locations within fifty feet of the original location to which the owner or lessee objects as a site for possible relocation of the well, within six days after the receipt of the notice. If the chief receives no objections from the owner or lessee of the mine within ten days after the receipt of the notice by the owner or lessee, or if in the opinion of the chief the objections offered by the owner or lessee are not sufficiently well founded, the chief immediately shall notify the owner or lessee of those findings. The owner or lessee may appeal the decision of the chief to the reclamation commission under section 1513.13 of the Revised Code. The appeal shall be filed within fifteen days, notwithstanding provisions in divisions (A)(1) of section 1513.13 of the Revised Code to the contrary, from the date on which the owner or lessee receives the notice. If the appeal is not filed within that time, the chief immediately shall approve the application, retain a copy of the application and map, and return a copy of the application to the chief of the division of oil and gas resources management with the approval noted on it. The chief of the division of oil and gas resources management then shall issue the permit if the provisions of this chapter pertaining to the issuance of such a permit have been complied with.

If the chief of the division of mineral resources management receives an objection from the owner or lessee of the mine as to the location of the well within ten days after receipt of the

notice by the owner or lessee, and if in the opinion of the chief the objection is well founded, the chief shall disapprove the application and immediately return it to the chief of the division of oil and gas resources management together with the reasons for disapproval and a suggestion for a new location for the well, provided that the suggested new location shall not be a location within fifty feet of the original location to which the owner or lessee has objected as a site for possible relocation of the well if the chief of the division of mineral resources management has determined that the objection is well founded. The chief of the division of oil and gas resources management immediately shall notify the applicant for the permit of the disapproval and any suggestion made by the chief of the division of mineral resources management as to a new location for the well. The applicant may withdraw the application or amend the application to drill the well at the location suggested by the chief, or the applicant may appeal the disapproval of the application by the chief to the reclamation commission.

If the chief of the division of mineral resources management receives no objection from the owner or lessee of a mine as to the location of the well, but does receive an objection from the owner or lessee as to one or more locations within fifty feet of the original location as possible sites for relocation of the well within ten days after receipt of the notice by the owner or lessee, and if in the opinion of the chief the objection is well founded, the chief nevertheless shall approve the application and shall return it immediately to the chief of the division of oil and gas resources management together with the reasons for disapproving any of the locations to which the owner or lessee objects as possible sites for the relocation of the well. The chief of the division of oil and gas resources management then shall issue a permit if the provisions of this chapter pertaining to the issuance of such a permit have been complied with, incorporating as a term or condition of the permit that the applicant is prohibited from commencing drilling at any location within fifty feet of the original location that has been disapproved by the chief of the division of mineral resources management. The applicant may appeal to the reclamation commission the terms and conditions of the permit prohibiting the commencement of drilling at any such location disapproved by the chief of the division of mineral resources management.

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

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

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

The chief of the division of mineral resources management may suspend 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 and having been unable to contact the chief of the division of oil and gas resources management to request an order of suspension under section 1509.06 of the Revised Code. Before issuing a suspension order for that purpose, the chief of the division of mineral resources

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

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 09-05-2001

1509.081 Amended and Renumbered RC 6111.044.

Effective Date: 05-20-1976

1509.09 Changing location of well after issuance of permit.

A well may be drilled under a permit only at the location designated on the map required in section 1509.06 of the Revised Code. The location of a well may be changed after the issuance of a permit only with the approval of the chief of the division of oil and gas resources management and, if the well is located in a coal bearing township, with the approval of the chief of the division of mineral resources management using the procedures required in section 1509.08 of the Revised Code for a permit to drill a well unless the permit holder requests the issuance of an emergency drilling permit under this section due to a lost hole under such circumstances that completion of the well is not feasible at the original location. If a permit holder requests a change of location, the permit holder shall return the original permit and file an amended map indicating the proposed new location.

Drilling shall not be commenced at a new location until the original permit bearing a notation of approval by the chief or chiefs is posted at the well site. However, a permit holder may commence drilling at a new location without first receiving the prior approval required by this section, if all of the following conditions are met:

(A) Within one working day after spudding the new well, the permit holder files a request for an emergency drilling permit and submits to the chief of the division of oil and gas resources management an application for a permit that meets the requirements of section 1509.06 of the Revised Code, including the permit fee required by that section, with an amended map showing the new location.

(B) An oil and gas resources inspector is present before spudding operations are commenced at the location.

(C) The original well is plugged prior to the skidding of the drilling rig to the new location, and the plugging is witnessed or verified by an oil and gas resources inspector or, if the well is located in a coal bearing township, both a deputy mine inspector and an oil and gas resources inspector unless the chief or the chief's authorized representative temporarily waives the

requirement, but in any event the original well shall be plugged before the drilling rig is moved from the location.

(D) The new location is within fifty feet of the original location unless, upon request of the permit holder, the chief, with the approval of the chief of the division of mineral resources management if the well is located in a coal bearing township, agrees to a new location farther than fifty feet from the original location.

(E) The new location meets all the distance and spacing requirements prescribed by rules adopted under sections 1509.23 and 1509.24 of the Revised Code.

(F) If the well is located in a coal bearing township, use of the new well location has not been disapproved by the chief of the division of mineral resources management and has not been prohibited as a term or condition of the permit under section 1509.08 of the Revised Code.

If the chief of the division of oil and gas resources management approves the change of location, the chief shall issue an emergency permit within two working days after the filing of the request for the emergency permit. If the chief disapproves the change of location, the chief shall, by order, deny the request and may issue an appropriate enforcement order under section 1509.03 of the Revised Code.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.10 Well log to be filed with division - contents - form.

(A) Any person drilling within the state shall, within sixty days after the completion of 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 oil and gas resources management all wireline electric logs and an accurate well completion record on a form that is approved by the chief of the division of oil and gas resources management that designates:

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

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

(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, all other data relating to 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;

(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 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 to the division of geological survey.

(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 logs with the division of oil and gas 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 of oil and gas resources management 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 well completion record required by this section shall be one that has been approved by the chief of the division of oil and gas 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 oil and gas 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.11 Statement of production of oil, gas and brine.

The owner of any well producing or capable of producing oil or gas shall file with the chief of the division of oil and gas resources management, on or before the 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 09-05-2001

1509.12 Defective casing or tubing - requiring plugging.

(A) No owner of any well shall construct a well, or permit defective casing in a well to leak fluids or gases, that 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 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 oil and gas resources management within twenty-four hours of the discovery, and the owner shall immediately repair the casing, correct the construction inadequacies, or plug and abandon the well.

