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Am. Sub. H. B. No. 133

Representative Adams, J.

**Cosponsors: Representatives Beck, Blessing, Boose, Brenner, Buchy,
Burke, Combs, Gonzales, Goodwin, Grossman, Hackett, Hall, Hayes,
Huffman, Landis, Maag, Martin, McKenney, Rosenberger, Ruhl, Sears,
Stebelton, Thompson, Uecker, Wachtmann, Young, Amstutz, Blair, Hagan, C.,
Hottinger, Mecklenborg, Newbold, Roegner, Slaby**

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A B I L L

To amend sections 123.01, 1531.06, 1531.33, and	1
3345.181, to enact sections 131.50, 1503.012,	2
1509.70, 1509.71, 1509.72, 1509.73, 1509.74,	3
1509.75, 1509.76, 1509.77, and 1541.26, and to	4
repeal sections 5119.40, 5120.12, and 5123.23 of	5
the Revised Code to create the Oil and Gas Leasing	6
Commission, to establish a procedure for leasing	7
land owned or under the control of state agencies	8
for oil and gas production in order to provide	9
funding for capital costs for the agencies, and to	10
exclude nature preserves from drilling.	11

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

Section 1. That sections 123.01, 1531.06, 1531.33, and	12
3345.181 be amended and sections 131.50, 1503.012, 1509.70,	13
1509.71, 1509.72, 1509.73, 1509.74, 1509.75, 1509.76, 1509.77, and	14
1541.26 of the Revised Code be enacted to read as follows:	15

Sec. 123.01. (A) The department of administrative services, 16
in addition to those powers enumerated in Chapters 124. and 125. 17
of the Revised Code and provided elsewhere by law, shall exercise 18
the following powers: 19

(1) To prepare, or contract to be prepared, by licensed 20
engineers or architects, surveys, general and detailed plans, 21
specifications, bills of materials, and estimates of cost for any 22
projects, improvements, or public buildings to be constructed by 23
state agencies that may be authorized by legislative 24
appropriations or any other funds made available therefor, 25
provided that the construction of the projects, improvements, or 26
public buildings is a statutory duty of the department. This 27
section does not require the independent employment of an 28
architect or engineer as provided by section 153.01 of the Revised 29
Code in the cases to which that section applies nor affect or 30
alter the existing powers of the director of transportation. 31

(2) To have general supervision over the construction of any 32
projects, improvements, or public buildings constructed for a 33
state agency and over the inspection of materials previous to 34
their incorporation into those projects, improvements, or 35
buildings; 36

(3) To make contracts for and supervise the construction of 37
any projects and improvements or the construction and repair of 38
buildings under the control of a state agency, except contracts 39
for the repair of buildings under the management and control of 40
the departments of public safety, job and family services, mental 41
health, developmental disabilities, rehabilitation and correction, 42
and youth services, the bureau of workers' compensation, the 43
rehabilitation services commission, and boards of trustees of 44
educational and benevolent institutions and except contracts for 45
the construction of projects that do not require the issuance of a 46

building permit or the issuance of a certificate of occupancy and 47
that are necessary to remediate conditions at a hazardous waste 48
facility, solid waste facility, or other location at which the 49
director of environmental protection has reason to believe there 50
is a substantial threat to public health or safety or the 51
environment. These contracts shall be made and entered into by the 52
directors of public safety, job and family services, mental 53
health, developmental disabilities, rehabilitation and correction, 54
and youth services, the administrator of workers' compensation, 55
the rehabilitation services commission, the boards of trustees of 56
such institutions, and the director of environmental protection, 57
respectively. All such contracts may be in whole or in part on 58
unit price basis of maximum estimated cost, with payment computed 59
and made upon actual quantities or units. 60

(4) To prepare and suggest comprehensive plans for the 61
development of grounds and buildings under the control of a state 62
agency; 63

(5) To acquire, by purchase, gift, devise, lease, or grant, 64
all real estate required by a state agency, in the exercise of 65
which power the department may exercise the power of eminent 66
domain, in the manner provided by sections 163.01 to 163.22 of the 67
Revised Code; 68

(6) To make and provide all plans, specifications, and models 69
for the construction and perfection of all systems of sewerage, 70
drainage, and plumbing for the state in connection with buildings 71
and grounds under the control of a state agency; 72

(7) To erect, supervise, and maintain all public monuments 73
and memorials erected by the state, except where the supervision 74
and maintenance is otherwise provided by law; 75

(8) To procure, by lease, storage accommodations for a state 76
agency; 77

(9) To lease or grant easements or licenses for unproductive 78
and unused lands or other property under the control of a state 79
agency. Such leases, easements, or licenses shall be granted for a 80
period not to exceed fifteen years and shall be executed for the 81
state by the director of administrative services and the governor 82
and shall be approved as to form by the attorney general, provided 83
that leases, easements, or licenses may be granted to any county, 84
township, municipal corporation, port authority, water or sewer 85
district, school district, library district, health district, park 86
district, soil and water conservation district, conservancy 87
district, or other political subdivision or taxing district, or 88
any agency of the United States government, for the exclusive use 89
of that agency, political subdivision, or taxing district, without 90
any right of sublease or assignment, for a period not to exceed 91
fifteen years, and provided that the director shall grant leases, 92
easements, or licenses of university land for periods not to 93
exceed twenty-five years for purposes approved by the respective 94
university's board of trustees wherein the uses are compatible 95
with the uses and needs of the university and may grant leases of 96
university land for periods not to exceed forty years for purposes 97
approved by the respective university's board of trustees pursuant 98
to section 123.77 of the Revised Code. 99

