



## Ohio Revised Code

### Section 1509.73 Leasing formations; exclusion of nature preserves.

Effective: September 14, 2016

Legislation: Senate Bill 293 - 131st General Assembly

---

(A)(1) Beginning on September 30, 2011, and ending on the effective date of the rules adopted under section 1509.74 of the Revised Code, a state agency, in consultation with the oil and gas leasing commission, may lease 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 state agency shall establish bid fees, signing fees, rentals, and at least a one-eighth landowner royalty. On and after the effective date of the rules adopted under section 1509.74 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) Not earlier than two hundred seventy days after September 30, 2011, a person that is an owner and 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 leasing commission a nomination that identifies the parcel of land. A person submitting a nomination shall submit it in the manner and form established in rules adopted under section 1509.74 of the Revised Code and shall include with the nomination both of the following:

(a) The information required by those rules;

(b) The nomination fee established in those rules.

(B)(1) Not less than thirty days, but not more than one hundred twenty days following the receipt of a nomination of a parcel of land, 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. The commission also shall review the nomination of the parcel of land and determine if the parcel of land has been classified under section 1509.72 of the Revised Code. If the parcel of land that is the subject of the nomination has not been classified, the commission immediately shall send a copy of the nomination to the state agency that



owns or controls the parcel that is the subject of the nomination. Not later than fifteen days after receipt of a copy of the nomination, the state agency shall classify the parcel of land as a class 1, class 2, class 3, or class 4 property and submit the classification to the commission. On receipt of the state agency's classification of the parcel of land, the commission shall provide the department of natural resources the information necessary for the department to comply with divisions (C) and (D) of section 1509.72 of the Revised Code.

After a parcel of land that is the subject of a nomination has been classified under section 1509.72 of the Revised Code or division (B)(1) of this section, as applicable, the commission shall approve or disapprove the nomination. In making its decision to approve or disapprove the nomination of the parcel of land, 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 objections to the nomination submitted to the commission by the state agency that owns or controls the 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 other factors that the commission establishes in rules adopted under section 1509.74 of the Revised Code.

(2) The commission shall disapprove a nomination of a parcel of land that is a class 3 property. The commission shall send notice of the disapproval by certified mail to the person that submitted the nomination.

(3) Prior to making its decision to approve or disapprove a nomination, the commission shall notify the state agency that owns or controls the land on which the oil or gas operation would take place.

(4) The commission shall approve or disapprove a nomination not later than two calendar quarters following the receipt of the nomination. Notice of the decision of the commission shall be sent by certified mail to the person that submitted the nomination.

(5) If the commission approves a nomination, the commission shall notify the state agency that owns or controls the parcel of land that is the subject of a nomination of the commission's approval of the nomination. The notification shall request the state agency to submit to the commission special terms and conditions that will apply to the lease of a formation within the parcel of land because of specific conditions related to the parcel of land. The state agency shall submit the special terms and conditions not later than sixty days after receipt of a notice from the commission.

(6) If the commission approves a nomination for a parcel of land that is a class 1 property, the commission shall offer for lease each formation that is within the parcel of land. If the commission approves a nomination for a parcel of land that is a class 2 or class 4 property, the commission shall not offer for lease any formation that is within the parcel of land unless the state agency that owns or controls the parcel of land notifies the commission that a formation or formations that are within the parcel of land may be offered for lease.

(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 that is a class 1 property or that is a class 2 or class 4 property for which the commission has received notice from the state agency that owns or controls the parcel of land under division (B)(6) of this section that a formation or formations that are within the parcel of land may be offered for lease. The advertisement shall be provided to the department of natural resources, and the department 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) The procedure for the submission of a bid to enter into a lease for a formation within a parcel of land;
  - (2) A statement that a standard lease form that is consistent with the practices of the oil and natural gas industries will be used for the lease of a formation within the parcel of land;
  - (3) A copy of the standard lease form that will be used for the lease of a formation within the parcel of land;
  - (4) Special terms and conditions, if applicable, that apply to the lease because of specific conditions related to the parcel of land;
  - (5) The amount of the bid fee that is required to be submitted with a bid;
  - (6) Any other information that the commission considers pertinent to the advertisement for bids.
- (D) A person submitting a bid to enter into a lease under this section shall pay a bid fee established in rules adopted under section 1509.74 of the Revised Code.
- (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 shall be confidential and shall not be disclosed before a person is selected under division (F) of this section unless the commission determines otherwise.
- (F) The commission shall establish a deadline for the submission of bids for each lease regarding a particular parcel of land and shall notify the department of the deadline. The department shall post



the deadline for the submission of bids for each lease on the department's web site. A person shall submit a bid in accordance with the procedures and requirements established by the commission in rules adopted under section 1509.74 of the Revised Code.

The commission shall select the person who submits the highest and best bid for each formation within that parcel of land, 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 division (G)(2) of this section, 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) Money received by a state agency from signing fees, rentals, and royalty payments for leases entered into under this section on land owned or controlled by the division of forestry, wildlife, or parks and watercraft in the department of natural resources shall be deposited into one of the following funds, as applicable:

(a) The forestry mineral royalties fund created in section 1503.012 of the Revised Code if the lease pertains to land owned or controlled by the division of forestry;

(b) The wildlife habitat fund created in section 1531.33 of the Revised Code if the lease pertains to land owned or controlled by the division of wildlife;

(c) The parks mineral royalties fund created in section 1546.24 of the Revised Code if the lease pertains to land owned or controlled by the division of parks and watercraft.

(H) All money received from nomination fees and bid fees shall be paid into the state treasury to the credit of the oil and gas leasing commission administration fund created in section 1509.75 of the Revised Code.



(I) 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.