



Ohio Revised Code

Section 1509.27 Mandatory pooling orders.

Effective: September 29, 2015

Legislation: House Bill 64 - 131st General Assembly

If a tract or tracts are of insufficient size or shape to meet the requirements for drilling a proposed well thereon as provided in section 1509.24 or 1509.25 of the Revised Code, whichever is applicable, and the owner has been unable to form a drilling unit under agreement as provided in section 1509.26 of the Revised Code, on a just and equitable basis, the owner may make application to the division of oil and gas resources management for a mandatory pooling order.

The application shall include information as shall be reasonably required by the chief of the division of oil and gas resources management and shall be accompanied by an application for a permit as required by section 1509.05 of the Revised Code. The chief shall notify all mineral rights owners of tracts within the area proposed to be pooled by an order and included within the drilling unit of the filing of the application and of their right to a hearing. After the hearing or after the expiration of thirty days from the date notice of application was mailed to such owners, the chief, if satisfied that the application is proper in form and that mandatory pooling is necessary to protect correlative rights and to provide effective development, use, and conservation of oil and gas, shall issue a drilling permit and a mandatory pooling order complying with the requirements for drilling a well as provided in section 1509.24 or 1509.25 of the Revised Code, whichever is applicable. The mandatory pooling order shall:

- (A) Designate the boundaries of the drilling unit within which the well shall be drilled;
- (B) Designate the proposed production site;
- (C) Describe each separately owned tract or part thereof pooled by the order;
- (D) Allocate on a surface acreage basis a pro rata portion of the production to each tract pooled by the order. The pro rata portion shall be in the same proportion that the percentage of the tract's acreage is to the state minimum acreage requirements established in rules adopted under this chapter for a drilling unit unless the applicant demonstrates to the chief using geological evidence that the



geologic structure containing the oil or gas is larger than the minimum acreage requirement in which case the pro rata portion shall be in the same proportion that the percentage of the tract's acreage is to the geologic structure.

(E) Specify the basis upon which each mineral rights owner of a tract pooled by the order shall share all reasonable costs and expenses of drilling and producing if the mineral rights owner elects to participate in the drilling and operation of the well;

(F) Designate the person to whom the permit shall be issued.

A person shall not submit more than five applications for mandatory pooling orders per year under this section unless otherwise approved by the chief.

No surface operations or disturbances to the surface of the land shall occur on a tract pooled by an order without the written consent of or a written agreement with the surface rights owner of the tract that approves the operations or disturbances.

If a mineral rights owner of a tract pooled by the order does not elect to participate in the risk and cost of the drilling and operation of a well, the mineral rights owner shall be designated as a nonparticipating owner in the drilling and operation of the well on a limited or carried basis and is subject to terms and conditions determined by the chief to be just and reasonable. In addition, if a mineral rights owner is designated as a nonparticipating owner, the mineral rights owner is not liable for actions or conditions associated with the drilling or operation of the well. If the applicant bears the costs of drilling, equipping, and operating a well for the benefit of a nonparticipating owner, as provided for in the pooling order, then the applicant shall be entitled to the share of production from the drilling unit accruing to the interest of that nonparticipating owner, exclusive of the nonparticipating owner's proportionate share of the royalty interest until there has been received the share of costs charged to that nonparticipating owner plus such additional percentage of the share of costs as the chief shall determine. The total amount receivable hereunder shall in no event exceed two hundred per cent of the share of costs charged to that nonparticipating owner. After receipt of that share of costs by such an applicant, a nonparticipating owner shall receive a proportionate share of the working interest in the well in addition to a proportionate share of the royalty interest, if any.



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If there is a dispute as to costs of drilling, equipping, or operating a well, the chief shall determine those costs.