

**As Reported by the Senate Agriculture, Environment and Natural
Resources Committee**

129th General Assembly

Regular Session

2011-2012

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
Senators Faber, Schaffer**

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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, 1509.78, and 1541.26,	4
and to repeal sections 5119.40, 5120.12, and	5
5123.23 of the Revised Code to create the Oil and	6
Gas Leasing Commission, to establish a procedure	7
for leasing land owned or under the control of	8
state agencies for oil and gas production in order	9
to provide funding for capital costs for the	10
agencies, and to exclude nature preserves from	11
drilling.	12

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

Section 1. That sections 123.01, 1531.06, 1531.33, and	13
3345.181 be amended and sections 131.50, 1503.012, 1509.70,	14

1509.71, 1509.72, 1509.73, 1509.74, 1509.75, 1509.76, 1509.77, 15
1509.78, and 1541.26 of the Revised Code be enacted to read as 16
follows: 17

Sec. 123.01. (A) The department of administrative services, 18
in addition to those powers enumerated in Chapters 124. and 125. 19
of the Revised Code and provided elsewhere by law, shall exercise 20
the following powers: 21

(1) To prepare, or contract to be prepared, by licensed 22
engineers or architects, surveys, general and detailed plans, 23
specifications, bills of materials, and estimates of cost for any 24
projects, improvements, or public buildings to be constructed by 25
state agencies that may be authorized by legislative 26
appropriations or any other funds made available therefor, 27
provided that the construction of the projects, improvements, or 28
public buildings is a statutory duty of the department. This 29
section does not require the independent employment of an 30
architect or engineer as provided by section 153.01 of the Revised 31
Code in the cases to which that section applies nor affect or 32
alter the existing powers of the director of transportation. 33

(2) To have general supervision over the construction of any 34
projects, improvements, or public buildings constructed for a 35
state agency and over the inspection of materials previous to 36
their incorporation into those projects, improvements, or 37
buildings; 38

(3) To make contracts for and supervise the construction of 39
any projects and improvements or the construction and repair of 40
buildings under the control of a state agency, except contracts 41
for the repair of buildings under the management and control of 42
the departments of public safety, job and family services, mental 43
health, developmental disabilities, rehabilitation and correction, 44
and youth services, the bureau of workers' compensation, the 45

rehabilitation services commission, and boards of trustees of 46
educational and benevolent institutions and except contracts for 47
the construction of projects that do not require the issuance of a 48
building permit or the issuance of a certificate of occupancy and 49
that are necessary to remediate conditions at a hazardous waste 50
facility, solid waste facility, or other location at which the 51
director of environmental protection has reason to believe there 52
is a substantial threat to public health or safety or the 53
environment. These contracts shall be made and entered into by the 54
directors of public safety, job and family services, mental 55
health, developmental disabilities, rehabilitation and correction, 56
and youth services, the administrator of workers' compensation, 57
the rehabilitation services commission, the boards of trustees of 58
such institutions, and the director of environmental protection, 59
respectively. All such contracts may be in whole or in part on 60
unit price basis of maximum estimated cost, with payment computed 61
and made upon actual quantities or units. 62

(4) To prepare and suggest comprehensive plans for the 63
development of grounds and buildings under the control of a state 64
agency; 65

(5) To acquire, by purchase, gift, devise, lease, or grant, 66
all real estate required by a state agency, in the exercise of 67
which power the department may exercise the power of eminent 68
domain, in the manner provided by sections 163.01 to 163.22 of the 69
Revised Code; 70

(6) To make and provide all plans, specifications, and models 71
for the construction and perfection of all systems of sewerage, 72
drainage, and plumbing for the state in connection with buildings 73
and grounds under the control of a state agency; 74

(7) To erect, supervise, and maintain all public monuments 75
and memorials erected by the state, except where the supervision 76
and maintenance is otherwise provided by law; 77

(8) To procure, by lease, storage accommodations for a state	78
agency;	79
(9) To lease or grant easements or licenses for unproductive	80
and unused lands or other property under the control of a state	81
agency. Such leases, easements, or licenses shall be granted for a	82
period not to exceed fifteen years and shall be executed for the	83
state by the director of administrative services and the governor	84
and shall be approved as to form by the attorney general, provided	85
that leases, easements, or licenses may be granted to any county,	86
township, municipal corporation, port authority, water or sewer	87
district, school district, library district, health district, park	88
district, soil and water conservation district, conservancy	89
district, or other political subdivision or taxing district, or	90
any agency of the United States government, for the exclusive use	91
of that agency, political subdivision, or taxing district, without	92
any right of sublease or assignment, for a period not to exceed	93
fifteen years, and provided that the director shall grant leases,	94
easements, or licenses of university land for periods not to	95
exceed twenty-five years for purposes approved by the respective	96
university's board of trustees wherein the uses are compatible	97
with the uses and needs of the university and may grant leases of	98
university land for periods not to exceed forty years for purposes	99
approved by the respective university's board of trustees pursuant	100
to section 123.77 of the Revised Code.	101
(10) To lease space for the use of a state agency;	102
(11) To have general supervision and care of the storerooms,	103
offices, and buildings leased for the use of a state agency;	104
(12) To exercise general custodial care of all real property	105
of the state;	106
(13) To assign and group together state offices in any city	107
in the state and to establish, in cooperation with the state	108

agencies involved, rules governing space requirements for office 109
or storage use; 110