(10) To lease space for the use of a state agency; 100

(11) To have general supervision and care of the storerooms, 101
offices, and buildings leased for the use of a state agency; 102

(12) To exercise general custodial care of all real property 103
of the state; 104

(13) To assign and group together state offices in any city 105
in the state and to establish, in cooperation with the state 106
agencies involved, rules governing space requirements for office 107
or storage use; 108

(14) To lease for a period not to exceed forty years, 109
pursuant to a contract providing for the construction thereof 110
under a lease-purchase plan, buildings, structures, and other 111
improvements for any public purpose, and, in conjunction 112
therewith, to grant leases, easements, or licenses for lands under 113
the control of a state agency for a period not to exceed forty 114
years. The lease-purchase plan shall provide that at the end of 115
the lease period, the buildings, structures, and related 116
improvements, together with the land on which they are situated, 117
shall become the property of the state without cost. 118

(a) Whenever any building, structure, or other improvement is 119
to be so leased by a state agency, the department shall retain 120
either basic plans, specifications, bills of materials, and 121
estimates of cost with sufficient detail to afford bidders all 122
needed information or, alternatively, all of the following plans, 123
details, bills of materials, and specifications: 124

(i) Full and accurate plans suitable for the use of mechanics 125
and other builders in the improvement; 126

(ii) Details to scale and full sized, so drawn and 127
represented as to be easily understood; 128

(iii) Accurate bills showing the exact quantity of different 129
kinds of material necessary to the construction; 130

(iv) Definite and complete specifications of the work to be 131
performed, together with such directions as will enable a 132
competent mechanic or other builder to carry them out and afford 133
bidders all needed information; 134

(v) A full and accurate estimate of each item of expense and 135
of the aggregate cost thereof. 136

(b) The department shall give public notice, in such 137
newspaper, in such form, and with such phraseology as the director 138
of administrative services prescribes, published once each week 139

for four consecutive weeks, of the time when and place where bids 140
will be received for entering into an agreement to lease to a 141
state agency a building, structure, or other improvement. The last 142
publication shall be at least eight days preceding the day for 143
opening the bids. The bids shall contain the terms upon which the 144
builder would propose to lease the building, structure, or other 145
improvement to the state agency. The form of the bid approved by 146
the department shall be used, and a bid is invalid and shall not 147
be considered unless that form is used without change, alteration, 148
or addition. Before submitting bids pursuant to this section, any 149
builder shall comply with Chapter 153. of the Revised Code. 150

(c) On the day and at the place named for receiving bids for 151
entering into lease agreements with a state agency, the director 152
of administrative services shall open the bids and shall publicly 153
proceed immediately to tabulate the bids upon duplicate sheets. No 154
lease agreement shall be entered into until the bureau of workers' 155
compensation has certified that the person to be awarded the lease 156
agreement has complied with Chapter 4123. of the Revised Code, 157
until, if the builder submitting the lowest and best bid is a 158
foreign corporation, the secretary of state has certified that the 159
corporation is authorized to do business in this state, until, if 160
the builder submitting the lowest and best bid is a person 161
nonresident of this state, the person has filed with the secretary 162
of state a power of attorney designating the secretary of state as 163
its agent for the purpose of accepting service of summons in any 164
action brought under Chapter 4123. of the Revised Code, and until 165
the agreement is submitted to the attorney general and the 166
attorney general's approval is certified thereon. Within thirty 167
days after the day on which the bids are received, the department 168
shall investigate the bids received and shall determine that the 169
bureau and the secretary of state have made the certifications 170
required by this section of the builder who has submitted the 171
lowest and best bid. Within ten days of the completion of the 172

investigation of the bids, the department shall award the lease 173
agreement to the builder who has submitted the lowest and best bid 174
and who has been certified by the bureau and secretary of state as 175
required by this section. If bidding for the lease agreement has 176
been conducted upon the basis of basic plans, specifications, 177
bills of materials, and estimates of costs, upon the award to the 178
builder the department, or the builder with the approval of the 179
department, shall appoint an architect or engineer licensed in 180
this state to prepare such further detailed plans, specifications, 181
and bills of materials as are required to construct the building, 182
structure, or improvement. The department shall adopt such rules 183
as are necessary to give effect to this section. The department 184
may reject any bid. Where there is reason to believe there is 185
collusion or combination among bidders, the bids of those 186
concerned therein shall be rejected. 187

(15) To acquire by purchase, gift, devise, or grant and to 188
transfer, lease, or otherwise dispose of all real property 189
required to assist in the development of a conversion facility as 190
defined in section 5709.30 of the Revised Code as that section 191
existed before its repeal by Amended Substitute House Bill 95 of 192
the 125th general assembly; 193

(16) To lease for a period not to exceed forty years, 194
notwithstanding any other division of this section, the 195
state-owned property located at 408-450 East Town Street, 196
Columbus, Ohio, formerly the state school for the deaf, to a 197
developer in accordance with this section. "Developer," as used in 198
this section, has the same meaning as in section 123.77 of the 199
Revised Code. 200

Such a lease shall be for the purpose of development of the 201
land for use by senior citizens by constructing, altering, 202
renovating, repairing, expanding, and improving the site as it 203
existed on June 25, 1982. A developer desiring to lease the land 204

shall prepare for submission to the department a plan for 205
development. Plans shall include provisions for roads, sewers, 206
water lines, waste disposal, water supply, and similar matters to 207
meet the requirements of state and local laws. The plans shall 208
also include provision for protection of the property by insurance 209
or otherwise, and plans for financing the development, and shall 210
set forth details of the developer's financial responsibility. 211

