



5/10/2023

The Honorable Tim Schaffer
Chairman
Ohio Senate
1 Capitol Square
1st Floor
Columbus, OH 43215

Dear Chairman Schaffer,

The Ohio Oil and Gas Association, API Ohio, Ohio Environmental Council Action Fund, and the Nature Conservancy of Ohio appreciate the opportunity to express our collective concern about Oil and Gas Well Fund transfer provisions included in House Bill 33, the state operating budget.

The Oil and Gas Well Fund is funded through severance taxes paid by oil and gas producers. It provides operational resources for the Division of Oil and Gas, as well as money for the state's orphan well plugging program, one of the oldest and most successful programs in the country. The state has identified around 20,000 orphan wells in Ohio, whereas industry research puts the amount at double the state's number. The amount of money needed to plug these wells, the vast majority of which were drilled prior to regulation in the mid-twentieth century, far exceeds the fund's current balance.

The House removed three such transfers from the Oil and Gas Well Fund where the money would be transferred for other purposes. These transfers were:

1. Allowing the Director of OBM to transfer "excess" funds from the Oil and Gas Well Fund to the All Ohio Future Fund in future years;
2. Transferring \$16 million for the purchase of ODNR park vehicles; and
3. Transferring \$9.4 million for the Parks and Watercraft Federal Grants Fund.

While we appreciate the House holding firm and eliminating those provisions from the bill, they did include a new transfer in the current version of the bill. The omnibus

amendment transferred \$12 million from the Oil and Gas Well Fund over the next two fiscal years to select local governments for road purposes.

Now is not the time to weaken our state program through unrelated money transfers. Ohio and the Department of Natural Resources should be commended on the progress the state has made under the DeWine administration regarding plugging orphan wells. However, even with the one-time money from the federal government to help plug wells, concern remains that there will not be enough money to plug all the state's abandoned wells if there are continued attempts to redirect money in the Oil and Gas Well Fund to projects and issues outside its intended purpose. This is Ohio's only environmental fund designed to help reduce emissions and protect groundwater from legacy wells in the state. Therefore, we would urge the Senate to remove this new provision included in the omnibus amendment from the bill and prevent any other cash transfers out of the fund throughout the budget process.

Thank you for taking our concerns into consideration as you and your colleagues continue to debate House Bill 33.

Sincerely,



Rob Brundrett
President
Ohio Oil and Gas Association



Chris Zeigler
Executive Director
API Ohio



Pete Bucher
Chief of Staff
Ohio Environmental Council Action Fund



Bill Stanley
Ohio Director
The Nature Conservancy

CC: Agriculture and Natural Resources Vice Chair Al Landis
Agriculture and Natural Resources Ranking Member Hicks Hudson