(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 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 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, 1978, the board of county commissioners of the county in which the wells are located may submit to the electors of the county the question of establishing a special fund, by general levy, by general bond issue, or out of current funds, which shall be approved by a majority of the electors voting upon that question for the purpose of plugging 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 that purpose, provided that the fund shall not be used for the purpose of plugging oil and gas wells that were abandoned subsequent to September 1, 1978.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.13 Permit to plug and abandon well - application.

(A) No person shall plug and abandon a well without having a permit to do so issued by the chief of the division of oil and gas resources management. The permit shall be issued by the chief in accordance with this chapter and shall be valid for a period of twenty-four months from the date of issue.

(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 an oil and gas resources inspector or, if the well is located in a coal bearing township, both a deputy mine inspector and an oil and gas 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:

- (1) The name and address of the owner;
- (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.
- (3) The location of the well identified by section or lot number, city, village, township, and county;
- (4) Designation of well by name and number;
- (5) The total depth of the well to be plugged;
- (6) The date and amount of last production from the well;
- (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 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 an oil and gas resources inspector so that the well can be plugged and abandoned without undue delay. Unless waived by an oil and gas resources inspector, the owner of a well or the owner's authorized representative shall notify an oil and gas 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 an oil and gas resources inspector present unless permission has been granted by the chief. The owner of 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 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 five hundred 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.14 Report of abandonment of well.

Any person who abandons a well, when written permission has been granted by the chief of the division of oil and gas 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 oil and gas resources inspectors may take acknowledgments and administer oaths to the parties signing the report.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.15 Rules for methods of plugging.

When any well is to be abandoned, it shall first be plugged in accordance with a method of plugging adopted by rule by the chief of the division of oil and gas resources management. The abandonment report shall show the manner in which the well was plugged.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.151 Plugging at expense of operator.

If a mine operator is about to encounter or encounters an abandoned well whose existence is detrimental to the mining operation, the mine operator may plug the well at his own expense in accordance with all statutes and rules governing the plugging of abandoned wells that apply to any plugging under this section.

Effective Date: 10-20-1994

1509.16 [Repealed].

Effective Date: 07-25-1980

1509.17 Encasing wells.

(A) A well shall be constructed in a manner that is approved by the chief of the division of oil and gas 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 overpressurize 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 an oil and gas 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.18 Well drilled within limits of mining operation.

Any person who drills a well within the limits of a mining operation shall give consideration for the safety of the personnel working in the mine, and, if possible, shall locate 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 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 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 the string of casing. The packer shall be placed so that it will be below all water and will be located in the rock formation immediately above the mine and shall prevent water or destructive matter from entering therein. Then the annular space above 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 the casing shall be filled with neat cement from the casing seat to a point not less than fifty feet above 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 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 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 the method to be altered in such a manner that it will be safe.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.181 Suspension of drilling or reopening of well in coal bearing townships.

(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 chief of the division of oil and gas resources management and the owner in any manner that the chief of the division of mineral resources management 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 to the owner 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 chief of the division of oil and gas resources management and 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 of the division of mineral resources management 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

1509.19 Well stimulation.

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 an oil and gas 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 oil and gas 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Former Sec. 1509.19, effective 07-25-1980, was repealed.

1509.20 Prevention of waste - gas flaring.

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.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 10-15-1965

1509.21 Permits for secondary or additional recovery operations.

No person shall, without first having obtained a permit from the chief of the division of oil and gas 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. 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.22 Storage or disposal of brine, crude oil, natural gas, or other fluids.

(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 oil and gas 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 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, well stimulation, reworking, reconditioning, plugging back, or plugging operations. The pits and steel tanks shall be constructed and maintained to prevent the escape of brine and other waste substances.

(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.

(5) Earthen impoundments constructed pursuant to the division's specifications may be used for the temporary storage of fluids used in the stimulation of a well.

(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) to (5) of this section.

(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 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.221 Requiring permit to drill well or inject substance into well for exploration for or extraction of minerals or energy.

(A) No person, without first having obtained a permit from the chief of the division of oil and gas 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 oil and gas resources management regulatory district in which the well is located or within an adjoining oil and gas 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 oil and gas resources management regulatory district in which the well is located or within an adjoining oil and gas 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 oil and gas 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.222 Registration certificate and identification number for transportation of brine.

(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 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.223 Agreements for transporting brine - duties of transporters.

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

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

(C) Each registered transporter shall keep on each vehicle used to transport brine a daily log and have it available upon the request of the chief or an authorized representative of the chief or a peace officer. The log shall, at a minimum, include all of the following information:

- (1) The name of the owner or owners of the well or wells producing the brine to be transported;
- (2) The date and time the brine is loaded;
- (3) The name of the driver;
- (4) The amount of brine loaded at each collection point;
- (5) The disposal location;
- (6) The date and time the brine is disposed of and the amount of brine disposed of at each location.

No registered transporter shall falsify or fail to keep or submit the log required by this division.

(D) Each registered transporter shall legibly identify with reflective paints all vehicles employed in transporting or disposing of brine. Letters shall be no less than four inches in height and shall indicate the identification number issued by the chief, the word "brine," and the name and telephone number of the transporter.

(E) The chief shall maintain and keep a current list of persons registered to transport brine under section 1509.222 of the Revised Code. The list shall be open to public inspection. It is an affirmative defense to a charge under division (A) of this section that at the time the permit holder or owner of a well entered into an agreement with or permitted a person to transport brine, the person was shown on the list as currently registered to transport brine.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.224 Suspension or revocation for pattern of negligent or willful violations.

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

(B) Before issuing an order denying 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 section 1509.22, 1509.222, 1509.223, 1509.225, or 1509.226 of the Revised Code and rules and terms and conditions of registration certificates adopted or issued thereunder pertaining to the transportation of brine by vehicle and the disposal of brine so transported, the chief shall issue a preliminary order indicating the chief's intent to issue a final order. The preliminary order shall clearly state the nature of the chief's proposed action and the findings on which it is based and shall state that the preliminary order becomes a final order thirty days after its issuance unless the person to whom the preliminary order is directed submits to the chief a written request for an informal hearing before the chief within that thirty-day period. At the hearing the person may present evidence as to why the preliminary order should be revoked or modified. Based upon the findings from the informal hearing, the chief shall revoke, issue, or modify and issue the preliminary order as a final order. A final order may be appealed under sections 1509.36 and 1509.37 of the Revised Code.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.225 Surety bond.