(14) To lease for a period not to exceed forty years, 111
pursuant to a contract providing for the construction thereof 112
under a lease-purchase plan, buildings, structures, and other 113
improvements for any public purpose, and, in conjunction 114
therewith, to grant leases, easements, or licenses for lands under 115
the control of a state agency for a period not to exceed forty 116
years. The lease-purchase plan shall provide that at the end of 117
the lease period, the buildings, structures, and related 118
improvements, together with the land on which they are situated, 119
shall become the property of the state without cost. 120

(a) Whenever any building, structure, or other improvement is 121
to be so leased by a state agency, the department shall retain 122
either basic plans, specifications, bills of materials, and 123
estimates of cost with sufficient detail to afford bidders all 124
needed information or, alternatively, all of the following plans, 125
details, bills of materials, and specifications: 126

(i) Full and accurate plans suitable for the use of mechanics 127
and other builders in the improvement; 128

(ii) Details to scale and full sized, so drawn and 129
represented as to be easily understood; 130

(iii) Accurate bills showing the exact quantity of different 131
kinds of material necessary to the construction; 132

(iv) Definite and complete specifications of the work to be 133
performed, together with such directions as will enable a 134
competent mechanic or other builder to carry them out and afford 135
bidders all needed information; 136

(v) A full and accurate estimate of each item of expense and 137
of the aggregate cost thereof. 138

(b) The department shall give public notice, in such 139
newspaper, in such form, and with such phraseology as the director 140
of administrative services prescribes, published once each week 141
for four consecutive weeks, of the time when and place where bids 142
will be received for entering into an agreement to lease to a 143
state agency a building, structure, or other improvement. The last 144
publication shall be at least eight days preceding the day for 145
opening the bids. The bids shall contain the terms upon which the 146
builder would propose to lease the building, structure, or other 147
improvement to the state agency. The form of the bid approved by 148
the department shall be used, and a bid is invalid and shall not 149
be considered unless that form is used without change, alteration, 150
or addition. Before submitting bids pursuant to this section, any 151
builder shall comply with Chapter 153. of the Revised Code. 152

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

bureau and the secretary of state have made the certifications 172
required by this section of the builder who has submitted the 173
lowest and best bid. Within ten days of the completion of the 174
investigation of the bids, the department shall award the lease 175
agreement to the builder who has submitted the lowest and best bid 176
and who has been certified by the bureau and secretary of state as 177
required by this section. If bidding for the lease agreement has 178
been conducted upon the basis of basic plans, specifications, 179
bills of materials, and estimates of costs, upon the award to the 180
builder the department, or the builder with the approval of the 181
department, shall appoint an architect or engineer licensed in 182
this state to prepare such further detailed plans, specifications, 183
and bills of materials as are required to construct the building, 184
structure, or improvement. The department shall adopt such rules 185
as are necessary to give effect to this section. The department 186
may reject any bid. Where there is reason to believe there is 187
collusion or combination among bidders, the bids of those 188
concerned therein shall be rejected. 189

(15) To acquire by purchase, gift, devise, or grant and to 190
transfer, lease, or otherwise dispose of all real property 191
required to assist in the development of a conversion facility as 192
defined in section 5709.30 of the Revised Code as that section 193
existed before its repeal by Amended Substitute House Bill 95 of 194
the 125th general assembly; 195

(16) To lease for a period not to exceed forty years, 196
notwithstanding any other division of this section, the 197
state-owned property located at 408-450 East Town Street, 198
Columbus, Ohio, formerly the state school for the deaf, to a 199
developer in accordance with this section. "Developer," as used in 200
this section, has the same meaning as in section 123.77 of the 201
Revised Code. 202

Such a lease shall be for the purpose of development of the 203

land for use by senior citizens by constructing, altering, 204
renovating, repairing, expanding, and improving the site as it 205
existed on June 25, 1982. A developer desiring to lease the land 206
shall prepare for submission to the department a plan for 207
development. Plans shall include provisions for roads, sewers, 208
water lines, waste disposal, water supply, and similar matters to 209
meet the requirements of state and local laws. The plans shall 210
also include provision for protection of the property by insurance 211
or otherwise, and plans for financing the development, and shall 212
set forth details of the developer's financial responsibility. 213

The department may employ, as employees or consultants, 214
persons needed to assist in reviewing the development plans. Those 215
persons may include attorneys, financial experts, engineers, and 216
other necessary experts. The department shall review the 217
development plans and may enter into a lease if it finds all of 218
the following: 219

(a) The best interests of the state will be promoted by 220
entering into a lease with the developer; 221

(b) The development plans are satisfactory; 222

(c) The developer has established the developer's financial 223
responsibility and satisfactory plans for financing the 224
development. 225

The lease shall contain a provision that construction or 226
renovation of the buildings, roads, structures, and other 227
necessary facilities shall begin within one year after the date of 228
the lease and shall proceed according to a schedule agreed to 229
between the department and the developer or the lease will be 230
terminated. The lease shall contain such conditions and 231
stipulations as the director considers necessary to preserve the 232
best interest of the state. Moneys received by the state pursuant 233
to this lease shall be paid into the general revenue fund. The 234

lease shall provide that at the end of the lease period the 235
buildings, structures, and related improvements shall become the 236
property of the state without cost. 237

~~(17) To lease to any person any tract of land owned by the 238
state and under the control of the department, or any part of such 239
a tract, for the purpose of drilling for or the pooling of oil or 240
gas. Such a lease shall be granted for a period not exceeding 241
forty years, with the full power to contract for, determine the 242
conditions governing, and specify the amount the state shall 243
receive for the purposes specified in the lease, and shall be 244
prepared as in other cases. 245~~

