

As Introduced

131st General Assembly

Regular Session

2015-2016

H. B. No. 83

Representative Cera

Cosponsors: Representatives Gerberry, Rogers, Lepore-Hagan, Phillips

A BILL

To amend sections 1509.30 and 1509.99 of the
Revised Code to require the owner of an oil or
gas well to provide a royalty statement to the
holder of the royalty interest when the owner
makes payment to the holder.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1509.30 and 1509.99 of the
Revised Code be amended to read as follows:

Sec. 1509.30. ~~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) When, pursuant to a lease, another agreement between
an owner and the holder of a royalty interest in an oil or gas
well, or an order by the division of oil and gas resources
management, payment is made to the holder of the royalty
interest from the proceeds derived from the sale of oil or gas,
the owner shall include all of the following information on the
check stub, an attachment to the payment form, or another

<u>remittance device:</u>	19
<u>(1) The lease, property, or well name, any lease,</u>	20
<u>property, or well identification number used to identify the</u>	21
<u>lease, property, or well, and the county and state in which the</u>	22
<u>lease, property, or well is located;</u>	23
<u>(2) The month and year during which the sales occurred for</u>	24
<u>which payment is being made;</u>	25
<u>(3) The volume of natural gas or number of barrels of oil</u>	26
<u>for which the holder was or is being paid for the most recent</u>	27
<u>period in his contract with the owner, and for any other</u>	28
<u>previous periods within two years of the date of production for</u>	29
<u>which the owner has not already given him such a report;</u>	30
(B) <u>(4) The price per thousand cubic feet or per barrel of</u>	31
<u>oil paid to the holder for such gas or oil;</u>	32
(C) <u>(5) The volume of natural gas which that was shown to</u>	33
<u>have passed through the owner's meter for or the number of</u>	34
<u>barrels of oil that were removed from the field containing the</u>	35
<u>holder's well during the applicable payment period;</u>	36
<u>(6) The total amount of state severance and any other</u>	37
<u>production taxes paid on the holder's interest during the</u>	38
<u>applicable payment period;</u>	39
<u>(7) Any windfall profit tax paid on the holder's interest</u>	40
<u>during the applicable payment period;</u>	41
<u>(8) Any other deductions from or adjustments on the</u>	42
<u>holder's interest during the applicable payment period;</u>	43
<u>(9) The net value of total sales of oil and natural gas</u>	44
<u>produced from the lease, property, or well after deductions</u>	45
<u>during the applicable payment period;</u>	46

(10) The holder's royalty interest in sales from the lease, property, or well during the applicable payment period expressed as a decimal; 47
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(11) The holder's share of the total value of sales from the lease, property, or well before any tax deductions during the applicable payment period; 50
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(12) The holder's share of the value of sales from the lease, property, or well less the holder's share of taxes and deductions during the applicable payment period; 53
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(13) An address and telephone number at which additional information regarding the payment may be obtained and questions may be answered. 56
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(B) The volume of gas required to be reported by this section shall be indicated on the basis of a standard cubic foot of gas. The volume of oil required to be reported by this section shall be indicated on the basis of a standard barrel. 59
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(C) The owner shall preserve records of ~~such volume~~ the information required to be provided under division (A) of this section for at least two years after the date on which the ~~record information is made~~ provided. 63
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(D) If the owner does not provide the holder of the royalty interest with information required to be provided under division (A) of this section, the holder may submit a written request by certified mail to the owner that the information be provided. Upon receipt by the owner or ~~his~~ the owner's agent of a request by the holder pursuant to this ~~section~~ division, the owner shall supply the information to the holder by certified mail within ~~fifteen~~ thirty days, or the end of the current payment period in the contract, whichever is later. 67
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~~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 holder makes a written request and the owner does not provide the requested information within the applicable time period, the holder may bring a civil action against the owner to enforce this section. The prevailing party is entitled to recover reasonable court costs and attorney's fees.~~

(E) No person shall fail to comply with this section.

(F) As used in this section, "applicable payment period" means the period specified by an owner under division (A) (2) of this section.

Sec. 1509.99. (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 the 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 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 105
division (C) of section 1509.22 or rules adopted or orders or 106
terms or conditions of a registration certificate issued under 107
division (E) of section 1509.222 of the Revised Code shall be 108
fined ten thousand dollars or imprisoned for six months, or both 109
for a first offense; for each subsequent offense the person 110
shall be fined twenty thousand dollars or imprisoned for two 111
years, or both. Whoever negligently violates those divisions, 112
sections, rules, orders, or terms or conditions of a 113
registration certificate shall be fined not more than five 114
thousand dollars. 115

(D) Whoever violates division (C) of section 1509.223 of 116
the Revised Code shall be fined not more than five hundred 117
dollars for a first offense and not more than one thousand 118
dollars for a subsequent offense. 119

(E) Whoever recklessly violates division (E) of section 120
1509.30 of the Revised Code shall be fined not less than one 121
hundred nor more than one thousand dollars for a first offense; 122
for each subsequent offense the person shall be fined not less 123
than two hundred nor more than two thousand dollars. 124

(F) The prosecuting attorney of the county in which the 125
offense was committed or the attorney general may prosecute an 126
action under this section. 127

~~(F)~~ (G) For purposes of this section, each day of 128
violation constitutes a separate offense. 129

Section 2. That existing sections 1509.30 and 1509.99 of 130
the Revised Code are hereby repealed. 131