(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 oil and gas 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 oil and gas resources 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 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 the registration is terminated.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.226 Surface applications of brine by local governments.

(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 oil and gas 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 divisions (B)(1) to (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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.23 Health and safety rules for drilling of wells and production of oil and gas.

(A) Rules of the chief of the division of oil and gas resources management may specify practices to be followed in the drilling and treatment of wells, 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 08-28-2002; 09-16-2004

1509.24 Minimum acreage requirements for drilling units and minimum distances for wells.

(A) The chief of the division of oil and gas 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. 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.25 Special order for drilling unit requirements in particular pool.

The chief of the division of oil and gas resources management, upon the chief's own motion or upon application of an owner, may hold a hearing to consider the need or desirability of adopting a special order for drilling unit requirements in a particular pool different from those established under section 1509.24 of the Revised Code. The chief shall notify every owner of land within the

area proposed to be included within the order, of the date, time, and place of the hearing and the nature of the order being considered at least thirty days prior to the date of the hearing. Each application for such an order shall be accompanied by such information as the chief may request. If the chief finds that the pool can be defined with reasonable certainty, that the pool is in the initial state of development, and that the establishment of such different requirements for drilling a well on a tract or drilling unit in the pool is reasonably necessary to protect correlative rights or to provide effective development, use, or conservation of oil and gas, the chief, with the written approval of the technical advisory council on oil and gas created in section 1509.38 of the Revised Code, shall make a special order designating the area covered by the order, and specifying the acreage requirements for drilling a well on a tract or drilling unit in the area, which acreage requirements shall be uniform for the entire pool. The order shall specify minimum distances from the boundary of the tract or drilling unit for the drilling of wells and minimum distances from other wells and allow exceptions for wells drilled or drilling in a particular pool at the time of the filing of the application. The chief may exempt the discovery well from minimum acreage and distance requirements in the order. After the date of the notice for a hearing called to make the order, no additional well shall be commenced in the pool for a period of sixty days or until an order has been made pursuant to the application, whichever is earlier. The chief, upon the chief's own motion or upon application of an owner, after a hearing and with the approval of the technical advisory council on oil and gas, may include additional lands determined to be underlain by a particular pool or to exclude lands determined not to be underlain by a particular pool, and may modify the spacing and acreage requirements of the order.

Nothing in this section permits the chief to establish drilling units in a pool by requiring the use of a survey grid coordinate system with fixed or established unit boundaries.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.26 Agreements to pool tracts to form drilling unit.

The owners of adjoining tracts may agree to pool the tracts to form a drilling unit that conforms to the minimum acreage and distance requirements of the division of oil and gas resources management under section 1509.24 or 1509.25 of the Revised Code. The agreement shall be in writing, a copy of which shall be submitted to the division with the application for a permit required by section 1509.05 of the Revised Code. Parties to the agreement shall designate one of their number as the applicant for the permit.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.27 Mandatory pooling orders.

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, such an owner may make application to the division of oil and gas resources management for a mandatory pooling order.

The application shall include information as shall be reasonably required by the chief of the division of oil and gas 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 drilling unit of the filing of the application and of their right to a hearing. 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 and to provide effective development, use, 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. The mandatory pooling order shall:

- (A) Designate the boundaries of the drilling unit within which the well shall be drilled;
- (B) Designate the proposed 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 of a well, the owner shall be designated as a nonparticipating owner in the drilling and operation of the well on a limited or carried basis 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 the applicant bears the costs of drilling, equipping, and operating a well for the benefit of a nonparticipating owner, as provided for in the pooling order, then the applicant shall be entitled to the share of production from the drilling unit accruing to the interest of that nonparticipating owner, exclusive of the nonparticipating owner's proportionate share of the royalty interest until there has been received the share of costs charged to 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 two hundred per cent of the share of costs charged to 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 those costs.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000

1509.28 Order providing for unit operation of a pool or part thereof.

(A) The chief of the division of oil and gas resources management, upon the chief's own motion or upon application by the owners of sixty-five per cent of the land area overlying the pool, shall hold a hearing to consider the need for the operation as a unit of an entire pool or part thereof. An application by owners shall be accompanied by such information as the chief may request.

The chief shall make an order providing for the unit operation of a pool or part thereof if the chief finds that such operation is reasonably necessary to increase substantially the ultimate recovery of oil and gas, and the value of the estimated additional recovery of oil or gas exceeds the estimated additional cost incident to conducting the operation. The order shall be upon terms and conditions that are just and reasonable and shall prescribe a plan for unit operations that shall include:

- (1) A description of the unitized area, termed the unit area;
- (2) A statement of the nature of the operations contemplated;
- (3) An allocation to the separately owned tracts in the unit area of all the oil and gas that is produced from the unit area and is saved, being the production that is not used in the conduct of operations on the unit area or not unavoidably lost. The allocation shall be in accord with the agreement, if any, of the interested parties. If there is no such agreement, the chief shall determine the value, from the evidence introduced at the hearing, of each separately owned tract in the unit area, exclusive of physical equipment, for development of oil and gas by unit operations, and the production allocated to each tract shall be the proportion that the value of each tract so determined bears to the value of all tracts in the unit area.
- (4) A provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials, and equipment contributed to the unit operations;
- (5) A provision providing how the expenses of unit operations, including capital investment, shall be determined and charged to the separately owned tracts and how the expenses shall be paid;
- (6) A provision, if necessary, for carrying or otherwise financing any person who is unable to meet the person's financial obligations in connection with the unit, allowing a reasonable interest charge for such service;
- (7) A provision for the supervision and conduct of the unit operations, in respect to which each person shall have a vote with a value corresponding to the percentage of the expenses of unit operations chargeable against the interest of that person;

(8) The time when the unit operations shall commence, and the manner in which, and the circumstances under which, the unit operations shall terminate;

(9) Such additional provisions as are found to be appropriate for carrying on the unit operations, and for the protection or adjustment of correlative rights.

(B) No order of the chief providing for unit operations shall become effective unless and until the plan for unit operations prescribed by the chief has been approved in writing by those owners who, under the chief's order, will be required to pay at least sixty-five per cent of the costs of the unit operation, and also by the royalty or, with respect to unleased acreage, fee owners of sixty-five per cent of the acreage to be included in the unit. If the plan for unit operations has not been so approved by owners and royalty owners at the time the order providing for unit operations is made, the chief shall upon application and notice hold such supplemental hearings as may be required to determine if and when the plan for unit operations has been so approved. If the owners and royalty owners, or either, owning the required percentage of interest in the unit area do not approve the plan for unit operations within a period of six months from the date on which the order providing for unit operations is made, the order shall cease to be of force and shall be revoked by the chief.