The department may employ, as employees or consultants, 212
persons needed to assist in reviewing the development plans. Those 213
persons may include attorneys, financial experts, engineers, and 214
other necessary experts. The department shall review the 215
development plans and may enter into a lease if it finds all of 216
the following: 217

(a) The best interests of the state will be promoted by 218
entering into a lease with the developer; 219

(b) The development plans are satisfactory; 220

(c) The developer has established the developer's financial 221
responsibility and satisfactory plans for financing the 222
development. 223

The lease shall contain a provision that construction or 224
renovation of the buildings, roads, structures, and other 225
necessary facilities shall begin within one year after the date of 226
the lease and shall proceed according to a schedule agreed to 227
between the department and the developer or the lease will be 228
terminated. The lease shall contain such conditions and 229
stipulations as the director considers necessary to preserve the 230
best interest of the state. Moneys received by the state pursuant 231
to this lease shall be paid into the general revenue fund. The 232
lease shall provide that at the end of the lease period the 233
buildings, structures, and related improvements shall become the 234
property of the state without cost. 235

(17) ~~To lease to any person any tract of land owned by the~~ 236
~~state and under the control of the department, or any part of such~~ 237
~~a tract, for the purpose of drilling for or the pooling of oil or~~ 238
~~gas. Such a lease shall be granted for a period not exceeding~~ 239
~~forty years, with the full power to contract for, determine the~~ 240
~~conditions governing, and specify the amount the state shall~~ 241
~~receive for the purposes specified in the lease, and shall be~~ 242
~~prepared as in other cases.~~ 243

~~(18)~~ To manage the use of space owned and controlled by the 244
department, including space in property under the jurisdiction of 245
the Ohio building authority, by doing all of the following: 246

(a) Biennially implementing, by state agency location, a 247
census of agency employees assigned space; 248

(b) Periodically in the discretion of the director of 249
administrative services: 250

(i) Requiring each state agency to categorize the use of 251
space allotted to the agency between office space, common areas, 252
storage space, and other uses, and to report its findings to the 253
department; 254

(ii) Creating and updating a master space utilization plan 255
for all space allotted to state agencies. The plan shall 256
incorporate space utilization metrics. 257

(iii) Conducting a cost-benefit analysis to determine the 258
effectiveness of state-owned buildings; 259

(iv) Assessing the alternatives associated with consolidating 260
the commercial leases for buildings located in Columbus. 261

(c) Commissioning a comprehensive space utilization and 262
capacity study in order to determine the feasibility of 263
consolidating existing commercially leased space used by state 264
agencies into a new state-owned facility. 265

(B) This section and section 125.02 of the Revised Code shall 266
not interfere with any of the following: 267

(1) The power of the adjutant general to purchase military 268
supplies, or with the custody of the adjutant general of property 269
leased, purchased, or constructed by the state and used for 270
military purposes, or with the functions of the adjutant general 271
as director of state armories; 272

(2) The power of the director of transportation in acquiring 273
rights-of-way for the state highway system, or the leasing of 274
lands for division or resident district offices, or the leasing of 275
lands or buildings required in the maintenance operations of the 276
department of transportation, or the purchase of real property for 277
garage sites or division or resident district offices, or in 278
preparing plans and specifications for and constructing such 279
buildings as the director may require in the administration of the 280
department; 281

(3) The power of the director of public safety and the 282
registrar of motor vehicles to purchase or lease real property and 283
buildings to be used solely as locations to which a deputy 284
registrar is assigned pursuant to division (B) of section 4507.011 285
of the Revised Code and from which the deputy registrar is to 286
conduct the deputy registrar's business, the power of the director 287
of public safety to purchase or lease real property and buildings 288
to be used as locations for division or district offices as 289
required in the maintenance of operations of the department of 290
public safety, and the power of the superintendent of the state 291
highway patrol in the purchase or leasing of real property and 292
buildings needed by the patrol, to negotiate the sale of real 293
property owned by the patrol, to rent or lease real property owned 294
or leased by the patrol, and to make or cause to be made repairs 295
to all property owned or under the control of the patrol; 296

(4) The power of the division of liquor control in the 297

leasing or purchasing of retail outlets and warehouse facilities 298
for the use of the division; 299

(5) The power of the director of development to enter into 300
leases of real property, buildings, and office space to be used 301
solely as locations for the state's foreign offices to carry out 302
the purposes of section 122.05 of the Revised Code; 303

(6) The power of the director of environmental protection to 304
enter into environmental covenants, to grant and accept easements, 305
or to sell property pursuant to division (G) of section 3745.01 of 306
the Revised Code. 307

(C) Purchases for, and the custody and repair of, buildings 308
under the management and control of the capitol square review and 309
advisory board, the rehabilitation services commission, the bureau 310
of workers' compensation, or the departments of public safety, job 311
and family services, mental health, developmental disabilities, 312
and rehabilitation and correction, and buildings of educational 313
and benevolent institutions under the management and control of 314
boards of trustees, are not subject to the control and 315
jurisdiction of the department of administrative services. 316

(D) Any instrument by which real property is acquired 317
pursuant to this section shall identify the agency of the state 318
that has the use and benefit of the real property as specified in 319
section 5301.012 of the Revised Code. 320