~~(18)~~ To manage the use of space owned and controlled by the 246
department, including space in property under the jurisdiction of 247
the Ohio building authority, by doing all of the following: 248

(a) Biennially implementing, by state agency location, a 249
census of agency employees assigned space; 250

(b) Periodically in the discretion of the director of 251
administrative services: 252

(i) Requiring each state agency to categorize the use of 253
space allotted to the agency between office space, common areas, 254
storage space, and other uses, and to report its findings to the 255
department; 256

(ii) Creating and updating a master space utilization plan 257
for all space allotted to state agencies. The plan shall 258
incorporate space utilization metrics. 259

(iii) Conducting a cost-benefit analysis to determine the 260
effectiveness of state-owned buildings; 261

(iv) Assessing the alternatives associated with consolidating 262
the commercial leases for buildings located in Columbus. 263

(c) Commissioning a comprehensive space utilization and 264

capacity study in order to determine the feasibility of 265
consolidating existing commercially leased space used by state 266
agencies into a new state-owned facility. 267

(B) This section and section 125.02 of the Revised Code shall 268
not interfere with any of the following: 269

(1) The power of the adjutant general to purchase military 270
supplies, or with the custody of the adjutant general of property 271
leased, purchased, or constructed by the state and used for 272
military purposes, or with the functions of the adjutant general 273
as director of state armories; 274

(2) The power of the director of transportation in acquiring 275
rights-of-way for the state highway system, or the leasing of 276
lands for division or resident district offices, or the leasing of 277
lands or buildings required in the maintenance operations of the 278
department of transportation, or the purchase of real property for 279
garage sites or division or resident district offices, or in 280
preparing plans and specifications for and constructing such 281
buildings as the director may require in the administration of the 282
department; 283

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

or leased by the patrol, and to make or cause to be made repairs 297
to all property owned or under the control of the patrol; 298

(4) The power of the division of liquor control in the 299
leasing or purchasing of retail outlets and warehouse facilities 300
for the use of the division; 301

(5) The power of the director of development to enter into 302
leases of real property, buildings, and office space to be used 303
solely as locations for the state's foreign offices to carry out 304
the purposes of section 122.05 of the Revised Code; 305

(6) The power of the director of environmental protection to 306
enter into environmental covenants, to grant and accept easements, 307
or to sell property pursuant to division (G) of section 3745.01 of 308
the Revised Code. 309

(C) Purchases for, and the custody and repair of, buildings 310
under the management and control of the capitol square review and 311
advisory board, the rehabilitation services commission, the bureau 312
of workers' compensation, or the departments of public safety, job 313
and family services, mental health, developmental disabilities, 314
and rehabilitation and correction, and buildings of educational 315
and benevolent institutions under the management and control of 316
boards of trustees, are not subject to the control and 317
jurisdiction of the department of administrative services. 318

(D) Any instrument by which real property is acquired 319
pursuant to this section shall identify the agency of the state 320
that has the use and benefit of the real property as specified in 321
section 5301.012 of the Revised Code. 322

Sec. 131.50. (A) There is hereby created in the state 323
treasury the state land royalty fund consisting of money credited 324
to it under section 1509.73 of the Revised Code. Any investment 325
proceeds earned on money in the fund shall be credited to the fund 326

and used as required in division (B) of this section. 327

(B) Money in the state land royalty fund shall be used by 328
state agencies to acquire land and to pay capital costs of state 329
agencies, including equipment and renovations and repairs of 330
facilities, that have contributed to the fund under section 331
1509.73 of the Revised Code. Such a state agency is entitled to 332
receive from the fund the amount that the state agency contributed 333
and a share of the investment earnings of the fund in an amount 334
that is equivalent to the proportionate share of contributions 335
made by the state agency to the fund. 336

(C) 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 in the state treasury 339
the forestry mineral royalties fund. The fund shall consist of 340
money deposited into it under section 1509.73 of the Revised Code. 341
Any investment proceeds earned on money in the fund shall be 342
credited to the fund. 343

Money in the fund shall be used by the division of forestry 344
to acquire land and to pay capital costs, including equipment and 345
repairs and renovations of facilities, that are owned by the state 346
and administered by the division. Expenditures from the fund shall 347
be approved by the director of natural resources. 348

Sec. 1509.70. As used in sections 1509.70 to 1509.77 of the 349
Revised Code: 350

(A) "Class 1 property" means property owned or controlled by 351
a state agency concerning which there are no encumbrances or deed 352
restrictions that limit the exploration or drilling for oil or gas 353
on the property. 354

(B) "Class 2 property" means property that is owned or 355

controlled by a state university or college or that is owned or 356
controlled by another state agency concerning which there is a 357
federal encumbrance or monetary interest that limits or prohibits 358
the exploration or drilling for oil or gas on the property. 359

(C) "Class 3 property" means property owned or controlled by 360
a state agency to which all of the following apply: 361

(1) The property is not a class 2 or class 4 property. 362

(2) The property is of insufficient size or shape to meet the 363
requirements for drilling a well on the property established under 364
section 1509.24 or 1509.25 of the Revised Code. 365

(3) The property is necessary for pooling with other parcels 366
of property for the purpose of forming a drilling unit in order to 367
meet the requirements for drilling a well established under 368
section 1509.24 or 1509.25 of the Revised Code. 369

(D) "Class 4 property" means property owned or controlled by 370
a state agency concerning which there is a provision in the deed 371
that limits the exploration or drilling for oil or gas on the 372
property. 373