An order providing for unit operations may be amended by an order made by the chief, in the same manner and subject to the same conditions as an original order providing for unit operations, provided that:

(1) If such an amendment affects only the rights and interests of the owners, the approval of the amendment by the royalty owners shall not be required.

(2) No such order of amendment shall change the percentage for allocation of oil and gas as established for any separately owned tract by the original order, except with the consent of all persons owning interest in the tract.

The chief, by an order, may provide for the unit operation of a pool or a part thereof that embraces a unit area established by a previous order of the chief. Such an order, in providing for the allocation of unit production, shall first treat the unit area previously established as a single tract, and the portion of the unit production so allocated thereto shall then be allocated among the separately owned tracts included in the previously established unit area in the same proportions as those specified in the previous order.

Oil and gas allocated to a separately owned tract shall be deemed, for all purposes, to have been actually produced from the tract, and all operations, including, but not limited to, the commencement, drilling, operation of, or production from a well upon any portion of the unit area shall be deemed for all purposes the conduct of such operations and production from any lease or contract for lands any portion of which is included in the unit area. The operations conducted pursuant to the order of the chief shall constitute a fulfillment of all the express or implied obligations of each lease or contract covering lands in the unit area to the extent that compliance with such obligations cannot be had because of the order of the chief.

Oil and gas allocated to any tract, and the proceeds from the sale thereof, shall be the property and income of the several persons to whom, or to whose credit, the same are allocated or payable under the order providing for unit operations.

No order of the chief or other contract relating to the sale or purchase of production from a separately owned tract shall be terminated by the order providing for unit operations, but shall remain in force and apply to oil and gas allocated to the tract until terminated in accordance with the provisions thereof.

Except to the extent that the parties affected so agree, no order providing for unit operations shall be construed to result in a transfer of all or any part of the title of any person to the oil and gas rights in any tract in the unit area. All property, whether real or personal, that may be acquired for the account of the owners within the unit area shall be the property of such owners in the proportion that the expenses of unit operations are charged.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.29 Order establishing tract as exception tract.

Upon application by an owner of a tract for which a drilling permit may not be issued, and a showing by the owner that the owner is unable to enter a voluntary pooling agreement and that the owner would be unable to participate under a mandatory pooling order, the chief of the division of oil and gas resources management shall issue a permit and order establishing the tract as an exception tract if the chief finds that the owner would otherwise be precluded from producing oil or gas from the owner's tract because of minimum acreage or distance requirements. The order shall set a percentage of the maximum daily potential production at which the well may be produced. The percentage shall be the same as the percentage that the number of acres in the tract bears to the number of acres in the minimum acreage requirement that has been established under section 1509.24 or 1509.25 of the Revised Code, whichever is applicable, but if the well drilled on the tract is located nearer to the boundary of the tract than the required minimum distance, the percentage may not exceed the percentage determined by dividing the distance from the well to the boundary by the minimum distance requirement. Within ten days after completion of the well, the maximum daily potential production of the well shall be determined by such drill stem, open flow, or other tests as may be required by the chief. The chief shall require such tests, at least once every three months, as are necessary to determine the maximum daily potential production at that time.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.30 Reports to holder of royalty interest.

The holder of a royalty interest in any natural gas well may request the owner to report to him, no more frequently than the payment period in his contract with the owner:

(A) The volume of natural gas for which he was or is being paid for the most recent period in his contract with the owner, and for any other previous periods within two years of the date of production for which the owner has not already given him such a report;

(B) The price per thousand cubic feet paid to the holder for such gas;

(C) The volume of natural gas which was shown to have passed through the owner's meter for the field containing the holder's well.

The owner shall preserve records of such volume for at least two years after the date the record is made. Upon receipt by the owner or his agent of a request by the holder pursuant to this section, the owner shall supply the information to the holder within fifteen days, or the end of the current payment period in the contract, whichever is later.

If the holder's well is metered, the owner shall in such report also inform the holder of the volume of natural gas which was shown to have passed through such meter during the period.

The volume of gas required to be reported by this section shall be indicated on the basis of a standard cubic foot of gas.

Effective Date: 07-14-1972

1509.31 Notice to holder of royalty interest of assignment or transfer of entire interest in lease.

(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 oil and gas 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 of the division of oil and gas resources management 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 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, 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000; 09-16-2004; 09-29-2005

1509.32 Complaint alleging failure to restore disturbed land surfaces.

Any person adversely affected may file with the chief of the division of oil and gas resources management a written complaint alleging failure to restore disturbed land surfaces in violation of section 1509.072 or 1509.22 of the Revised Code or a rule adopted thereunder.

Upon receipt of a complaint, the chief shall cause an investigation to be made of the lands where the alleged violation has occurred and send copies of the investigation report to the person who filed the complaint and to the owner. Upon finding a violation the chief shall order the owner to eliminate the violation within a specified time. If the owner fails to eliminate the violation within the time specified, the chief may request the prosecuting attorney of the county in which the violation occurs or the attorney general to bring appropriate action to secure compliance with those sections. If the chief fails to bring an appropriate action to secure compliance with those sections within twenty days after the time specified, the person filing the complaint may request the prosecuting attorney of the county in which the violation occurs to bring an appropriate action to secure compliance with those sections. The division of oil and gas resources management may cooperate with any state or local agency to provide technical advice or minimum standards for the restoration of various soils and land surfaces or to assist in any investigation.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.33 Civil penalties.

(A) Whoever violates sections 1509.01 to 1509.31 of the Revised Code, or any rules adopted or orders or terms or conditions of a permit or registration certificate issued pursuant to these sections for which no specific penalty is provided in this section, shall pay a civil penalty of not more than four thousand dollars for each offense.

(B) Whoever violates section 1509.221 of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued thereunder shall pay a civil penalty of not more than two thousand five hundred dollars for each violation.

(C) Whoever violates division (D) of section 1509.22 or division (A)(1) of section 1509.222 of the Revised Code shall pay a civil penalty of not less than two thousand five hundred dollars nor more than twenty thousand dollars for each violation.

