

JUNE 14, 2012

Governor Kasich Signs Far-Reaching Energy Bill Into Law

On March 22, 2012, Governor John Kasich proposed comprehensive energy legislation to make changes to state energy policy, many related to the shale boom in eastern Ohio. Introduced as Senate Bill 315, nearly six weeks later, the Ohio Senate approved a revised version of the bill. On May 24, 2012, the Ohio House approved the bill, and the Senate concurred in the changes. On June 11, 2012, Governor Kasich signed the bill into law. SB 315 will take effect ninety days (90) later in September 2012.

The bill addresses, among other things, Ohio's oil and gas statutes, regulatory jurisdiction over natural gas pipelines, and how to incentivize "cogeneration" facilities. A copy of the bill can be found at: http://www.legislature.state.oh.us/bills.cfm?ID=129_SB_315. This article summarizes the bill's key provisions.

I. Ohio's Oil and Gas Statutes (Ohio Revised Code Chapter 1509)

Ohio Revised Code (R.C.) Chapter 1509 and associated regulations govern oil and gas operations in Ohio and establish the regulatory scheme under which the Ohio Department of Natural Resources (ODNR), through its Division of Oil and Gas Resources Management, regulates such activities. SB 315 revises R.C. 1509.01 et seq. to account for the technologies currently being used in Ohio, including horizontal drilling and hydraulic fracturing.

Definitions: In order to account for shale drilling operations in Ohio, a number of definitions were added or revised. The initial version of the bill modified the definition of "gas" to include both wet gas and dry gas. The General Assembly, however, returned to the existing definition of "gas" in the final version of SB 315. But, in order to account for the liquid hydrocarbons being produced in Ohio, SB 315 also modifies the definition of "condensate" to include "liquid hydrocarbons separated at or near the well pad or along the gas production or

gathering system prior to gas processing." R.C. 1509.01(D).

Horizontal Wells: One of the overarching changes made in SB 315 was to subject horizontal well drilling operations to ODNR's existing permitting and regulatory scheme. To accomplish this task, SB 315 adopts a new definition for the phrase "horizontal well." R.C. 1509.01(A)(GG) defines a "horizontal well" as an oil and gas well "in which the wellbore reaches a horizontal or near horizontal position in the Point Pleasant, Utica, or Marcellus formation and the well is stimulated." R.C. 1509.1(GG). The references to specific geologic formations were added in the revisions made by the Ohio Senate.

Other revisions relating to horizontal well drilling activities include:

- **Road Use Maintenance Agreements:** A new application for a horizontal well will require the applicant to provide either: (i) a copy of a road use maintenance agreement "containing reasonable terms" with the relevant public official(s); or (ii) an affidavit indicating that the applicant was unable to enter such an agreement despite good-faith efforts. R.C. 1509.06(A)(11)(b).
- **Insurance:** The owner of a horizontal well must obtain at least \$5 million in liability insurance from an insurance company authorized to sell insurance in Ohio to "pay for damages for injury to persons or damage to property caused by the production operations." The insurance policy(ies) must also "include a reasonable level of coverage available for an environmental endorsement." R.C. 1509.07(A)(2). And, such coverage must be maintained for the life of the well. R.C. 1509.07(A)(3).
- **Quarterly Reports:** Although the as-introduced version of SB 315 required production results from horizontal wells to be submitted to

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ODNR on a quarterly basis, the final version of SB 315 clarifies that horizontal wells will remain subject to annual reporting requirements. R.C. 1509.11(A). Notably, amendments by the Ohio Senate removed language requiring that production reports to include statistics for oil, dry gas, wet gas, condensate and brine.

- **Administrative Rules:** SB 315 gives ODNR the power to promulgate rules relating to horizontal wells and their production facilities. R.C. 1509.03.

Well Permits: A new requirement added to SB 315 requires ODNR to post notice on its website of each well permit within two (2) business days of permit approval. R.C. 1509.06.

Protection of Public and Private Water Supplies: Permit applications to ODNR for oil and gas drilling operations must now identify the source of groundwater and/or surface water that will be used in a well's production operations (e.g., hydraulic fracturing operations), and specifically state whether the water will be withdrawn from the Lake Erie or Ohio River watersheds. R.C. 1509.06(A)(8). Estimated water withdrawal rates (including specific estimates for the amount of recycled water used) and volumes also must be stated and updated if any information changes. R.C. 1509.06(A)(8)(a). Such information must be updated if it changes prior to the commencement of production operations. R.C. 1509.16(J). ODNR is expected to promulgate additional regulations relating to the protection of public and private water supplies. R.C. 1509.03(A)(2).