Sec. 131.50. (A) There is hereby created in the state 321
treasury the state land royalty fund consisting of money credited 322
to it under section 1509.73 of the Revised Code. Any investment 323
proceeds earned on money in the fund shall be credited to the fund 324
and used as required in division (B) of this section. 325

(B) Money in the state land royalty fund shall be used by 326
state agencies to acquire land and to pay capital costs of state 327

agencies, including equipment and renovations and repairs of 328
facilities, that have contributed to the fund under section 329
1509.73 of the Revised Code. Such a state agency is entitled to 330
receive from the fund the amount that the state agency contributed 331
and a share of the investment earnings of the fund in an amount 332
that is equivalent to the proportionate share of contributions 333
made by the state agency to the fund. 334

(C) Money in the fund shall be disbursed by the director of 335
budget and management with the approval of the controlling board. 336

(D) As used in this section, "state agency" has the same 337
meaning as in section 1509.70 of the Revised Code. 338

Sec. 1503.012. There is hereby created the forestry mineral 339
royalties fund, which shall be in the custody of the treasurer of 340
state and shall not be a part of the state treasury. The fund 341
shall consist of money deposited into it under section 1509.73 of 342
the Revised Code. Any investment proceeds earned on money in the 343
fund shall be credited to the fund. 344

Money in the fund shall be used by the division of forestry 345
to acquire land and to pay capital costs, including equipment and 346
repairs and renovations of facilities, that are owned by the state 347
and administered by the division. Expenditures from the fund shall 348
be approved by the director of natural resources. 349

Sec. 1509.70. As used in sections 1509.70 to 1509.77 of the 350
Revised Code: 351

(A) "Class 1 property" means property owned or controlled by 352
a state agency concerning which there are no encumbrances or deed 353
restrictions that limit the exploration or drilling for oil or gas 354
on the property. 355

(B) "Class 2 property" means property that is owned or 356
controlled by a state university or college or that is owned or 357

controlled by another state agency concerning which there is a 358
federal encumbrance or monetary interest that limits or prohibits 359
the exploration or drilling for oil or gas on the property. 360

(C) "Class 3 property" means property owned or controlled by 361
a state agency to which all of the following apply: 362

(1) The property is not a class 2 or class 4 property. 363

(2) The property is of insufficient size or shape to meet the 364
requirements for drilling a well on the property established under 365
section 1509.24 or 1509.25 of the Revised Code. 366

(3) The property is necessary for pooling with other parcels 367
of property for the purpose of forming a drilling unit in order to 368
meet the requirements for drilling a well established under 369
section 1509.24 or 1509.25 of the Revised Code. 370

(D) "Class 4 property" means property owned or controlled by 371
a state agency concerning which there is a provision in the deed 372
that limits the exploration or drilling for oil or gas on the 373
property. 374

(E) "Formation" means any of the following: 375

(1) The distance from the surface of the land to the top of 376
the Onondaga limestone; 377

(2) The distance from the top of the Onondaga limestone to 378
the bottom of the Queenston formation; 379

(3) The distance from the bottom of the Queenston formation 380
to the top of the Trenton limestone; 381

(4) The distance from the top of the Trenton limestone to the 382
top of the Knox formation; 383

(5) The distance from the top of the Knox formation to the 384
basement rock. 385

(F) "State agency" means both of the following: 386

(1) "State agency" as defined in section 1.60 of the Revised 387
Code; 388

(2) "State university or college" as defined in section 389
3345.12 of the Revised Code. 390

Sec. 1509.71. (A) It is the policy of the state to provide 391
access to and support the exploration for, development of, and 392
production of oil and natural gas resources owned or controlled by 393
the state in an effort to use the state's natural resources 394
responsibly. 395

(B) There is hereby created the oil and gas leasing 396
commission consisting of the chief of the division of geological 397
survey and the following four members appointed by the governor: 398

(1) Two members from a list of not less than four persons 399
recommended by a statewide organization representing the oil and 400
gas industry; 401

(2) One member of the public with expertise in finance or 402
real estate; 403

(3) One member representing a statewide environmental or 404
conservation organization. 405

(C) Initial appointments shall be made to the commission not 406
later than thirty days after the effective date of this section. 407
Of the initial members appointed to the commission, one shall 408
serve a term of two years, one shall serve a term of three years, 409
one shall serve a term of four years, and one shall serve a term 410
of five years. Thereafter, terms of office of members shall be for 411
five years from the date of appointment. Each member appointed by 412
the governor shall hold office from the date of appointment until 413
the end of the term for which the member was appointed. The 414
governor shall fill a vacancy occurring on the commission by 415
appointing a member within sixty days after the vacancy occurs. A 416

member appointed to fill a vacancy occurring prior to the 417
expiration of the term for which the member's predecessor was 418
appointed shall hold office for the remainder of that term. A 419
member shall continue in office subsequent to the expiration date 420
of the member's term until the member's successor takes office, or 421
until a period of sixty days has elapsed, whichever occurs first. 422

(D) Three members constitute a quorum of the commission, and 423
no action of the commission is valid unless it has the concurrence 424
of at least three members. The commission shall keep a record of 425
its proceedings. The chief of the division of geological survey 426
shall serve as the chairperson of the commission. 427

(E) The governor may remove an appointed member from the 428
commission for inefficiency, malfeasance, misfeasance, or 429
nonfeasance. 430

(F) Members of the commission shall receive no compensation, 431
but shall be reimbursed for their actual and necessary expenses 432
incurred in the course of the performance of their duties as 433
members of the commission. 434

(G) The department of natural resources shall furnish 435
clerical, technical, legal, and other services required by the 436
commission in the performance of its duties. 437

Sec. 1509.72. (A) A state agency shall submit to the oil and 438
gas leasing commission an inventory of each parcel of land that is 439
owned or controlled by the agency. The inventory shall classify 440
each parcel as a class 1, class 2, class 3, or class 4 property. 441
The commission may request a state agency to submit documentation 442
supporting the classification of each parcel of land. 443

(B) Not later than ninety days after the acquisition of a 444
parcel of state land occurring after the effective date of this 445
section, the state agency that owns or controls the parcel shall 446

classify the parcel in the same manner that parcels are classified
under division (A) of this section.

