



## Ohio Revised Code

Section 155.33 [Former R.C. 1509.73, amended and renumbered by H.B. 110, 134th General Assembly, effective 9/30/2021] Leasing formations; exclusion of nature preserves.

Effective: April 7, 2023

Legislation: House Bill 507

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(A)(1) Beginning on the effective date of this amendment, and ending on the effective date of the rules adopted under section 155.34 of the Revised Code, a state agency shall lease, in good faith, a formation within a parcel of land that is owned or controlled by the state agency for the exploration for and development and production of oil or natural gas. The lease shall be on terms that are just and reasonable, as determined by custom and practice in the oil and gas industry, and shall include at least the terms required under divisions (A)(1)(a) to (d) of section 155.34 of the Revised Code. The person seeking to lease the formation shall submit to the state agency the proof described in divisions (D)(5)(a) and (b) of this section before entering into the lease. On and after the effective date of the rules adopted under section 155.34 of the Revised Code, a formation within a parcel of land that is owned or controlled by a state agency may be leased for the exploration for and development and production of oil or natural gas only in accordance with divisions (A)(2) to (H) of this section and those rules.

(2) On and after the effective date of rules adopted under section 155.34 of the Revised Code, any person or state agency that is interested in leasing a formation within a parcel of land that is owned or controlled by a state agency for the exploration for and the development and production of oil or natural gas may submit to the oil and gas land management commission a nomination that shall include all of the following:

(a) The name of the person making the nomination and the person's address, telephone number, and email address;

(b) An identification of the formation and parcel of land proposed to be leased that specifies all of the following:

(i) The percentage of the interest owned or controlled by the state agency, and whether that interest is



divided, undivided, or partial;

(ii) The source deed by book and page numbers, including the description and acreage of the parcel and an identification of the county, section, township, and range in which the parcel is located;

(iii) A plat map depicting the area in which the parcel is located.

(c) If the person making the nomination is not a state agency, a nomination fee of one hundred fifty dollars;

(d) The proposed lease bonus that applies to the nomination;

(e) If the person making the nomination is not a state agency, proof of both of the following:

(i) That the person has obtained the insurance and financial assurance required under section 1509.07 of the Revised Code;

(ii) That the person has registered with and obtained an identification number from the division of oil and gas resources management under section 1509.31 of the Revised Code.

(3) In order to encourage the submission of nominations and the responsible and reasonable development of the state's natural resources, only the information submitted under division (A)(2)(b) of this section may be disclosed to the public until a person is selected under division (F) of this section. Until a person is selected under division (F) of this section, all other information submitted under division (A)(2) of this section is confidential, shall not be disclosed by the commission, and is not a public record subject to inspection or copying under section 149.43 of the Revised Code.

(4) When a nomination is not submitted by a state agency, the nomination is the opening bid for purposes of division (D) of this section. However, the person submitting the nomination may supplement or amend that bid by providing additional information in accordance with that division.

(B)(1) Not less than thirty days, but not more than one hundred twenty days following the receipt of a nomination, the commission shall conduct a meeting for the purpose of determining whether to



approve or disapprove the nomination for the purpose of leasing a formation within the parcel of land that is identified in the nomination.

In making its decision to approve or disapprove the nomination, the commission shall consider all of the following:

- (a) The economic benefits, including the potential income from an oil or natural gas operation, that would result if the lease of a formation that is the subject of the nomination were approved;
- (b) Whether the proposed oil or gas operation is compatible with the current uses of the parcel of land that is the subject of the nomination;
- (c) The environmental impact that would result if the lease of a formation that is the subject of the nomination were approved;
- (d) Any potential adverse geological impact that would result if the lease of a formation that is the subject of the nomination were approved;
- (e) Any potential impact to visitors or users of a parcel of land that is the subject of the nomination;
- (f) Any potential impact to the operations or equipment of a state agency that is a state university or college if the lease of a formation within a parcel of land owned or controlled by the university or college that is the subject of the nomination were executed;
- (g) Any comments or objections to the nomination submitted to the commission by the state agency that owns or controls the parcel of land on which the proposed oil or natural gas operation would take place;
- (h) Any comments or objections to the nomination submitted to the commission by residents of this state or other users of the parcel of land that is the subject of the nomination;
- (i) Any special terms and conditions the state agency included in its comments or objections that the state agency believes are appropriate for the lease of the parcel of land because of specific conditions



related to that parcel of land.