Water Sampling and Testing: When submitting a well application, the applicant now must submit pre-drilling water sampling/testing results if: (i) the well is being drilled in an urbanized area; or (ii) the permit is to drill a new horizontal well. For wells drilled in an urbanized area, water sampling must be completed for all water wells located within 300 feet of the proposed horizontal well prior to the start of drilling operations. R.C. 1509.06(A)(8)(b). For new horizontal wells, water sampling must be completed for all water wells located within 1,500 feet of the proposed horizontal well. But, ODNR retains the authority to revise the distance. R.C. 1509.06(A)(8)(c). All water sampling must be done in accordance with certain best management practices for pre-drilling water sampling adopted by ODNR.

Disclosure of Fluids: R.C. 1509.10 requires any person drilling an oil and gas well to submit a well completion report to ODNR within 60 days after the completion of drilling operations. New requirements in SB 315 require the disclosure to ODNR of fluids and other products used during the hydraulic fracturing process.

The final version of SB 315 requires that certain information be submitted to ODNR regarding the fluids and

other products used to facilitate and/or stimulate the well, including information about the trade name and total amount of all products, fluids and other substances (other than cement) that were used. See R.C. 1509.10(A)(9)(a) and 1509.10(A)(10)(a). Well owners also must submit a list of all chemicals intentionally added to the products, fluids and/or substances (including the chemical abstracts service number and maximum concentration), subject to an expansive trade secret exception explained below. R.C. 1509.09(A)(9)(a) and 1509.09(A)(10)(a). Such disclosures must be made as part of the well completion report submitted to ODNR or through a chemical disclosure registry (e.g., www.fracfocus.org). R.C. 1509.09(F)(2).

In terms of the trade secret exception to the disclosure requirement, the final version of SB 315 allows the owner of a well to designate certain information on the well completion report as a trade secret, including the "identity, amount, concentration, or purpose" of such fluids or products. R.C. 1509.10(I). Additional language included in the final version of SB 315 provides that a property owner or other interested person can challenge the trade secret designation by filing a civil lawsuit in the Franklin County Common Pleas Court. R.C. 1509.10(I)(2).

To the extent ODNR does not have a material safety data sheet for any fluid or product used to facilitate or stimulate a well, such a sheet must be submitted to ODNR for posting on its website. R.C. 1509.10(E) and (G). All chemical compounds provided to ODNR under R.C. Chapter 1509 also must be provided to medical professionals if requested and needed to "assist in the diagnosis of an individual who was affected by an incident associated with the production operations of a well." R.C. 1509.10(H)(1). Although such medical professionals are required to keep the trade secret information confidential, disclosure is contemplated if required by law or medical ethical standards. R.C. 1509.10(H)(2).

All records relating to the disclosure of fluids or products used to facilitate and/or stimulate the well are subject to a two-year recordkeeping requirement. R.C. 1509.10(J)(2).

Injection Wells: SB 315 adds new requirements to R.C. 1509.22 regarding applications for the injection of brine or other waste substances (e.g., disposal in Class II injection wells). In particular, R.C. 1509.22(D)(2) gives ODNR the power to establish rules governing the testing of reservoirs to determine their suitability for injection, the maximum allowable injection pressure, the total depth allowed, and other issues relating to public health and safety. In addition, R.C. 1509.22(D)(1)(c) provides for the electronic reporting of information regarding shipments of brine and other waste substances on a quarterly basis.

Fees for Injection Wells: SB 315 moves the location of the fee structure associated with injection wells from R.C. 1509.221 to R.C. 1509.22(H), and modifies it. For fluids produced in the ODNR Division of Oil and Gas regulatory district where the injection well is located (or an adjoining regulatory district), the fee remains the same (5 cents per barrel), which eliminated an initial proposed increase in the fee to 10 cents per barrel. R.C. 1509.22(H)(1)(a). For fluids produced outside of the ODNR Division of Oil and Gas regulatory district where the injection well is located or an adjoining regulatory district (e.g., produced fluids from other states), the fee remains the same (20 cents per barrel), which eliminated an initial proposed increase in fees to one dollar (\$1.00) per barrel. R.C. 1509.22(H)(1)(b). The maximum number of barrels per well that can be subject to the fees identified above is 500,000 barrels. R.C. 1509.22(H)(2). To the extent the owner of an injection well receives fluids from Ohio and other states, the fees are first applied to the out-of-state fluids. R.C. 1509.22(H)(2). The owner of an injection well permitted by ODNR is required to collect the injection fees, but can retain three percent (3%) of the amount collected, with the remainder being turned over to ODNR and deposited in the oil and gas well fund. R.C. 1509.22(H)(3).