(C) The department of natural resources shall post on the
department's web site a listing of each parcel of state land and
the classification assigned to the parcel under this section. The
commission shall provide to the department the information
necessary for the department to comply with this division.

Sec. 1509.73. (A)(1) Beginning on the effective date of this
section 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 the
effective date of this section, 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; 478

(b) The nomination fee established in those rules. 479

(B)(1) In the calendar quarter following the receipt of a 480
nomination of a parcel of land, the commission shall conduct a 481
meeting for the purpose of determining whether to enter into a 482
lease for a formation within the parcel of land that is identified 483
in the nomination. The commission also shall review the nomination 484
of the parcel of land and determine if the parcel of land has been 485
classified under section 1509.72 of the Revised Code. If the 486
parcel of land that is the subject of the nomination has not been 487
classified, the commission immediately shall send a copy of the 488
nomination to the state agency that owns or controls the parcel 489
that is the subject of the nomination. Not later than fifteen days 490
after receipt of a copy of the nomination, the state agency shall 491
classify the parcel of land as a class 1, class 2, class 3, or 492
class 4 property and submit the classification to the commission. 493
On receipt of the state agency's classification of the parcel of 494
land, the commission shall provide the department of natural 495
resources the information necessary for the department to comply 496
with division (C) of section 1509.72 of the Revised Code. 497

After a parcel of land that is the subject of a nomination 498
has been classified under section 1509.72 of the Revised Code or 499
division (B)(1) of this section, as applicable, the commission 500
shall approve or disapprove the nomination. In making its decision 501
to approve or disapprove the nomination of the parcel of land, the 502
commission shall consider all of the following: 503

(a) The economic benefits, including the potential income 504
from an oil or natural gas operation, that would result if the 505
lease of a formation that is the subject of the nomination were 506
approved; 507

(b) Whether the proposed oil or gas operation is compatible 508

with the current uses of the parcel of land that is the subject of 509
the nomination; 510

(c) The environmental impact that would result if the lease 511
of a formation that is the subject of the nomination were 512
approved; 513

(d) Any potential adverse geological impact that would result 514
if the lease of a formation that is the subject of the nomination 515
were approved; 516

(e) Any potential impact to visitors or users of a parcel of 517
land that is the subject of the nomination; 518

(f) Any potential impact to the operations or equipment of a 519
state agency that is a state university or college if the lease of 520
a formation within a parcel of land owned or controlled by the 521
university or college that is the subject of the nomination were 522
executed; 523

(g) Any objections to the nomination submitted to the 524
commission by the state agency that owns or controls the land on 525
which the proposed oil or natural gas operation would take place; 526

(h) Any other factors that the commission establishes in 527
rules adopted under section 1509.74 of the Revised Code. 528

(2) The commission shall deny a nomination of a parcel of 529
land that is a class 3 property. The commission shall send notice 530
of the denial by certified mail to the person that submitted the 531
nomination. 532

(3) Prior to making its decision to approve or disapprove a 533
nomination, the commission shall notify the state agency that owns 534
or controls the land on which the oil or gas operation would take 535
place. 536

(4) The commission shall approve or deny a nomination not 537
later than two calendar quarters following the receipt of the 538

nomination. Notice of the decision of the commission shall be sent 539
by certified mail to the person that submitted the nomination. 540

(5) If the commission approves a nomination, the commission 541
shall notify the state agency that owns or controls the parcel of 542
land that is the subject of a nomination of the commission's 543
approval of the nomination. The notification shall request the 544
state agency to submit to the commission special terms and 545
conditions that will apply to the lease of a formation within the 546
parcel of land because of specific conditions related to the 547
parcel of land. The state agency shall submit the special terms 548
and conditions not later than sixty days after receipt of a notice 549
from the commission. 550

(6) If the commission approves a nomination for a parcel of 551
land that is a class 1 property, the commission shall offer for 552
lease each formation that is within the parcel of land. If the 553
commission approves a nomination for a parcel of land that is a 554
class 2 or class 4 property, the commission shall not offer for 555
lease any formation that is within the parcel of land unless the 556
state agency that owns or controls the parcel of land notifies the 557
commission that a formation or formations that are within the 558
parcel of land may be offered for lease. 559

(C) Each calendar quarter, the commission shall proceed to 560
advertise for bids for a lease for a formation within a parcel of 561
land that was the subject of a nomination approved during the 562
previous calendar quarter that is a class 1 property or that is a 563
class 2 or class 4 property for which the commission has received 564
notice from the state agency that owns or controls the parcel of 565
land under division (B)(6) of this section that a formation or 566
formations that are within the parcel of land may be offered for 567
lease. The advertisement shall be provided to the department of 568
natural resources, and the department shall publish the 569
advertisement on its web site for a period of time established by 570

the commission. The advertisement shall include all of the 571
following: 572

(1) The procedure for the submission of a bid to enter into a 573
lease for a formation within a parcel of land; 574

