



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Carrie Kuruc, Director

MEMORANDUM

TO: Mark Bruce, Ohio Department of Natural Resources

FROM: Jacob Ritzenthaler, Regulatory Policy Advocate

DATE: May 30, 2019

RE: **CSI Review – Oil Well Drilling (OAC 1501:9-1-01 and 1501:9-1-04)**

On behalf of Lt. Governor Jon Husted, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This rule package consists of two amended rules submitted by the Ohio Department of Natural Resources (ODNR) as part of the statutorily-required five-year review requirement. The rule package was submitted to the CSI Office on February 20, 2019 and the public comment period was held open through March 7, 2019. ODNR submitted its response to stakeholder comments on April 22, 2019.

The rules in this package set forth requirements for well drilling and the spacing of oil and gas wells. Ohio Administrative Code (OAC) 1501:9-1-01 details the general requirements for the well drilling and includes the definitions used throughout the Chapter. The rule is being amended to include minor changes to references within the rule. OAC 1501:9-1-04 sets forth spacing requirements for wells, including new wells, reopened wells, and modifications to existing wells. The rule is being amended to decrease the minimum acreage required for spacing certain types of well.

During early stakeholder outreach, ODNR worked with stakeholders to coordinate feedback on the proposed rules. At a hearing of the Technical Advisory Council on Oil and Gas, which was attended

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by industry stakeholders, the rules were approved for proposal. ODNR made several changes based on early stakeholder feedback, including amendments to subject tracts, spacing distance for horizontal wells, and adverse communication. During the CSI public comment period, ODNR received comments from several stakeholders that addressed various topics within the rules, including multiple wells, acreage requirements, drilling placement, notification, and general updates. ODNR made changes to the rules based suggested changes related to definitions and included language that requires notification. ODNR did not make changes to the rules regarding well distance but provided adequate clarification in response to stakeholder concerns.

The business community impacted by these rules includes oil and gas operators and permit applicants who maintain vertical and horizontal wells. The adverse cost created by the rules includes the time and effort spent adhering to the requirements of the rules. ODNR may refuse to issue a permit if the spacing requirements of the rules are not met.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that the Ohio Department of Natural Resources should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.