(E) "Formation" means any of the following: 374

(1) The distance from the surface of the land to the top of 375
the Onondaga limestone; 376

(2) The distance from the top of the Onondaga limestone to 377
the bottom of the Queenston formation; 378

(3) The distance from the bottom of the Queenston formation 379
to the top of the Trenton limestone; 380

(4) The distance from the top of the Trenton limestone to the 381
top of the Knox formation; 382

(5) The distance from the top of the Knox formation to the 383
basement rock. 384

(F) "State agency" means both of the following: 385

(1) "State agency" as defined in section 1.60 of the Revised 386
Code; 387

(2) "State university or college" as defined in section 388
3345.12 of the Revised Code. 389

Sec. 1509.71. (A) It is the policy of the state to provide 390
access to and support the exploration for, development of, and 391
production of oil and natural gas resources owned or controlled by 392
the state in an effort to use the state's natural resources 393
responsibly. 394

(B) There is hereby created the oil and gas leasing 395
commission consisting of the chief of the division of geological 396
survey and the following four members appointed by the governor: 397

(1) Two members from a list of not less than four persons 398
recommended by a statewide organization representing the oil and 399
gas industry; 400

(2) One member of the public with expertise in finance or 401
real estate; 402

(3) One member representing a statewide environmental or 403
conservation organization. 404

(C) Initial appointments shall be made to the commission not 405
later than thirty days after the effective date of this section. 406
Of the initial members appointed to the commission, one shall 407
serve a term of two years, one shall serve a term of three years, 408
one shall serve a term of four years, and one shall serve a term 409
of five years. Thereafter, terms of office of members shall be for 410
five years from the date of appointment. Each member appointed by 411
the governor shall hold office from the date of appointment until 412
the end of the term for which the member was appointed. The 413
governor shall fill a vacancy occurring on the commission by 414

appointing a member within sixty days after the vacancy occurs. A 415
member appointed to fill a vacancy occurring prior to the 416
expiration of the term for which the member's predecessor was 417
appointed shall hold office for the remainder of that term. A 418
member shall continue in office subsequent to the expiration date 419
of the member's term until the member's successor takes office, or 420
until a period of sixty days has elapsed, whichever occurs first. 421

(D) Three members constitute a quorum of the commission, and 422
no action of the commission is valid unless it has the concurrence 423
of at least three members. The commission shall keep a record of 424
its proceedings. The chief of the division of geological survey 425
shall serve as the chairperson of the commission. 426

(E) The governor may remove an appointed member from the 427
commission for inefficiency, malfeasance, misfeasance, or 428
nonfeasance. 429

(F) Members of the commission shall receive no compensation, 430
but shall be reimbursed for their actual and necessary expenses 431
incurred in the course of the performance of their duties as 432
members of the commission. 433

(G) The department of natural resources shall furnish 434
clerical, technical, legal, and other services required by the 435
commission in the performance of its duties. 436

Sec. 1509.72. (A) A state agency shall submit to the oil and 437
gas leasing commission an inventory of each parcel of land that is 438
owned or controlled by the agency. The inventory shall classify 439
each parcel as a class 1, class 2, class 3, or class 4 property. 440
The commission may request a state agency to submit documentation 441
supporting the classification of each parcel of land. 442

(B) Not later than ninety days after the acquisition of a 443
parcel of state land occurring after the effective date of this 444

section, the state agency that owns or controls the parcel shall 445
classify the parcel in the same manner that parcels are classified 446
under division (A) of this section. 447

(C) The department of natural resources shall post on the 448
department's web site a listing of each parcel of state land and 449
the classification assigned to the parcel under this section. The 450
commission shall provide to the department the information 451
necessary for the department to comply with this division. 452

(D) Not later than two hundred seventy days after the 453
effective date of this section, the director of natural resources 454
shall adopt rules in accordance with Chapter 119. of the Revised 455
Code establishing procedures and requirements for publishing 456
notice on the department's web site of each nomination received by 457
the commission under section 1509.73 of the Revised Code for a 458
period of not less than twenty-one days prior to the commission's 459
approval or disapproval of each nomination. The notification shall 460
identify the parcel of land that is the subject of a nomination 461
and include a statement that a person may submit comments to the 462
commission concerning the nomination. The commission shall provide 463
to the department the information necessary for the department to 464
comply with this division. 465

Sec. 1509.73. (A)(1) Beginning on the effective date of this 466
section and ending on the effective date of the rules adopted 467
under section 1509.74 of the Revised Code, a state agency, in 468
consultation with the oil and gas leasing commission, may lease a 469
formation within a parcel of land that is owned or controlled by 470
the state agency for the exploration for and development and 471
production of oil or natural gas. The state agency shall establish 472
bid fees, signing fees, rentals, and at least a one-eighth 473
landowner royalty. On and after the effective date of the rules 474
adopted under section 1509.74 of the Revised Code, a formation 475

within a parcel of land that is owned or controlled by a state 476
agency may be leased for the exploration for and development and 477
production of oil or natural gas only in accordance with divisions 478
(A)(2) to (H) of this section and those rules. 479

(2) Not earlier than two hundred seventy days after the 480
effective date of this section, a person that is an owner and that 481
is interested in leasing a formation within a parcel of land that 482
is owned or controlled by a state agency for the exploration for 483
and the development and production of oil or natural gas may 484
submit to the oil and gas leasing commission a nomination that 485
identifies the parcel of land. A person submitting a nomination 486
shall submit it in the manner and form established in rules 487
adopted under section 1509.74 of the Revised Code and shall 488
include with the nomination both of the following: 489