(2) A statement that a standard lease form that is consistent 575
with the practices of the oil and natural gas industries will be 576
used for the lease of a formation within the parcel of land; 577

(3) A copy of the standard lease form that will be used for 578
the lease of a formation within the parcel of land; 579

(4) Special terms and conditions, if applicable, that apply 580
to the lease because of specific conditions related to the parcel 581
of land; 582

(5) The amount of the bid fee that is required to be 583
submitted with a bid; 584

(6) Any other information that the commission considers 585
pertinent to the advertisement for bids. 586

(D) A person submitting a bid to enter into a lease under 587
this section shall pay a bid fee established in rules adopted 588
under section 1509.74 of the Revised Code. 589

(E) In order to encourage the submission of bids and the 590
responsible and reasonable development of the state's natural 591
resources, the information that is contained in a bid submitted to 592
the commission under this section shall be confidential and shall 593
not be disclosed before a person is selected under division (F) of 594
this section unless the commission determines otherwise. 595

(F) The commission shall establish a deadline for the 596
submission of bids for each lease regarding a particular parcel of 597
land and shall notify the department of the deadline. The 598
department shall post the deadline for the submission of bids for 599
each lease on the department's web site. A person shall submit a 600

bid in accordance with the procedures and requirements established 601
by the commission in rules adopted under section 1509.74 of the 602
Revised Code. 603

The commission shall select the person who submits the 604
highest and best bid for each formation within that parcel of 605
land, taking into account the financial responsibility of the 606
prospective lessee and the ability of the prospective lessee to 607
perform its obligations under the lease. After the commission 608
selects a person, the commission shall notify the applicable state 609
agency and send the person's bid to the agency. The state agency 610
shall enter into a lease with the person selected by the 611
commission. 612

(G)(1) Except as otherwise provided in division (G)(2) of 613
this section, all money received by a state agency from signing 614
fees, rentals, and royalty payments for leases entered into under 615
this section shall be paid by the state agency into the state 616
treasury to the credit of the state land royalty fund created in 617
section 131.50 of the Revised Code. 618

(2) Money received by a state agency from signing fees, 619
rentals, and royalty payments for leases entered into under this 620
section on land owned or controlled by the division of forestry, 621
wildlife, or parks and recreation in the department of natural 622
resources shall be deposited into one of the following funds, as 623
applicable: 624

(a) The forestry mineral royalties fund created in section 625
1503.012 of the Revised Code if the lease pertains to land owned 626
or controlled by the division of forestry; 627

(b) The wildlife habitat fund created in section 1531.33 of 628
the Revised Code if the lease pertains to land owned or controlled 629
by the division of wildlife; 630

(c) The parks mineral royalties fund created in section 631

1541.26 of the Revised Code if the lease pertains to land owned or 632
controlled by the division of parks and recreation. 633

(H) All money received from nomination fees and bid fees 634
shall be paid into the state treasury to the credit of the oil and 635
gas leasing commission administration fund created in section 636
1509.75 of the Revised Code. 637

(I) Notwithstanding any other provision of this section to 638
the contrary, a nature preserve as defined in section 1517.01 of 639
the Revised Code that is owned or controlled by a state agency 640
shall not be nominated or leased under this section for the 641
purpose of exploring for and developing and producing oil and 642
natural gas resources. 643

Sec. 1509.74. Not later than two hundred seventy days after 644
the effective date of this section, the oil and gas leasing 645
commission shall adopt rules in accordance with Chapter 119. of 646
the Revised Code establishing all of the following: 647

(A) The form of and the information to be included in 648
nominations that are submitted under section 1509.73 of the 649
Revised Code; 650

(B) Procedures for the submission of nominations to the 651
commission and the amount of nomination fees to be charged. The 652
rules shall require that if a person who has paid a nomination fee 653
does not enter into a lease regarding the parcel of land that the 654
person nominated, the fee shall be refunded to the person, and, if 655
applicable, the person that enters into the lease shall pay the 656
nomination fee. In addition, the rules shall provide that a state 657
agency is exempt from nomination fees and that a person who enters 658
into a lease regarding a parcel of land nominated by a state 659
agency shall pay the nomination fee. 660

(C) Factors that the commission may consider when determining 661

whether to approve or disapprove a nomination submitted under 662
section 1509.73 of the Revised Code; 663

(D) Procedures and requirements for the submission of bids 664
for a lease under section 1509.73 of the Revised Code; 665

(E) The amount of bid fees to be charged for the submission 666
of bids to enter into leases under section 1509.73 of the Revised 667
Code; 668

(F) A standard lease form that is consistent with the 669
practices of the oil and natural gas industries and that contains 670
at least a one-eighth landowner royalty, which standard lease form 671
shall be used by a state agency for leases entered into under 672
section 1509.73 of the Revised Code; 673

(G) Any other procedures and requirements that the commission 674
determines necessary to implement sections 1509.70 to 1509.77 of 675
the Revised Code. 676

Sec. 1509.75. There is hereby created in the state treasury 677
the oil and gas leasing commission administration fund consisting 678
of the proceeds of nomination fees and bid fees credited to it 679
under section 1509.73 of the Revised Code. Money in the fund shall 680
be used by the oil and gas leasing commission and the department 681
of natural resources to pay the administrative expenses of the 682
commission and the department regarding the implementation of 683
sections 1509.70 to 1509.77 of the Revised Code. Money in the fund 684
also shall be used to pay the actual and necessary expenses 685
incurred by members of the commission in the course of the 686
performance of their duties. 687