(D) Whoever violates division (A) of section 1509.22 of the Revised Code shall pay a civil penalty of not less than two thousand five hundred dollars nor more than ten thousand dollars for each violation.

(E) Whoever violates division (A) of section 1509.223 of the Revised Code shall pay a civil penalty of not more than ten thousand dollars for each violation.

(F) Whoever violates section 1509.072 of the Revised Code or any rules adopted or orders issued to administer, implement, or enforce that section shall pay a civil penalty of not more than five thousand dollars for each violation.

(G) In addition to any other penalties provided in this chapter, whoever violates division (B) of section 1509.22 or division (A)(1) of section 1509.222 or knowingly violates division (A) of section 1509.223 of the Revised Code is liable for any damage or injury caused by the violation and for the cost of rectifying the violation and conditions caused by the violation. If two or more persons knowingly violate one or more of those divisions in connection with the same event, activity, or transaction, they are jointly and severally liable under this division.

(H) The attorney general, upon the request of the chief of the division of oil and gas resources management, shall commence an action under this section against any person who violates sections 1509.01 to 1509.31 of the Revised Code, or any rules adopted or orders or terms or conditions of a permit or registration certificate issued pursuant to these sections. Any action under this section is a civil action, governed by the Rules of Civil Procedure and other rules of practice and procedure applicable to civil actions. The remedy provided in this division is cumulative and concurrent with any other remedy provided in this chapter, and the existence or exercise of one remedy does not prevent the exercise of any other, except that no person shall be subject to both a civil penalty under division (A), (B), (C), or (D) of this section and a criminal penalty under section 1509.99 of the Revised Code for the same offense.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.34 Priority liens by division of oil and gas resources management for well owner's failure to pay fees or for costs incurred to correct conditions causing health or safety risks.

(A)(1) If an owner fails to pay the fees imposed by this chapter, or if the chief of the division of oil and gas 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 oil and gas 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

1509.35 Oil and gas commission.

(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 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 or petroleum engineering. 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 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.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 12-02-1996; 06-30-2006

See 129th General Assembly File No. 39, SB 171, §4.

The amendment to this section by 129th General Assembly File No. 10, SB 5, § 1 was rejected by voters in the November, 2011 election.

1509.36 Appeal to commission.

Any person adversely affected by an order by the chief of the division of oil and gas resources management may appeal to the oil and gas commission for an order vacating or modifying 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 certified mail 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 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 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 those expenses shall be paid out of funds appropriated for the expenses of the division of oil and gas 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 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 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. 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 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Amended by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

Effective Date: 06-14-2000; 2008 HB525 07-01-2009

1509.37 Appeal to court of common pleas.

Any party adversely affected by an order of the oil and gas commission may appeal to the court of common pleas of Franklin county. Any party desiring to so appeal shall file with the commission a notice of appeal designating the order appealed from and stating whether the appeal is taken on questions of law or questions of law and fact. A copy of the notice also shall be filed by appellant with the court and shall be mailed or otherwise delivered to appellee. Such notices shall be filed and mailed or otherwise delivered within thirty days after the date upon which appellant received notice from the commission by certified mail of the making of the order

appealed from. No appeal bond shall be required to make either an appeal on questions of law or an appeal on questions of law and fact effective.

The filing of a notice of appeal shall not automatically operate as a suspension of the order of the commission. If it appears to the court that an unjust hardship to the appellant will result from the execution of the commission's order pending determination of the appeal, the court may grant a suspension of the order and fix its terms.

Within fifteen days after receipt of the notice of appeal the commission shall prepare and file in the court the complete record of proceedings out of which the appeal arises, including a transcript of the testimony and other evidence that has been submitted before the commission. The expense of preparing and transcribing the record shall be taxed as a part of the costs of the appeal. Appellant shall provide security for costs satisfactory to the court. Upon demand by a party the commission shall furnish at the cost of the party requesting the same a copy of the record. If the complete record is not filed in the court within the time provided for in this section either party may apply to the court to have the case docketed, and the court shall order such record filed.

In the hearing of the appeal the court is confined to the record as certified to it by the commission. The court may grant a request for the admission of additional evidence when satisfied that the additional evidence is newly discovered and could not with reasonable diligence have been ascertained prior to the hearing before the commission. The court shall conduct a hearing on the appeal and shall give preference to the hearing over all other civil cases irrespective of the position of the proceedings on the calendar of the court. The hearing in the court shall proceed as in the trial of a civil action and the court shall determine the rights of the parties in accordance with the laws applicable to such an action. At the hearing counsel may be heard on oral argument, briefs may be submitted, and evidence introduced if the court has granted a request for the presentation of additional evidence.

If the court finds that the order of the commission appealed from was lawful and reasonable, it shall affirm the order. If the court finds that the order was unreasonable or unlawful, it shall vacate the order and make the order that it finds the commission should have made. The judgment of the court is final unless reversed, vacated, or modified on appeal.

Effective Date: 12-02-1996

1509.38 Technical advisory council.

There is hereby created in the division of oil and gas resources management a technical advisory council on oil and gas, which shall consist of eight members to be appointed by the governor with the advice and consent of the senate. Three members shall be independent oil or gas producers, operators, or their representatives, operating and producing primarily in this state, three members shall be oil or gas producers, operators, or their representatives having substantial oil and gas producing operations in this state and at least one other state, one member shall represent the public, and one member shall represent persons having landowners' royalty interests in oil and gas production. All members shall be residents of this state, and all members, except the members representing the public and persons having landowners' royalty interests, shall have at least five years of practical or technical experience in oil or gas drilling and production. Not more than one member may represent any one company, producer, or operator.

Terms of office shall be for three years, commencing on the first day of February and ending on the thirty-first day of January. Each member shall hold office from the date of appointment until the end of the term for which the member was appointed. A vacancy in the office of a member

shall be filled by the governor, with the advice and consent of the senate. 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 that term. Any member shall continue in office subsequent to the expiration date of the member's term until the member's successor takes office, or until a period of sixty days has elapsed, whichever occurs first.

The council shall select from among its members a chairperson, a vice-chairperson, and a secretary. All members are entitled to their actual and necessary expenses incurred in the performance of their duties as members, payable from the appropriations for the division.

The governor may remove any member for inefficiency, neglect of duty, or malfeasance in office.

The council shall hold at least one regular meeting in each quarter of a calendar year and shall keep a record of its proceedings. Special meetings may be called by the chairperson and shall be called by the chairperson upon receipt of a written request signed by two or more members of the council. A written notice of the time and place of each meeting shall be sent to each member of the council. Five members constitute a quorum, and no action of the council is valid unless five members concur.