100-Year Floodplain: SB 315 allows ODNR to evaluate the need for site-specific permit conditions for wells to be located within the 100-year floodplain or within the “five-year time of travel associated with a public drinking water system.” R.C. 1509.06(H)(2).

Unitization Under R.C. 1509.28: For unitization applications under R.C. 1509.28, SB 315 requires a non-refundable fee to be paid to ODNR in the amount of \$10,000.

Reports, Test Results, Fees Submitted to ODNR: One addition to SB 315 provides well owners with some leeway in submitting reports, test results and fees to ODNR that are required under R.C. Chapter 1509. More specifically, ODNR may grant an extension of time up to 60 days for submitting such reports, test results, or fees. R.C. 1509.04(B)(1)(a). And, even if a well owner fails to timely submit a report, test result, or fee, an administrative violation will only be issued by ODNR if the well owner fails to respond within thirty (30) days of notice of such non-compliance. R.C. 1509.04(B)(1)(b).

Cooperative Agreements with ODNR: R.C. 1509.02 now provides the Chief of ODNR’s Division of Oil and Gas Management the power to enter into cooperative agreements with other state agencies for advisory and consultative purposes. The revisions to this portion of the bill in Sub-SB 315 explain that cooperating agencies do not have any authority to administer or enforce provisions in R.C. Chapter 1509.

State Fire Marshal: A new provision added to the final version of SB 315 gives the State Fire Marshal and the Board of Building Standards exclusive

authority over the adoption and enforcement of fire safety standards relating to the construction at a shale oil processing premise of any structure subject to the nonresidential building codes established in R.C. 3781.10. A shale oil processing premise is defined as “a single parcel or contiguous parcels of real estate, including any structures, facilities, appurtenances, equipment, devices, and activities...where the processing of substances extracted from the Point Pleasant, Utica, and Marcellus formations occurs at a natural gas liquids fractionation or natural gas processing facility.” However, this term does not include a well pad or production operation. R.C. 3737.832.

II. PUCO and OPSB Jurisdiction Over Natural Gas Pipelines

Definition of Public Utilities: Modifications by the Ohio Senate to SB 315 explained that a pipeline company “engaged in the business of the transport associated with gathering lines, raw natural gas liquids, or finished product natural gas liquids” is not subject to PUCO jurisdiction. In addition, SB 315 clarified that producers or gatherers of Ohio-produced natural gas and raw natural gas liquids can apply for an exemption from jurisdiction of the Public Utilities Commission of Ohio (PUCO). R.C. 4905.03(A)(5). This regulatory exemption, which is set forth in R.C. 4929.041, was amended as part of Governor Kasich’s midyear budget review, Amended Substitute House Bill 487 (HB 487). As part of HB 487, the regulatory exemption was expanded to allow natural gas companies to seek a regulatory exemption (from compliance with certain portions of Chapter 4905 of the Ohio Revised Code) for investments in gathering facilities placed in service before or after January 1, 2010. R.C. 4929.041(B). The old version of the statute only provided for an exemption for gathering facilities placed in service after January 1, 2010.

PUCO Jurisdiction Over Natural Gas Gathering Pipelines and Processing Plants: SB 315 updates the authority of the PUCO over gas gathering pipelines (defined as those “not regulated under the Natural Gas Pipeline Safety Act and the rules adopted by the United States Department of Transportation pursuant to the Natural Gas Pipeline Safety Act” including those “used to collect and transport raw natural gas from a well facility to the inlet of a gas processing plant” and that can be “upstream or downstream from a wet natural gas compressor station”) and gas processing plants (defined as a “plant that processes raw natural gas into merchantable products, including transmission quality gas or natural gas liquids and also may include a plant that treats raw natural gas to remove impurities such as carbon dioxide, helium, nitrogen or water”). R.C. 4906.03(D) and (E).