Sec. 1509.76. A state agency that has classified a parcel of 688
land as a class 2 property under section 1509.72 or 1509.73 of the 689
Revised Code shall make reasonable efforts to take appropriate 690
actions so that the parcel of land may be reclassified as a class 691

1 property. 692

Sec. 1509.77. A state agency that owns or controls a parcel 693
of land that is a class 3 property for which a nomination for that 694
land has been denied under section 1509.73 of the Revised Code may 695
enter into written agreements with owners of adjoining tracts to 696
use that parcel of land to form a drilling unit that conforms to 697
the minimum acreage and distance requirements established under 698
section 1509.24 or 1509.25 of the Revised Code. 699

Sec. 1531.06. (A) The chief of the division of wildlife, with 700
the approval of the director of natural resources, may acquire by 701
gift, lease, purchase, or otherwise lands or surface rights upon 702
lands and waters or surface rights upon waters for wild animals, 703
fish or game management, preservation, propagation, and 704
protection, outdoor and nature activities, public fishing and 705
hunting grounds, and flora and fauna preservation. The chief, with 706
the approval of the director, may receive by grant, devise, 707
bequest, donation, or assignment evidences of indebtedness, the 708
proceeds of which are to be used for the purchase of such lands or 709
surface rights upon lands and waters or surface rights upon 710
waters. 711

(B)(1) The chief shall adopt rules for the protection of 712
state-owned or leased lands and waters and property under the 713
control of the division of wildlife against wrongful use or 714
occupancy that will ensure the carrying out of the intent of this 715
section, protect those lands, waters, and property from 716
depredations, and preserve them from molestation, spoilation, 717
destruction, or any improper use or occupancy thereof, including 718
rules with respect to recreational activities and for the 719
government and use of such lands, waters, and property. 720

(2) The chief may adopt rules benefiting wild animals, fish 721

or game management, preservation, propagation, and protection, 722
outdoor and nature activities, public fishing and hunting grounds, 723
and flora and fauna preservation, and regulating the taking and 724
possession of wild animals on any lands or waters owned or leased 725
or under the division's supervision and control and, for a 726
specified period of years, may prohibit or recall the taking and 727
possession of any wild animal on any portion of such lands or 728
waters. The division clearly shall define and mark the boundaries 729
of the lands and waters owned or leased or under its supervision 730
and control upon which the taking of any wild animal is 731
prohibited. 732

(C) The chief, with the approval of the director, may acquire 733
by gift, lease, or purchase land for the purpose of establishing 734
state fish hatcheries and game farms and may erect on it buildings 735
or structures that are necessary. 736

The title to or lease of such lands and waters shall be taken 737
by the chief in the name of the state. The lease or purchase price 738
of all such lands and waters may be paid from hunting and trapping 739
and fishing licenses and any other funds. 740

(D) To provide more public recreation, stream and lake 741
agreements for public fishing only may be obtained under rules 742
adopted by the chief. 743

(E) The chief, with the approval of the director, may 744
establish user fees for the use of special public facilities or 745
participation in special activities on lands and waters 746
administered by the division. The special facilities and 747
activities may include hunting or fishing on special designated 748
public lands and waters intensively managed or stocked with 749
artificially propagated game birds or fish, field trial 750
facilities, wildlife nature centers, firearm ranges, boat mooring 751
facilities, camping sites, and other similar special facilities 752
and activities. The chief shall determine whether the user fees 753

are refundable and shall ensure that that information is provided 754
at the time the user fees are paid. 755

(F) The chief, with the approval of the director, may enter 756
into lease agreements for rental of concessions or other special 757
projects situated on state-owned or leased lands or waters or 758
other property under the division's control. The chief shall set 759
and collect the fees for concession rentals or other special 760
projects; regulate through contracts between the division and 761
concessionaires the sale of tangible objects at concessions or 762
other special projects; and keep a record of all such fee payments 763
showing the amount received, from whom received, and for what 764
purpose the fee was collected. 765

(G) The chief may sell or donate conservation-related items 766
or items that promote wildlife conservation, including, but not 767
limited to, stamps, pins, badges, books, bulletins, maps, 768
publications, calendars, and any other educational article or 769
artifact pertaining to wild animals; sell confiscated or forfeited 770
items; and sell surplus structures and equipment, and timber or 771
crops from lands owned, administered, leased, or controlled by the 772
division. The chief, with the approval of the director, also may 773
engage in campaigns and special events that promote wildlife 774
conservation by selling or donating wildlife-related materials, 775
memberships, and other items of promotional value. 776

(H) The chief may sell, lease, or transfer minerals or 777
mineral rights, with the approval of the director, when the chief 778
and the director determine it to be in the best interest of the 779
state. Upon approval of the director, the chief may make, execute, 780
and deliver contracts, including leases, to mine, drill, or 781
excavate iron ore, stone, coal, ~~petroleum, gas,~~ salt, and other 782
minerals, other than oil or gas, upon and under lands owned by the 783
state and administered by the division to any person who complies 784
with the terms of such a contract. No such contract shall be valid 785

for more than fifty years from its effective date. Consideration 786
for minerals and mineral rights shall be by rental or royalty 787
basis as prescribed by the chief and payable as prescribed by 788
contract. Moneys collected under this division shall be paid into 789
the state treasury to the credit of the wildlife habitat fund 790
created in section 1531.33 of the Revised Code. Contracts entered 791
into under this division also may provide for consideration for 792
minerals or mineral rights in the form of acquisition of lands as 793
provided under divisions (A) and (C) of this section. 794