(a) The information required by those rules; 490

(b) The nomination fee established in those rules. 491

(B)(1) In the calendar quarter following the receipt of a 492
nomination of a parcel of land, the commission shall conduct a 493
meeting for the purpose of determining whether to enter into a 494
lease for a formation within the parcel of land that is identified 495
in the nomination. The commission also shall review the nomination 496
of the parcel of land and determine if the parcel of land has been 497
classified under section 1509.72 of the Revised Code. If the 498
parcel of land that is the subject of the nomination has not been 499
classified, the commission immediately shall send a copy of the 500
nomination to the state agency that owns or controls the parcel 501
that is the subject of the nomination. Not later than fifteen days 502
after receipt of a copy of the nomination, the state agency shall 503
classify the parcel of land as a class 1, class 2, class 3, or 504
class 4 property and submit the classification to the commission. 505
On receipt of the state agency's classification of the parcel of 506

land, the commission shall provide the department of natural 507
resources the information necessary for the department to comply 508
with divisions (C) and (D) of section 1509.72 of the Revised Code. 509

After a parcel of land that is the subject of a nomination 510
has been classified under section 1509.72 of the Revised Code or 511
division (B)(1) of this section, as applicable, the commission 512
shall approve or disapprove the nomination. In making its decision 513
to approve or disapprove the nomination of the parcel of land, the 514
commission shall consider all of the following: 515

(a) The economic benefits, including the potential income 516
from an oil or natural gas operation, that would result if the 517
lease of a formation that is the subject of the nomination were 518
approved; 519

(b) Whether the proposed oil or gas operation is compatible 520
with the current uses of the parcel of land that is the subject of 521
the nomination; 522

(c) The environmental impact that would result if the lease 523
of a formation that is the subject of the nomination were 524
approved; 525

(d) Any potential adverse geological impact that would result 526
if the lease of a formation that is the subject of the nomination 527
were approved; 528

(e) Any potential impact to visitors or users of a parcel of 529
land that is the subject of the nomination; 530

(f) Any potential impact to the operations or equipment of a 531
state agency that is a state university or college if the lease of 532
a formation within a parcel of land owned or controlled by the 533
university or college that is the subject of the nomination were 534
executed; 535

(g) Any objections to the nomination submitted to the 536

commission by the state agency that owns or controls the land on 537
which the proposed oil or natural gas operation would take place; 538

(h) Any comments or objections to the nomination submitted to 539
the commission by residents of this state or other users of the 540
parcel of land that is the subject of the nomination; 541

(i) Any other factors that the commission establishes in 542
rules adopted under section 1509.74 of the Revised Code. 543

(2) The commission shall deny a nomination of a parcel of 544
land that is a class 3 property. The commission shall send notice 545
of the denial by certified mail to the person that submitted the 546
nomination. 547

(3) Prior to making its decision to approve or disapprove a 548
nomination, the commission shall notify the state agency that owns 549
or controls the land on which the oil or gas operation would take 550
place. 551

(4) The commission shall approve or deny a nomination not 552
later than two calendar quarters following the receipt of the 553
nomination. Notice of the decision of the commission shall be sent 554
by certified mail to the person that submitted the nomination. 555

(5) If the commission approves a nomination, the commission 556
shall notify the state agency that owns or controls the parcel of 557
land that is the subject of a nomination of the commission's 558
approval of the nomination. The notification shall request the 559
state agency to submit to the commission special terms and 560
conditions that will apply to the lease of a formation within the 561
parcel of land because of specific conditions related to the 562
parcel of land. The state agency shall submit the special terms 563
and conditions not later than sixty days after receipt of a notice 564
from the commission. 565

(6) If the commission approves a nomination for a parcel of 566
land that is a class 1 property, the commission shall offer for 567

lease each formation that is within the parcel of land. If the 568
commission approves a nomination for a parcel of land that is a 569
class 2 or class 4 property, the commission shall not offer for 570
lease any formation that is within the parcel of land unless the 571
state agency that owns or controls the parcel of land notifies the 572
commission that a formation or formations that are within the 573
parcel of land may be offered for lease. 574

(C) Each calendar quarter, the commission shall proceed to 575
advertise for bids for a lease for a formation within a parcel of 576
land that was the subject of a nomination approved during the 577
previous calendar quarter that is a class 1 property or that is a 578
class 2 or class 4 property for which the commission has received 579
notice from the state agency that owns or controls the parcel of 580
land under division (B)(6) of this section that a formation or 581
formations that are within the parcel of land may be offered for 582
lease. The advertisement shall be provided to the department of 583
natural resources, and the department shall publish the 584
advertisement on its web site for a period of time established by 585
the commission. The advertisement shall include all of the 586
following: 587

(1) The procedure for the submission of a bid to enter into a 588
lease for a formation within a parcel of land; 589

(2) A statement that a standard lease form that is consistent 590
with the practices of the oil and natural gas industries will be 591
used for the lease of a formation within the parcel of land; 592

(3) A copy of the standard lease form that will be used for 593
the lease of a formation within the parcel of land; 594

(4) Special terms and conditions, if applicable, that apply 595
to the lease because of specific conditions related to the parcel 596
of land; 597

(5) The amount of the bid fee that is required to be 598

submitted with a bid; 599

(6) Any other information that the commission considers 600
pertinent to the advertisement for bids. 601