The council, when requested by the chief of the division of oil and gas resources management, shall consult with and advise the chief and perform other duties that may be lawfully delegated to it by the chief. The council may participate in hearings held by the chief under this chapter and has powers of approval as provided in sections 1509.24 and 1509.25 of the Revised Code. The council shall conduct the activities required, and exercise the authority granted, under Chapter 1510. of the Revised Code.

The council, upon receiving a request from the chairperson of the oil and gas commission under division (C) of section 1509.35 of the Revised Code, immediately shall prepare and provide to the chairperson a list of its members who may serve as temporary members of the oil and gas commission as provided in that division.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000; 06-30-2006

See 129th General Assembly File No. 39, SB 171, §4.

1509.39 [Repealed].

Effective Date: 09-16-2004

1509.40 Limitation on production.

Except as provided in section 1509.29 of the Revised Code, no authority granted in this chapter shall be construed as authorizing a limitation on the amount that any well, leasehold, or field is permitted to produce under proration orders of the division of oil and gas resources management.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Effective Date: 06-14-2000

1509.41 Anti-trust violations.

No combination of persons or interests authorized by any provisions of Chapter 1509. of the Revised Code shall be construed to be a trust, monopoly, or other combination in restraint of trade prohibited by law.

Effective Date: 10-15-1965

1509.50 Oil and gas regulatory cost recovery assessment.

(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 June 30, 2010, shall be sixty dollars to be paid to the division of oil and gas 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.

Amended by 129th General Assembly File No. 28, HB 153, § 101.01, eff. 9/29/2011.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

See 128th General Assembly File No. 27, SB 165, §3.

1509.60 Notice of filing for permit to drill new well.

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.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

1509.61 Public meeting required concerning proposed lease agreements for development of oil and gas resources.

(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.

Added by 128th General Assembly File No. 27, SB 165, § 1, eff. 6/30/2010.

1509.70 Definitions.

As used in sections 1509.70 to 1509.77 of the Revised Code:

(A) "Class 1 property" means property owned or controlled by a state agency concerning which there are no encumbrances or deed restrictions that limit the exploration or drilling for oil or gas on the property.

(B) "Class 2 property" means property that is owned or controlled by a state university or college or that is owned or controlled by another state agency concerning which there is a federal encumbrance or monetary interest that limits or prohibits the exploration or drilling for oil or gas on the property.

(C) "Class 3 property" means property owned or controlled by a state agency to which all of the following apply:

(1) The property is not a class 2 or class 4 property.

(2) The property is of insufficient size or shape to meet the requirements for drilling a well on the property established under section 1509.24 or 1509.25 of the Revised Code.

(3) The property is necessary for pooling with other parcels of property for the purpose of forming a drilling unit in order to meet the requirements for drilling a well established under section 1509.24 or 1509.25 of the Revised Code.

(D) "Class 4 property" means property owned or controlled by a state agency concerning which there is a provision in the deed that limits the exploration or drilling for oil or gas on the property.

(E) "Formation" means any of the following:

(1) The distance from the surface of the land to the top of the Onondaga limestone;

(2) The distance from the top of the Onondaga limestone to the bottom of the Queenston formation;

(3) The distance from the bottom of the Queenston formation to the top of the Trenton limestone;

(4) The distance from the top of the Trenton limestone to the top of the Knox formation;

(5) The distance from the top of the Knox formation to the basement rock.

(F) "State agency" means both of the following:

(1) "State agency" as defined in section 1.60 of the Revised Code;

(2) "State university or college" as defined in section 3345.12 of the Revised Code.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.71 Statement of policy regarding state-owned oil and natural gas resources.

(A) It is the policy of the state to provide access to and support the exploration for, development of, and production of oil and natural gas resources owned or controlled by the state in an effort to use the state's natural resources responsibly.

(B) There is hereby created the oil and gas leasing commission consisting of the chief of the division of geological survey and the following four members appointed by the governor:

(1) Two members from a list of not less than four persons recommended by a statewide organization representing the oil and gas industry;

(2) One member of the public with expertise in finance or real estate;

(3) One member representing a statewide environmental or conservation organization.

(C) Initial appointments shall be made to the commission not later than thirty days after the effective date of this section. Of the initial members appointed to the commission, one shall serve a term of two years, one shall serve a term of three years, one shall serve a term of four years, and one shall serve a term of five years. Thereafter, terms of office of members shall be for five years from the date of appointment. Each member appointed by the governor shall hold office from the date of appointment until the end of the term for which the member was appointed. The governor shall fill a vacancy occurring on the commission by appointing a member within sixty days after the vacancy occurs. A 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 that term. A member shall continue in office subsequent to the expiration date of the member's term until the member's successor takes office, or until a period of sixty days has elapsed, whichever occurs first.

(D) Three members constitute a quorum of the commission, and no action of the commission is valid unless it has the concurrence of at least three members. The commission shall keep a record of its proceedings. The chief of the division of geological survey shall serve as the chairperson of the commission.

(E) The governor may remove an appointed member from the commission for inefficiency, malfeasance, misfeasance, or nonfeasance.

(F) Members of the commission shall receive no compensation, but shall be reimbursed for their actual and necessary expenses incurred in the course of the performance of their duties as members of the commission.

(G) The department of natural resources shall furnish clerical, technical, legal, and other services required by the commission in the performance of its duties.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.72 Inventory, classification, and nomination of parcels.

(A) A state agency shall submit to the oil and gas leasing commission an inventory of each parcel of land that is owned or controlled by the agency. The inventory shall classify each parcel as a class 1, class 2, class 3, or class 4 property. The commission may request a state agency to submit documentation supporting the classification of each parcel of land.

(B) Not later than ninety days after the acquisition of a parcel of state land occurring after the effective date of this section, the state agency that owns or controls the parcel shall classify the parcel in the same manner that parcels are classified under division (A) of this section.

(C) The department of natural resources shall post on the department's web site a listing of each parcel of state land and the classification assigned to the parcel under this section. The commission shall provide to the department the information necessary for the department to comply with this division.

(D) Not later than two hundred seventy days after the effective date of this section, the director of natural resources shall adopt rules in accordance with Chapter 119. of the Revised Code establishing procedures and requirements for publishing notice on the department's web site of each nomination received by the commission under section 1509.73 of the Revised Code for a period of not less than twenty-one days prior to the commission's approval or disapproval of each nomination. The notification shall identify the parcel of land that is the subject of a nomination and include a statement that a person may submit comments to the commission concerning the nomination. The commission shall provide to the department the information necessary for the department to comply with this division.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.73 Leasing formations; exclusion of nature preserves.