(2) The commission shall approve or disapprove a nomination not later than two calendar quarters following the receipt of the nomination. The commission shall post notice of the commission's decision on the commission's web site and send notice of the decision by email and by certified mail to the person that submitted the nomination and to the state agency that owns or controls the formation within the parcel of land that is the subject of the nomination.

(C) Each calendar quarter, the commission shall proceed to advertise for bids for a lease for a formation within a parcel of land that was the subject of a nomination approved during the previous calendar quarter. The commission shall publish the advertisement on its web site for a period of time established by the commission. The advertisement shall include all of the following:

- (1) An identification of each formation and parcel of land proposed to be leased that includes all of the information specified in division (A)(2)(b) of this section;
- (2) The deadline for the submission of bids;
- (3) A statement that each bid must contain all of the items required under division (D) of this section;
- (4) A statement that a standard lease form that is consistent with the practices of the oil and natural gas industries and adopted by rule by the commission will be used for the lease of a formation within the parcel of land;
- (5) Any special terms and conditions that may apply to the lease because of specific conditions related to the parcel of land;
- (6) The amount of the bid fee that is required to be submitted with a bid;
- (7) Any other information that the commission considers pertinent to the advertisement for bids.

(D) A person interested in leasing a formation within a parcel of land owned or controlled by a state



agency for the exploration for and development and production of oil or natural gas may submit a bid to the commission on a parcel by parcel basis that contains all of the following:

- (1) A bid fee of twenty-five dollars;
  - (2) The name of the person making the bid and the person's address, telephone number, and email address;
  - (3) An identification of the formation and parcel of land for which the bid is being submitted, including all of the information specified in division (A)(2)(b) of this section;
  - (4) The proposed lease bonus that applies to the bid;
  - (5) Proof of both of the following:
    - (a) That the person has obtained the insurance and financial assurance required under section 1509.07 of the Revised Code;
    - (b) That the person has registered with and obtained an identification number from the division of oil and gas resources management under section 1509.31 of the Revised Code.
  - (6) Any other information that the person believes is relevant to the bid.
- (E) In order to encourage the submission of bids and the responsible and reasonable development of the state's natural resources, the information that is contained in a bid submitted to the commission under this section is confidential, shall not be disclosed by the commission, and is not a public record subject to inspection and copying under section 149.43 of the Revised Code until a person is selected under division (F) of this section.

The commission shall select the person who submits the highest and best bid, taking into account the financial responsibility of the prospective lessee and the ability of the prospective lessee to perform its obligations under the lease. After the commission selects a person, the commission shall notify the applicable state agency and send the person's bid to the agency. The state agency shall enter into



a lease with the person selected by the commission.

(G)(1) Except as otherwise provided in section 155.37 of the Revised Code, all money received by a state agency from signing fees, rentals, and royalty payments for leases entered into under this section shall be paid by the state agency into the state treasury to the credit of the state land royalty fund created in section 131.50 of the Revised Code.

(2) All money received from nomination fees and bid fees shall be paid into the state treasury to the credit of the oil and gas land management commission administration fund created in section 155.35 of the Revised Code.

(H) Notwithstanding any other provision of this section to the contrary, a nature preserve as defined in section 1517.01 of the Revised Code that is owned or controlled by a state agency shall not be nominated or leased under this section for the purpose of exploring for and developing and producing oil and natural gas resources.