(I) All moneys received under divisions (E), (F), and (G) of 795
this section shall be paid into the state treasury to the credit 796
of a fund that shall be used for the purposes outlined in section 797
1533.15 of the Revised Code and for the management of other wild 798
animals for their ecological and nonconsumptive recreational value 799
or benefit. 800

(J) The chief, with the approval of the director, may barter 801
or sell wild animals to other states, state or federal agencies, 802
and conservation or zoological organizations. Moneys received from 803
the sale of wild animals shall be deposited into the wild animal 804
fund created in section 1531.34 of the Revised Code. 805

(K) The chief shall adopt rules establishing standards and 806
guidelines for the administration of contraceptive chemicals to 807
noncaptive wild animals. The rules may specify chemical delivery 808
methods and devices and monitoring requirements. 809

The chief shall establish criteria for the issuance of and 810
shall issue permits for the administration of contraceptive 811
chemicals to noncaptive wild animals. No person shall administer 812
contraceptive chemicals to noncaptive wild animals without a 813
permit issued by the chief. 814

(L) All fees set by the chief under this section shall be 815
approved by the wildlife council. 816

(M) Information contained in the wildlife diversity database 817
that is established pursuant to division (B)(2) of this section 818
and section 1531.25 of the Revised Code may be made available to 819
any individual or public or private agency for research, 820
educational, environmental, land management, or other similar 821
purposes that are not detrimental to the conservation of a species 822
or feature. Information regarding sensitive site locations of 823
species that are listed pursuant to section 1531.25 of the Revised 824
Code and of features that are included in the wildlife diversity 825
database is not subject to section 149.43 of the Revised Code if 826
the chief determines that the release of the information could be 827
detrimental to the conservation of a species or feature. 828

Sec. 1531.33. The wildlife habitat fund is hereby created in 829
the state treasury. The fund shall consist of the investment 830
earnings of the wildlife habitat trust fund created in section 831
1531.32 of the Revised Code; gifts, donations, bequests, and other 832
moneys contributed to the division of wildlife for the purposes of 833
the fund; moneys collected under division (H) of section 1531.06 834
of the Revised Code; moneys deposited in the fund under division 835
(G)(2)(b) of section 1509.73 of the Revised Code; and moneys 836
received by the division pursuant to negotiated mitigation 837
settlements from persons who have adversely affected fish and 838
wildlife, or their habitats, over which the division has 839
jurisdiction under this chapter or Chapter 1533. of the Revised 840
Code other than fish and wildlife of the Ohio river or their 841
habitats. 842

The fund shall be used by the division to acquire and develop 843
lands for the preservation, propagation, and protection of wild 844
animals. All expenditures from the wildlife habitat fund shall be 845
approved by the director of natural resources. Quarterly each 846
fiscal year, the treasurer of state shall transfer the investment 847
earnings of the wildlife habitat trust fund to the wildlife 848

habitat fund. 849

Sec. 1541.26. There is hereby created the parks mineral 850
royalties fund, which shall be in the custody of the treasurer of 851
state and shall not be a part of the state treasury. The fund 852
shall consist of money deposited into it under section 1509.73 of 853
the Revised Code. Any investment proceeds earned on money in the 854
fund shall be credited to the fund. 855

Money in the fund shall be used by the division of parks and 856
recreation to acquire land and to pay capital costs, including 857
equipment and repairs and renovations of facilities, that are 858
owned by the state and administered by the division. Expenditures 859
from the fund shall be approved by the director of natural 860
resources. 861

Sec. 3345.181. (A) The board of trustees of a state 862
university, by majority vote, may make, execute, and deliver 863
contracts or leases to mine minerals upon lands under the 864
supervision of ~~such~~ the board, to any person or public entity that 865
complies with the terms prescribed by the board. Such contracts or 866
leases shall not operate as a conveyance of the fee to any part of 867
the realty. 868

~~(B) A board, by majority vote, may make expenditures and may 869~~
~~enter into contracts with any person or public entity for the 870~~
~~purposes of investigating, exploring, prospecting, or drilling for 871~~
~~petroleum and gas and the constituent components and mineral 872~~
~~by-products thereof upon lands under the supervision of such 873~~
~~board, and for the purposes of extracting, producing, selling, 874~~
~~using, or transporting such petroleum, gas, components, and 875~~
~~by-products. 876~~

~~(C) The board may use the proceeds derived from its actions 877~~
~~under division (A) or (B) of this section for the furthering of 878~~

any of the purposes of the university. 879

Section 2. That existing sections 123.01, 1531.06, 1531.33, 880
and 3345.181 and sections 5119.40, 5120.12, and 5123.23 of the 881
Revised Code are hereby repealed. 882

Section 3. A lease entered into under division (B) of section 883
3345.181 or section 123.01, 1531.06, 5119.40, 5120.12, or 5123.23 884
of the Revised Code as those sections existed prior to their 885
amendment or repeal by this act shall remain in effect until the 886
term of the lease expires as provided in the lease. 887

Section 4. Section 123.01 of the Revised Code is presented in 888
this act as a composite of the section as amended by both Am. Sub. 889
H.B. 1 and Sub. S.B. 79 of the 128th General Assembly. The General 890
Assembly, applying the principle stated in division (B) of section 891
1.52 of the Revised Code that amendments are to be harmonized if 892
reasonably capable of simultaneous operation, finds that the 893
composite is the resulting version of the section in effect prior 894
to the effective date of the section as presented in this act. 895