(D) A person submitting a bid to enter into a lease under 602
this section shall pay a bid fee established in rules adopted 603
under section 1509.74 of the Revised Code. 604

(E) In order to encourage the submission of bids and the 605
responsible and reasonable development of the state's natural 606
resources, the information that is contained in a bid submitted to 607
the commission under this section shall be confidential and shall 608
not be disclosed before a person is selected under division (F) of 609
this section unless the commission determines otherwise. 610

(F) The commission shall establish a deadline for the 611
submission of bids for each lease regarding a particular parcel of 612
land and shall notify the department of the deadline. The 613
department shall post the deadline for the submission of bids for 614
each lease on the department's web site. A person shall submit a 615
bid in accordance with the procedures and requirements established 616
by the commission in rules adopted under section 1509.74 of the 617
Revised Code. 618

The commission shall select the person who submits the 619
highest and best bid for each formation within that parcel of 620
land, taking into account the financial responsibility of the 621
prospective lessee and the ability of the prospective lessee to 622
perform its obligations under the lease. After the commission 623
selects a person, the commission shall notify the applicable state 624
agency and send the person's bid to the agency. The state agency 625
shall enter into a lease with the person selected by the 626
commission. 627

(G)(1) Except as otherwise provided in division (G)(2) of 628
this section, all money received by a state agency from signing 629

fees, rentals, and royalty payments for leases entered into under 630
this section shall be paid by the state agency into the state 631
treasury to the credit of the state land royalty fund created in 632
section 131.50 of the Revised Code. 633

(2) Money received by a state agency from signing fees, 634
rentals, and royalty payments for leases entered into under this 635
section on land owned or controlled by the division of forestry, 636
wildlife, or parks and recreation in the department of natural 637
resources shall be deposited into one of the following funds, as 638
applicable: 639

(a) The forestry mineral royalties fund created in section 640
1503.012 of the Revised Code if the lease pertains to land owned 641
or controlled by the division of forestry; 642

(b) The wildlife habitat fund created in section 1531.33 of 643
the Revised Code if the lease pertains to land owned or controlled 644
by the division of wildlife; 645

(c) The parks mineral royalties fund created in section 646
1541.26 of the Revised Code if the lease pertains to land owned or 647
controlled by the division of parks and recreation. 648

(H) All money received from nomination fees and bid fees 649
shall be paid into the state treasury to the credit of the oil and 650
gas leasing commission administration fund created in section 651
1509.75 of the Revised Code. 652

(I) Notwithstanding any other provision of this section to 653
the contrary, a nature preserve as defined in section 1517.01 of 654
the Revised Code that is owned or controlled by a state agency 655
shall not be nominated or leased under this section for the 656
purpose of exploring for and developing and producing oil and 657
natural gas resources. 658

Sec. 1509.74. Not later than two hundred seventy days after 659

the effective date of this section, the oil and gas leasing 660
commission shall adopt rules in accordance with Chapter 119. of 661
the Revised Code establishing all of the following: 662

(A) The form of and the information to be included in 663
nominations that are submitted under section 1509.73 of the 664
Revised Code; 665

(B) Procedures for the submission of nominations to the 666
commission and the amount of nomination fees to be charged. The 667
rules shall require that if a person who has paid a nomination fee 668
does not enter into a lease regarding the parcel of land that the 669
person nominated, the fee shall be refunded to the person, and, if 670
applicable, the person that enters into the lease shall pay the 671
nomination fee. In addition, the rules shall provide that a state 672
agency is exempt from nomination fees and that a person who enters 673
into a lease regarding a parcel of land nominated by a state 674
agency shall pay the nomination fee. 675

(C) Factors that the commission may consider when determining 676
whether to approve or disapprove a nomination submitted under 677
section 1509.73 of the Revised Code; 678

(D) Procedures and requirements for the submission of bids 679
for a lease under section 1509.73 of the Revised Code; 680

(E) The amount of bid fees to be charged for the submission 681
of bids to enter into leases under section 1509.73 of the Revised 682
Code; 683

(F) A standard lease form that is consistent with the 684
practices of the oil and natural gas industries and that contains 685
at least a one-eighth landowner royalty, which standard lease form 686
shall be used by a state agency for leases entered into under 687
section 1509.73 of the Revised Code; 688

(G) Any other procedures and requirements that the commission 689
determines necessary to implement sections 1509.70 to 1509.77 of 690

the Revised Code. 691

Sec. 1509.75. There is hereby created in the state treasury 692
the oil and gas leasing commission administration fund consisting 693
of the proceeds of nomination fees and bid fees credited to it 694
under section 1509.73 of the Revised Code. Money in the fund shall 695
be used by the oil and gas leasing commission and the department 696
of natural resources to pay the administrative expenses of the 697
commission and the department regarding the implementation of 698
sections 1509.70 to 1509.77 of the Revised Code. Money in the fund 699
also shall be used to pay the actual and necessary expenses 700
incurred by members of the commission in the course of the 701
performance of their duties. 702

Sec. 1509.76. A state agency that has classified a parcel of 703
land as a class 2 property under section 1509.72 or 1509.73 of the 704
Revised Code shall make reasonable and appropriate efforts so that 705
the parcel of land could be classified as a class 1 property. 706

Sec. 1509.77. A state agency that owns or controls a parcel 707
of land that is a class 3 property for which a nomination for that 708
land has been denied under section 1509.73 of the Revised Code may 709
enter into written agreements to use that parcel of land to form a 710
drilling unit that conforms to the minimum acreage and distance 711
requirements established under section 1509.24 or 1509.25 of the 712
Revised Code. 713