As initially proposed in SB 315, the new regulatory scheme categorized gas gathering pipelines as either high pressure or low pressure. Modifications by the Ohio Senate, however, removed this distinction. Instead, the final version of SB 315 requires gas gathering pipelines and processing plant gas stub pipelines used for the transportation of gas from a horizontal well to: comply with the pipeline safety provisions in 49 CFR 192, subpart (C); control corrosion; establish and follow damage prevention and public education programs; establish the MAOP (maximum pressure at which a pipeline can be operated) of the pipeline; install and maintain pipeline markers; and perform leakage surveys. R.C. 4905.911(A).

OPSB Jurisdiction Over Natural Gas Gathering Pipelines: The Ohio Power Siting Board (OPSB) retains jurisdiction over “major utility facilities.” Revisions to the definition of “major utility facilities” in SB 315 expand the OPSB’s jurisdiction over natural gas pipelines. Previously, the OPSB oversaw the permitting of natural gas transmission lines capable of transporting natural gas at pressures greater than 125 psi. Changes in SB 315 expand the types of natural gas pipelines subject to the OPSB’s jurisdiction to include any natural gas pipeline longer than 500 feet, with an outside diameter greater than nine (9) inches and capable of transporting natural gas at pressures greater than 125 psi. A prior version of the bill also subjected natural gas pipelines designed for, or capable of, transporting natural gas at pressures greater than 300 psi to OPSB jurisdiction, but this was removed by the Ohio Senate.

The statutory changes also expand the list of pipelines or facilities not subject to the OPSB’s jurisdiction, including: (i) gas gathering lines, gas gathering pipelines and processing plant gas stub pipelines as defined in R.C. 4905.90 as well as associated facilities; (ii) gas processing plants as defined in R.C. 4905.90; (iii) natural gas liquids finished product pipelines; (iv) pipelines transporting natural gas liquids from a processing plant to either a natural gas liquids fractionation plant or an interstate or intrastate gas pipeline; (v) natural gas liquids fractionation plants; and (vi) compressor stations used by certain pipelines. R.C. 4906.01(B) (2). A longstanding exception from OPSB jurisdiction applicable to “[g]as transmission lines over which an agency of the United States has exclusive jurisdiction” remained unchanged.

Expedited Review: A new provision in R.C. Chapter 4906 requires the OPSB to expedite its review of certain applications. More specifically, the OPSB must expedite its review of applications involving: (i) electric transmission lines shorter than two (2) miles long, primarily needed to attract or meet the requirements of a specific customer or specific customers, and necessary for reliability purposes as a result of the retirement or shutdown of an electric generation facility in Ohio; (ii)

an electric generation facility “that used waste heat or natural gas” and is primarily located within an existing industrial facility’s boundary; (iii) a gas pipeline shorter than five (5) miles long or primarily needed to meet the requirements of a specific customer or specific customers. R.C. 4906.03(F).

Miscellaneous OPSB Provisions: The final version of SB 315 amends an old requirement in R.C. 4906.05(A)(6) so that applicants to the OPSB are now required to file their application no more than five (5) years prior to the planned start of construction. The prior version of the statute required the application to be filed not less than one year before the planned start of construction. In addition, new language was added to R.C. 4906.10(A) allowing an applicant to withdraw its OPSB certificate if not satisfied with the conditions imposed by the OPSB.

III. Amendments to Senate Bill 221’s Alternative Energy Portfolio Standard

Classification of Co-Generation Systems: SB 315 promotes “waste energy recovery” (WER) and “combined heat and power” (CHP) projects by qualifying them for use by Ohio’s investor-owned utilities in order to meet certain portfolio standard requirements under Senate Bill 221 (SB 221), Ohio’s energy law passed in 2008. Specifically, SB 315 allows WER systems to qualify as either “renewable energy” or “energy efficiency” resources, thereby allowing them to be used to satisfy requirements under: (i) Ohio’s renewable portfolio standard (RPS) — which requires the state’s investor-owned utilities to procure twelve and one-half percent (12.5%) of their energy from renewable energy resources by 2025; or (ii) SB 221’s energy efficiency standards, which require utilities to achieve cumulative energy savings of twenty-two percent (22%) by 2025.