(A)(1) Beginning on the effective date of this section and ending on the effective date of the rules adopted under section 1509.74 of the Revised Code, a state agency, in consultation with the oil and gas leasing commission, may lease a formation within a parcel of land that is owned or controlled by the state agency for the exploration for and development and production of oil or natural gas. The state agency shall establish bid fees, signing fees, rentals, and at least a one-eighth landowner royalty. On and after the effective date of the rules adopted under section 1509.74 of the Revised Code, a formation within a parcel of land that is owned or controlled by a state agency may be leased for the exploration for and development and production of oil or natural gas only in accordance with divisions (A)(2) to (H) of this section and those rules.

(2) Not earlier than two hundred seventy days after the effective date of this section, a person that is an owner and that is interested in leasing a formation within a parcel of land that is owned or controlled by a state agency for the exploration for and the development and production of oil or natural gas may submit to the oil and gas leasing commission a nomination that identifies the parcel of land. A person submitting a nomination shall submit it in the manner and form established in rules adopted under section 1509.74 of the Revised Code and shall include with the nomination both of the following:

(a) The information required by those rules;

(b) The nomination fee established in those rules.

(B)(1) Not less than thirty days, but not more than one hundred twenty days following the receipt of a nomination of a parcel of land, the commission shall conduct a meeting for the purpose of determining whether to approve or disapprove the nomination for the purpose of leasing a formation within the parcel of land that is identified in the nomination. The commission also shall review the nomination of the parcel of land and determine if the parcel of land has been classified under section 1509.72 of the Revised Code. If the parcel of land that is the subject of the nomination has not been classified, the commission immediately shall send a copy of the nomination to the state agency that owns or controls the parcel that is the subject of the

nomination. Not later than fifteen days after receipt of a copy of the nomination, the state agency shall classify the parcel of land as a class 1, class 2, class 3, or class 4 property and submit the classification to the commission. On receipt of the state agency's classification of the parcel of land, the commission shall provide the department of natural resources the information necessary for the department to comply with divisions (C) and (D) of section 1509.72 of the Revised Code.

After a parcel of land that is the subject of a nomination has been classified under section 1509.72 of the Revised Code or division (B)(1) of this section, as applicable, the commission shall approve or disapprove the nomination. In making its decision to approve or disapprove the nomination of the parcel of land, the commission shall consider all of the following:

- (a) The economic benefits, including the potential income from an oil or natural gas operation, that would result if the lease of a formation that is the subject of the nomination were approved;
 - (b) Whether the proposed oil or gas operation is compatible with the current uses of the parcel of land that is the subject of the nomination;
 - (c) The environmental impact that would result if the lease of a formation that is the subject of the nomination were approved;
 - (d) Any potential adverse geological impact that would result if the lease of a formation that is the subject of the nomination were approved;
 - (e) Any potential impact to visitors or users of a parcel of land that is the subject of the nomination;
 - (f) Any potential impact to the operations or equipment of a state agency that is a state university or college if the lease of a formation within a parcel of land owned or controlled by the university or college that is the subject of the nomination were executed;
 - (g) Any objections to the nomination submitted to the commission by the state agency that owns or controls the land on which the proposed oil or natural gas operation would take place;
 - (h) Any comments or objections to the nomination submitted to the commission by residents of this state or other users of the parcel of land that is the subject of the nomination;
 - (i) Any other factors that the commission establishes in rules adopted under section 1509.74 of the Revised Code.
- (2) The commission shall disapprove a nomination of a parcel of land that is a class 3 property. The commission shall send notice of the disapproval by certified mail to the person that submitted the nomination.
- (3) Prior to making its decision to approve or disapprove a nomination, the commission shall notify the state agency that owns or controls the land on which the oil or gas operation would take place.
- (4) The commission shall approve or disapprove a nomination not later than two calendar quarters following the receipt of the nomination. Notice of the decision of the commission shall be sent by certified mail to the person that submitted the nomination.

(5) If the commission approves a nomination, the commission shall notify the state agency that owns or controls the parcel of land that is the subject of a nomination of the commission's approval of the nomination. The notification shall request the state agency to submit to the commission special terms and conditions that will apply to the lease of a formation within the parcel of land because of specific conditions related to the parcel of land. The state agency shall submit the special terms and conditions not later than sixty days after receipt of a notice from the commission.

(6) If the commission approves a nomination for a parcel of land that is a class 1 property, the commission shall offer for lease each formation that is within the parcel of land. If the commission approves a nomination for a parcel of land that is a class 2 or class 4 property, the commission shall not offer for lease any formation that is within the parcel of land unless the state agency that owns or controls the parcel of land notifies the commission that a formation or formations that are within the parcel of land may be offered for lease.

(C) Each calendar quarter, the commission shall proceed to advertise for bids for a lease for a formation within a parcel of land that was the subject of a nomination approved during the previous calendar quarter that is a class 1 property or that is a class 2 or class 4 property for which the commission has received notice from the state agency that owns or controls the parcel of land under division (B)(6) of this section that a formation or formations that are within the parcel of land may be offered for lease. The advertisement shall be provided to the department of natural resources, and the department shall publish the advertisement on its web site for a period of time established by the commission. The advertisement shall include all of the following:

(1) The procedure for the submission of a bid to enter into a lease for a formation within a parcel of land;

(2) A statement that a standard lease form that is consistent with the practices of the oil and natural gas industries will be used for the lease of a formation within the parcel of land;

(3) A copy of the standard lease form that will be used for the lease of a formation within the parcel of land;

(4) Special terms and conditions, if applicable, that apply to the lease because of specific conditions related to the parcel of land;

(5) The amount of the bid fee that is required to be submitted with a bid;

(6) Any other information that the commission considers pertinent to the advertisement for bids.

(D) A person submitting a bid to enter into a lease under this section shall pay a bid fee established in rules adopted under section 1509.74 of the Revised Code.

(E) In order to encourage the submission of bids and the responsible and reasonable development of the state's natural resources, the information that is contained in a bid submitted to the commission under this section shall be confidential and shall not be disclosed before a person is selected under division (F) of this section unless the commission determines otherwise.

