



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Joseph Baker, Director

MEMORANDUM

TO: Brian Becker, Ohio Department of Natural Resources

FROM: Caleb White, Business Advocate

DATE: June 12, 2024

RE: CSI Review – Spacing of Oil and Gas Wells (OAC 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 Department as provided for in ORC 107.54.

Analysis

This rule package consists of one no-change rule proposed by the Ohio Department of Natural Resources (ODNR) as a part of the statutory five-year review process. This rule package was submitted to the CSI Office on May 22, 2024, and the public comment period was held open through June 5, 2024. Unless otherwise noted below, this recommendation reflects the version of the proposed rule filed with the CSI Office on May 22, 2024.

Ohio Administrative Code (OAC) 1501:9-1-04 establishes the permitting requirements for oil and gas wells related to the spacing of new wells, reopened wells, and existing wells that are deepened or plugged back. These requirements include the minimum acreage requirements for drilling units and the minimum distance a new well is required to be located from the boundaries of tracts, drilling units and existing wells.

During early stakeholder outreach, ODNR shared the proposed rule with industry stakeholders which included, among others, representatives from the American Petroleum Institute, the Gulfport Energy Corporation, and Central Ohio Oil. No comments were received during this period or during the CSI

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public comment period.

The business community impacted by the rule includes well owners and operators engaged in drilling a new well, reopening an existing well, and/or deepening or plugging back wells, in addition to existing well owners and operators, as well as the mineral rights holders of sites adjacent to wells and common resource pools. The adverse impacts created by the rule include the costs associated with applying for a drilling permit, complying with the setback and spacing requirements, and obtaining the proper surface and underground rights to cover the required amount of acreage. ODNR states that the adverse impacts to business are justified as they are consistent with statutory requirements and industry standards and intended to provide reasonable standards for the industry to operate within.

Recommendations

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

Conclusion

The CSI Office concludes that ODNR should proceed in filing the proposed rule with the Joint Committee on Agency Rule Review.