Sec. 1509.78. Notwithstanding any other provision of the 714
Revised Code, not less than thirty per cent of the proceeds from a 715
lease executed on and after the effective date of this section for 716
the exploration and production of oil or gas within or under a 717
state park established under Chapter 1541. of the Revised Code 718
shall be credited to the applicable fund created in the state 719

treasury that supports the state park. The department of natural 720
resources shall use the money credited to the applicable fund from 721
a lease for expenses associated with the state park within or 722
under which the oil or gas exploration and production occurred. 723
Money credited shall be used for capital improvements. 724

Sec. 1531.06. (A) The chief of the division of wildlife, with 725
the approval of the director of natural resources, may acquire by 726
gift, lease, purchase, or otherwise lands or surface rights upon 727
lands and waters or surface rights upon waters for wild animals, 728
fish or game management, preservation, propagation, and 729
protection, outdoor and nature activities, public fishing and 730
hunting grounds, and flora and fauna preservation. The chief, with 731
the approval of the director, may receive by grant, devise, 732
bequest, donation, or assignment evidences of indebtedness, the 733
proceeds of which are to be used for the purchase of such lands or 734
surface rights upon lands and waters or surface rights upon 735
waters. 736

(B)(1) The chief shall adopt rules for the protection of 737
state-owned or leased lands and waters and property under the 738
control of the division of wildlife against wrongful use or 739
occupancy that will ensure the carrying out of the intent of this 740
section, protect those lands, waters, and property from 741
depredations, and preserve them from molestation, spoilation, 742
destruction, or any improper use or occupancy thereof, including 743
rules with respect to recreational activities and for the 744
government and use of such lands, waters, and property. 745

(2) The chief may adopt rules benefiting wild animals, fish 746
or game management, preservation, propagation, and protection, 747
outdoor and nature activities, public fishing and hunting grounds, 748
and flora and fauna preservation, and regulating the taking and 749
possession of wild animals on any lands or waters owned or leased 750

or under the division's supervision and control and, for a 751
specified period of years, may prohibit or recall the taking and 752
possession of any wild animal on any portion of such lands or 753
waters. The division clearly shall define and mark the boundaries 754
of the lands and waters owned or leased or under its supervision 755
and control upon which the taking of any wild animal is 756
prohibited. 757

(C) The chief, with the approval of the director, may acquire 758
by gift, lease, or purchase land for the purpose of establishing 759
state fish hatcheries and game farms and may erect on it buildings 760
or structures that are necessary. 761

The title to or lease of such lands and waters shall be taken 762
by the chief in the name of the state. The lease or purchase price 763
of all such lands and waters may be paid from hunting and trapping 764
and fishing licenses and any other funds. 765

(D) To provide more public recreation, stream and lake 766
agreements for public fishing only may be obtained under rules 767
adopted by the chief. 768

(E) The chief, with the approval of the director, may 769
establish user fees for the use of special public facilities or 770
participation in special activities on lands and waters 771
administered by the division. The special facilities and 772
activities may include hunting or fishing on special designated 773
public lands and waters intensively managed or stocked with 774
artificially propagated game birds or fish, field trial 775
facilities, wildlife nature centers, firearm ranges, boat mooring 776
facilities, camping sites, and other similar special facilities 777
and activities. The chief shall determine whether the user fees 778
are refundable and shall ensure that that information is provided 779
at the time the user fees are paid. 780

(F) The chief, with the approval of the director, may enter 781

into lease agreements for rental of concessions or other special 782
projects situated on state-owned or leased lands or waters or 783
other property under the division's control. The chief shall set 784
and collect the fees for concession rentals or other special 785
projects; regulate through contracts between the division and 786
concessionaires the sale of tangible objects at concessions or 787
other special projects; and keep a record of all such fee payments 788
showing the amount received, from whom received, and for what 789
purpose the fee was collected. 790

(G) The chief may sell or donate conservation-related items 791
or items that promote wildlife conservation, including, but not 792
limited to, stamps, pins, badges, books, bulletins, maps, 793
publications, calendars, and any other educational article or 794
artifact pertaining to wild animals; sell confiscated or forfeited 795
items; and sell surplus structures and equipment, and timber or 796
crops from lands owned, administered, leased, or controlled by the 797
division. The chief, with the approval of the director, also may 798
engage in campaigns and special events that promote wildlife 799
conservation by selling or donating wildlife-related materials, 800
memberships, and other items of promotional value. 801

(H) The chief may sell, lease, or transfer minerals or 802
mineral rights, with the approval of the director, when the chief 803
and the director determine it to be in the best interest of the 804
state. Upon approval of the director, the chief may make, execute, 805
and deliver contracts, including leases, to mine, drill, or 806
excavate iron ore, stone, coal, ~~petroleum, gas,~~ salt, and other 807
minerals, other than oil or gas, upon and under lands owned by the 808
state and administered by the division to any person who complies 809
with the terms of such a contract. No such contract shall be valid 810
for more than fifty years from its effective date. Consideration 811
for minerals and mineral rights shall be by rental or royalty 812
basis as prescribed by the chief and payable as prescribed by 813

contract. Moneys collected under this division shall be paid into 814
the state treasury to the credit of the wildlife habitat fund 815
created in section 1531.33 of the Revised Code. Contracts entered 816
into under this division also may provide for consideration for 817
minerals or mineral rights in the form of acquisition of lands as 818
provided under divisions (A) and (C) of this section. 819

