

The proposed changes to Ohio's Unitization Statute equate to a baby step in the right direction to provide equity among mineral owners in Ohio. The existing statute has created a utopian environment for oil and gas operators at the expense of Ohio mineral holders who are being exploited- receiving little or no value for the leasing and developemnt of their minerals rights when compared to their neighbors, who were able to obtain leases at a market rate.

The current Unitization Statute and the proposed changes provide minimal protections for mineral owners and incentivise operators to offer below market rates (for both bonus payments and future royalties, also excluding many favorable/protective lease riders) for leases on smaller tracts with the threat of "take it or leave it, if not you'll be unitized". It also encourages unfair and deceptive business practices. Operators have created entire departments/programs to manipulate the weak protections for mineral owners under the current law and this proposed legislation does little to ensure all Ohio property owners are treated equitably, have the right and benefit of equal enjoyment, and are protected under Ohio law. In order to meet these objectives and provide equity Ohio must require legislative reform on its Unitization law.

East Ohio Minerals Recovery, LLC (EOMR) was created in 2012 to assist severed mineral owners in addressing issues and protecting their mineral rights from surface owners' applications of the Ohio Dormant Mineral Act (ODMA) and Ohio Marketable Title Act (OMTA). EOMR represents clients who own approximately 10,000 net mineral acres in Ohio. Many of our clients, after forging extensive legal battles over the applications of the ODMA and OMTA, have experienced additional hardship under the Unitization Statute. Due to the legal delays many of our clients' did not receive lease proposals timely and are now threatened with a "take it or leave it, if not you'll be unitized" offer. In nearly all instances, this has resulted in offers which are not reflective of the current market and result in a reduction of as much as 80% of the bonus paid and 25% of royalties to be received when compared to market rates. This disparity, results in cost savings and benefit to only one party in equation- the operator.

We would like to see the following modifications made to Ohio's Unitization Statute:

REQUIRE A HIGHER MINIMUM UNDER LEASE- The current 65% is a minimal standard when compared to many other oil and gas producing states. A revision to require, at a minimum 85%, of the unit to be leased will provide incentive to operators to offer fair market leases and discourage unfair and deceptive business practices.

REQUIRE NO DEDUCTIONS OR GROSS ROYALTY- First and foremost the current 12.5% net or royalty after deductions provided for in the statute is simply unacceptable. That is the rate paid decades ago for shallow wells. The majority of current Ohio leases provide for a 16-20% no deductions royalty. Allowing deductions further reduces the value to the mineral holders and creates additional inequities by often unscupulous operators. The mineral owners should be protected by a statute that provides for a gross/no deductions/cost free royalty. Additionally, the

unitized mineral holders royalty should in NO instance be less than the average of the leased mineral holders in the unit.

REQUIRE BONUS PAYMENTS- The unitized mineral holders should receive a bonus payment at a per acre rate which is more than or equal to the average paid to the leased owners in the unit.

Strongly considering these items when composing a new Unitization Statute will result in greater equity and protection for Ohio mineral owners.