

Energy Alert

Ohio Senate Passes Shale Gas Drilling Bill

May 18, 2012

On May 15, 2012, the Ohio Senate passed Senate Bill 315 (“SB 315”), a bill that requires operators to provide detailed disclosures regarding their horizontal drilling operations in the Utica shale formation. Under SB 315, oil and gas drillers are required to identify the source of the water used in the hydraulic fracturing (“fracking”) of wells, as well as provide the rate and volume at which they will withdraw the water. Additionally, the legislation requires that an application for a permit to drill a new horizontal well include the results of sampling of water wells within 1,500 feet of the proposed well prior to the commencement of drilling.

The legislation also requires detailed disclosure to Ohio's Division of Oil and Gas Resources Management of the chemicals used in the fracking process. Notably, well operators must provide a well completion record, including, if applicable, the trade name and total volume of all products, fluids and substances used to facilitate the drilling of any portion of a well (until the surface casing is set and properly sealed), as well as those products, fluids and substances used to stimulate a well. However, the legislation allows an owner of a well (or person providing chemical information to an owner of a well) to designate a product, fluid or substance, or related chemical component, as a trade secret, thereby prohibiting the Division of Oil and Gas Resources Management from disclosing publicly any such chemical so designated.

SB 315 has been introduced in the Ohio House of Representatives for its consideration.

This action by the Ohio Senate comes shortly after the passage by Ohio’s Joint Committee on Agency Rule Review (JCARR) of new rules on well construction, permitting and drilling that will take effect August 1. For more information about the rules passed by JCARR, please visit the Ohio Department of Natural Resources’ website at www.ohiodnr.com.

Both SB 315 and JCARR’s new drilling rules come during a boom in shale drilling in Ohio’s Utica shale formation. According to the Ohio Department of Natural Resources (ODNR), since December 2009, there have been 216 horizontal permits issued and 69 horizontal wells drilled in the formation, and ODNR officials have predicted that an estimated 2,250 wells will be drilled by the end of 2015.

With the passage of SB 315, Ohio joins the list of states that are either considering, or have recently adopted, rules regarding horizontal drilling and hydraulic fracturing. For example, on May 16, 2012, Vermont became the first state to ban fracking (even though Vermont is believed to have little or no reserves of oil or natural gas (Vermont becomes first state to ban gas drilling technique known as hydraulic fracturing, Washington Post, May 16, 2012)). Additionally, earlier this year, Pennsylvania Governor Tom Corbett signed House Bill 1950, the Marcellus Shale bill, into law. You can view our prior alert regarding this law [here](#).

The full text of SB 315 is available [here](#).



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