(I) All moneys received under divisions (E), (F), and (G) of 820
this section shall be paid into the state treasury to the credit 821
of a fund that shall be used for the purposes outlined in section 822
1533.15 of the Revised Code and for the management of other wild 823
animals for their ecological and nonconsumptive recreational value 824
or benefit. 825

(J) The chief, with the approval of the director, may barter 826
or sell wild animals to other states, state or federal agencies, 827
and conservation or zoological organizations. Moneys received from 828
the sale of wild animals shall be deposited into the wild animal 829
fund created in section 1531.34 of the Revised Code. 830

(K) The chief shall adopt rules establishing standards and 831
guidelines for the administration of contraceptive chemicals to 832
noncaptive wild animals. The rules may specify chemical delivery 833
methods and devices and monitoring requirements. 834

The chief shall establish criteria for the issuance of and 835
shall issue permits for the administration of contraceptive 836
chemicals to noncaptive wild animals. No person shall administer 837
contraceptive chemicals to noncaptive wild animals without a 838
permit issued by the chief. 839

(L) All fees set by the chief under this section shall be 840
approved by the wildlife council. 841

(M) Information contained in the wildlife diversity database 842
that is established pursuant to division (B)(2) of this section 843
and section 1531.25 of the Revised Code may be made available to 844

any individual or public or private agency for research, 845
educational, environmental, land management, or other similar 846
purposes that are not detrimental to the conservation of a species 847
or feature. Information regarding sensitive site locations of 848
species that are listed pursuant to section 1531.25 of the Revised 849
Code and of features that are included in the wildlife diversity 850
database is not subject to section 149.43 of the Revised Code if 851
the chief determines that the release of the information could be 852
detrimental to the conservation of a species or feature. 853

Sec. 1531.33. The wildlife habitat fund is hereby created in 854
the state treasury. The fund shall consist of the investment 855
earnings of the wildlife habitat trust fund created in section 856
1531.32 of the Revised Code; gifts, donations, bequests, and other 857
moneys contributed to the division of wildlife for the purposes of 858
the fund; moneys collected under division (H) of section 1531.06 859
of the Revised Code; moneys deposited in the fund under division 860
(G)(2)(b) of section 1509.73 of the Revised Code; and moneys 861
received by the division pursuant to negotiated mitigation 862
settlements from persons who have adversely affected fish and 863
wildlife, or their habitats, over which the division has 864
jurisdiction under this chapter or Chapter 1533. of the Revised 865
Code other than fish and wildlife of the Ohio river or their 866
habitats. 867

The fund shall be used by the division to acquire and develop 868
lands for the preservation, propagation, and protection of wild 869
animals. All expenditures from the wildlife habitat fund shall be 870
approved by the director of natural resources. Quarterly each 871
fiscal year, the treasurer of state shall transfer the investment 872
earnings of the wildlife habitat trust fund to the wildlife 873
habitat fund. 874

Sec. 1541.26. There is hereby created in the state treasury 875

the parks mineral royalties fund. The fund shall consist of money 876
deposited into it under section 1509.73 of the Revised Code. Any 877
investment proceeds earned on money in the fund shall be credited 878
to the fund. 879

Money in the fund shall be used by the division of parks and 880
recreation to acquire land and to pay capital costs, including 881
equipment and repairs and renovations of facilities, that are 882
owned by the state and administered by the division. Expenditures 883
from the fund shall be approved by the director of natural 884
resources. 885

Sec. 3345.181. ~~(A)~~ The board of trustees of a state 886
university, by majority vote, may make, execute, and deliver 887
contracts or leases to mine minerals upon lands under the 888
supervision of ~~such~~ the board, to any person or public entity that 889
complies with the terms prescribed by the board. Such contracts or 890
leases shall not operate as a conveyance of the fee to any part of 891
the realty. 892

~~(B) A board, by majority vote, may make expenditures and may~~ 893
~~enter into contracts with any person or public entity for the~~ 894
~~purposes of investigating, exploring, prospecting, or drilling for~~ 895
~~petroleum and gas and the constituent components and mineral~~ 896
~~by-products thereof upon lands under the supervision of such~~ 897
~~board, and for the purposes of extracting, producing, selling,~~ 898
~~using, or transporting such petroleum, gas, components, and~~ 899
~~by-products.~~ 900

~~(C)~~ The board may use the proceeds derived from its actions 901
under ~~division (A) or (B)~~ of this section for the furthering of 902
any of the purposes of the university. 903

Section 2. That existing sections 123.01, 1531.06, 1531.33, 904
and 3345.181 and sections 5119.40, 5120.12, and 5123.23 of the 905

Revised Code are hereby repealed. 906

Section 3. A lease entered into under division (B) of section 907
3345.181 or section 123.01, 1531.06, 5119.40, 5120.12, or 5123.23 908
of the Revised Code as those sections existed prior to their 909
amendment or repeal by this act shall remain in effect until the 910
term of the lease expires as provided in the lease. 911

Section 4. Section 123.01 of the Revised Code is presented in 912
this act as a composite of the section as amended by both Am. Sub. 913
H.B. 1 and Sub. S.B. 79 of the 128th General Assembly. The General 914
Assembly, applying the principle stated in division (B) of section 915
1.52 of the Revised Code that amendments are to be harmonized if 916
reasonably capable of simultaneous operation, finds that the 917
composite is the resulting version of the section in effect prior 918
to the effective date of the section as presented in this act. 919