WER and CHP Defined: SB 315 makes a clear distinction between WER and CHP. The bill defines “waste energy recovery system” as a facility that generates electricity through the conversion of energy from either: (i) exhaust heat from engines or manufacturing, industrial commercial, or institutional sites, except for exhaust heat from a facility whose primary purpose is the generation of electricity; or, (ii) reduction of pressure in gas pipelines before gas is distributed through the pipeline, provided that the conversion of energy to electricity is achieved without using additional fossil fuels.” R.C. 4928.01(36). Generally, WER systems capture waste energy from an industrial or commercial process, but do not introduce additional fossil fuel sources. On the other hand, a “combined heat and power system” is defined as the coproduction of electricity and useful thermal energy from the same fuel source designed to achieve thermal-efficiency levels of at least sixty percent (60%) with at least twenty percent (20%) of

the system's total useful energy in the form of thermal energy. CHP systems often introduce additional fossil fuel energy sources (e.g., natural gas, oil, or coal).

The definitions of WER and CHP are important because SB 315 allows WER project owners to choose whether to qualify a system as a renewable energy or energy efficiency resource (they cannot be used for both purposes). Under the bill, CHP projects qualify to meet Ohio's energy efficiency requirements but not the renewable targets. Specifically, SB 315:

- States that the energy policy of the state includes encouraging "innovation and market access for cost-effective supply- and demand-side retail electric service including . . . waste energy recovery systems." R.C. 4928.02(D).
- Allows an electric distribution utility's energy efficiency programs to include WER systems and CHP systems placed in service or retrofitted after the effective date of the law. R.C. 4928.66(A)(1)(a). However, certain CHP systems sited at a state institution of higher education, and placed in service between January 1, 2002 and December 31, 2004, may also qualify as energy efficiency resources.
- Allows a utility to meet its renewable energy targets by counting the effects of WER systems placed in service or retrofitted after the effective date of the law. Similar to the exception for universities mentioned above, certain CHP systems sited at a state institution of higher education and placed in service between January 1, 2002 and December 31, 2004, may also qualify as renewable energy resources. R.C. 4928.64(A)(37)(a).

University of Cincinnati / Kent State University Exception: Though otherwise clearly distinguishing between WER and CHP, the bill creates a limited carve-out to allow CHP systems at two state universities to qualify as waste energy recovery systems and therefore be eligible to meet utility renewable energy targets. The bill includes in the definition of waste energy recovery "a facility at a state institution of higher education that recovers waste heat from electricity-producing engines or combustion turbines and that simultaneously uses the recovered heat to produce steam," if it was placed in service "between January 1, 2002, and December 31, 2004." This limited provision will allow the University of Cincinnati and Kent State University to sell renewable energy credits from their fossil fuel fired CHP systems.

Advanced Energy Resource: SB 221 requires twenty-five percent (25%) of all kilowatt hours of electricity sold by electric distribution utilities and electric services companies in Ohio be obtained from "alternative energy resources" by 2025. Of the "25 percent by 2025" requirement, one-half must be generated from "advanced energy resources." Within this context, SB

315 modifies the definition of advanced energy resource to include: (i) "Any new, retrofitted, refueled, or repowered generating facility located in Ohio, including a simple or combined-cycle natural gas generating facility or a generating facility that uses biomass, coal, nuclear energy, or any other fuel as its input;" or (ii) "any uprated capacity of an existing generating facility if the uprated capacity results from the deployment of advanced technology."

IV. Miscellaneous

SB 315 also contains a number of other provisions relating to the state's energy and environmental policies. A brief summary of those provisions follows.

Support for Natural Gas Vehicles: The bill supports the wider adoption of natural-gas powered vehicles, including for the fleet owned by the State of Ohio. The bill orders the PUCO and Ohio Department of Transportation (ODOT) to analyze the cost effectiveness of purchasing vehicles that run on compressed natural gas and converting certain state vehicles to natural gas engines. The PUCO and ODOT must produce a joint report on their findings for state legislators no later than January 30, 2013. The bill also authorizes the PUCO and ODOT to work with other states to develop a multi-state study on the development of compressed natural gas infrastructure for transportation. R.C. 4928.72.

Green Pricing Programs: SB 315 authorizes the PUCO to periodically review any green pricing program offered in this state as part of competitive retail electric service. At the conclusion of a review, the PUCO may make recommendations to improve or expand the program subject. R.C. 4928.70.