(F) The commission shall establish a deadline for the submission of bids for each lease regarding a particular parcel of land and shall notify the department of the deadline. The department shall post the deadline for the submission of bids for each lease on the department's web site. A

person shall submit a bid in accordance with the procedures and requirements established by the commission in rules adopted under section 1509.74 of the Revised Code.

The commission shall select the person who submits the highest and best bid for each formation within that parcel of land, taking into account the financial responsibility of the prospective lessee and the ability of the prospective lessee to perform its obligations under the lease. After the commission selects a person, the commission shall notify the applicable state agency and send the person's bid to the agency. The state agency shall enter into a lease with the person selected by the commission.

(G)(1) Except as otherwise provided in division (G)(2) of this section, all money received by a state agency from signing fees, rentals, and royalty payments for leases entered into under this section shall be paid by the state agency into the state treasury to the credit of the state land royalty fund created in section 131.50 of the Revised Code.

(2) Money received by a state agency from signing fees, rentals, and royalty payments for leases entered into under this section on land owned or controlled by the division of forestry, wildlife, or parks and recreation in the department of natural resources shall be deposited into one of the following funds, as applicable:

(a) The forestry mineral royalties fund created in section 1503.012 of the Revised Code if the lease pertains to land owned or controlled by the division of forestry;

(b) The wildlife habitat fund created in section 1531.33 of the Revised Code if the lease pertains to land owned or controlled by the division of wildlife;

(c) The parks mineral royalties fund created in section 1541.26 of the Revised Code if the lease pertains to land owned or controlled by the division of parks and recreation.

(H) All money received from nomination fees and bid fees shall be paid into the state treasury to the credit of the oil and gas leasing commission administration fund created in section 1509.75 of the Revised Code.

(I) Notwithstanding any other provision of this section to the contrary, a nature preserve as defined in section 1517.01 of the Revised Code that is owned or controlled by a state agency shall not be nominated or leased under this section for the purpose of exploring for and developing and producing oil and natural gas resources.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.74 Rules and regulations; scope.

Not later than two hundred seventy days after the effective date of this section, the oil and gas leasing commission shall adopt rules in accordance with Chapter 119. of the Revised Code establishing all of the following:

(A) The form of and the information to be included in nominations that are submitted under section 1509.73 of the Revised Code;

(B) Procedures for the submission of nominations to the commission and the amount of nomination fees to be charged. The rules shall require that if a person who has paid a nomination fee does not enter into a lease regarding the parcel of land that the person

nominated, the fee shall be refunded to the person, and, if applicable, the person that enters into the lease shall pay the nomination fee. In addition, the rules shall provide that a state agency is exempt from nomination fees and that a person who enters into a lease regarding a parcel of land nominated by a state agency shall pay the nomination fee.

(C) Factors that the commission may consider when determining whether to approve or disapprove a nomination submitted under section 1509.73 of the Revised Code;

(D) Procedures and requirements for the submission of bids for a lease under section 1509.73 of the Revised Code;

(E) The amount of bid fees to be charged for the submission of bids to enter into leases under section 1509.73 of the Revised Code;

(F) A standard lease form that is consistent with the practices of the oil and natural gas industries and that contains at least a one-eighth landowner royalty, which standard lease form shall be used by a state agency for leases entered into under section 1509.73 of the Revised Code;

(G) Any other procedures and requirements that the commission determines necessary to implement sections 1509.70 to 1509.77 of the Revised Code.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.75 Oil and gas leasing commission administration fund.

There is hereby created in the state treasury the oil and gas leasing commission administration fund consisting of the proceeds of nomination fees and bid fees credited to it under section 1509.73 of the Revised Code. Money in the fund shall be used by the oil and gas leasing commission and the department of natural resources to pay the administrative expenses of the commission and the department regarding the implementation of sections 1509.70 to 1509.77 of the Revised Code. Money in the fund also shall be used to pay the actual and necessary expenses incurred by members of the commission in the course of the performance of their duties.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.76 Preference for classification as class 1 property.

A state agency that has classified a parcel of land as a class 2 property under section 1509.72 or 1509.73 of the Revised Code shall make reasonable and appropriate efforts so that the parcel of land could be classified as a class 1 property.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.77 Formation of drilling unit for certain properties.

A state agency that owns or controls a parcel of land that is a class 3 property for which a nomination for that land has been denied under section 1509.73 of the Revised Code may enter into written agreements to use that parcel of land to form a drilling unit that conforms to the

minimum acreage and distance requirements established under section 1509.24 or 1509.25 of the Revised Code.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.78 Disposition of proceeds for state park expenses.

Notwithstanding any other provision of the Revised Code, not less than thirty per cent of the proceeds from a lease executed on and after the effective date of this section for the exploration and production of oil or gas within or under a state park established under Chapter 1541. of the Revised Code shall be credited to the applicable fund created in the state treasury that supports the state park. The department of natural resources shall use the money credited to the applicable fund from a lease for expenses associated with the state park within or under which the oil or gas exploration and production occurred. Money credited shall be used for capital improvements.

Added by 129th General Assembly File No. 35, HB 133, § 1, eff. 9/30/2011.

1509.99 Penalty.

(A) Whoever violates sections [1509.01](#) to [1509.31](#) of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued pursuant to these sections for which no specific penalty is provided in this section shall be fined not less than one hundred nor more than one thousand dollars for a first offense; for each subsequent offense such person shall be fined not less than two hundred nor more than two thousand dollars.

(B) Whoever violates section [1509.221](#) of the Revised Code or any rules adopted or orders or terms or conditions of a permit issued thereunder shall be fined not more than five thousand dollars for each day of violation.

(C) Whoever knowingly violates section [1509.072](#), division (A), (B), or (D) of section [1509.22](#), division (A)(1) or (C) of section [1509.222](#), or division (A) or (D) of section [1509.223](#) of the Revised Code or any rules adopted or orders issued under division (C) of section [1509.22](#) or rules adopted or orders or terms or conditions of a registration certificate issued under division (E) of section [1509.222](#) of the Revised Code shall be fined ten thousand dollars or imprisoned for six months, or both for a first offense; for each subsequent offense such person shall be fined twenty thousand dollars or imprisoned for two years, or both. Whoever negligently violates such divisions, sections, rules, orders, or terms or conditions of a registration certificate shall be fined not more than five thousand dollars.

(D) Whoever violates division (C) of section [1509.223](#) of the Revised Code shall be fined not more than five hundred dollars for a first offense nor more than one thousand dollars for a subsequent offense.

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

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