PUCO Study: SB 315 requires that the PUCO study whether increased energy efficiency, demand response, generation, and transmission provide increased opportunities for customer choice. The PUCO shall include in the study an evaluation of emerging technologies. The PUCO shall commence the study no later than eighteen months after the effective date of this section. At the conclusion of the study, the PUCO shall prepare a report of its findings and make the report available on its web site. R.C. 4928.71.

Energy Education Organization: The final version of SB 315 removed a provision relating to the creation of energy education organizations, which were proposed to be non-profit corporations committed to providing energy education activities.

Energy Projects for State-Owned Buildings: SB 315 updates and amends a number of provisions relating to energy- and water-saving measures in state-owned buildings. The bill provides that the life-cycle cost analysis required for state-funded facility projects include a review of co-generation as

an energy source if the estimated construction cost of a project exceeds \$50 million. R.C. 123.011(C). The bill also expands the definition of “energy conservation measure” to include:

- Installation or modification of trigeneration systems that produce heat and cooling, as well as electricity, for use primarily within a building or complex of buildings. R.C. 156.01(B)(9).
- Installation or modification of systems that harvest renewable energy from solar, wind, water, biomass, bio-gas, or geothermal sources, for use primarily within a building or complex of buildings. R.C. 156.01(B)(10).
- Retro-commissioning or recommissioning energy-related systems to verify that they are installed and calibrated to optimize energy and operational performance within a building or complex of buildings. R.C. 156.01(B)(11).
- Consolidation, virtualization, and optimization of computer servers, data storage devices, or other information technology hardware and infrastructure. R.C. 156.01(B)(12).

The phrase “water conservation measure” is modified to include any other modification, installation, or remodeling approved by the director of the Department of Administrative Services (DAS) as a water conservation measure for one or more buildings owned by either the state or a state institution of higher learning that implements the water conservation measure in consultation with the director of DAS. R.C. 156.01(F)(7). The approval of the board of trustees of a state institution of higher education is no longer required. Any installment payment contract entered into for the implementation of one or more energy- or water-saving measures will be eligible for financing provided through the Ohio Air Quality Development Authority. R.C. 156.04(D).

Alternative Fuel Transportation Program: SB 315 expands the alternative fuel transportation grant program to allow the Director of Development to issue loans. R.C. 122.075(B). The program will now receive additional funding from investment earnings in the advanced energy research and development taxable fund. R.C. 122.075(E).

PUCO Review: SB 315 established that the PUCO shall consult with electric distribution utilities to review the distribution infrastructure in this state and shall consult with regional transmission organizations and entities that own or control transmission facilities to review the transmission infrastructure in this state. The PUCO shall evaluate the distribution and transmis-

sion infrastructure and shall order any necessary upgrades, additions, or improvements to ensure adequate and reliable service, enable new electric generation, and promote new industry in this state. R.C. 4928.111. However, the final version of SB 315 removed the PUCO’s ability to order such upgrades, additions, and improvements.

DJFS Office of Workforce Development: SB 315 provides that the Office of Workforce Development within the Ohio Department of Job and Family Services shall comprehensively review the direct and indirect economic impact of businesses engaged in the production of horizontal wells in this state and, based on its findings, prepare an annual Ohio workforce report. R.C. 6301.12.

Phase-In-Recovery Property: An addition to the final version of SB 315 provides that, although the transfer and ownership of phase-in-recovery property and the imposition, charging, collection, and receipt of phase-in-recovery revenues by public utilities under R.C. 4928.33 are exempt from taxes and similar charges, such an exception does not prohibit the levying of the commercial activity tax. R.C. 4928.314.

Anhydrous Ammonia for Agricultural Purposes: The final version of SB 315 mandates that the Director of Agriculture adopt and enforce uniform rules governing the storing and handling of fertilizers, and for safety in the design, construction, location, installation, or operation of equipment used in storing, handling, transporting, and utilizing anhydrous ammonia, aqueous ammonia, or other solutions for use as agricultural fertilizers. Such rulemaking previously was discretionary for the director. Specifically to anhydrous ammonia used for agricultural purposes, SB 315 requires that such rules establish standards and procedures for the approval/disapproval relating to the design and construction of storage facilities. Accordingly, on and after the effective date of SB 315, no person shall construct an anhydrous ammonia storage facility used for agricultural purposes without applying for and receiving approval from the director of agriculture. R.C. 905.40 and R.C. 905.41.

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