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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 152  
134<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 152's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Stewart and Ginter

**Local Impact Statement Procedure Required:** No

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### Highlights

- The bill requires state-owned land, except nature preserves, to be included in the unit operation of a pool for the development of oil and gas resources. State agencies that own land that is included in a unitization order may incur significant new costs and see significant new revenue as a result.
- The Division of Oil and Gas Resources Management could incur a slight uptick in administrative costs to notify interested parties of unitization hearings and to hold those hearings within specified timeframes. Administrative costs of the Division are paid from the Oil and Gas Well Fund (Fund 5180).

### Detailed Analysis

#### Overview

The bill revises the law governing unit operation for the development of oil and gas resources. Unitization is the process by which a driller seeking to develop oil or gas resources applies to the Chief of the Division of Oil and Gas Resources Management for a unit order to obtain control over all the mineral rights underlying a large area of land. Changes made by the bill (1) requiring the inclusion of state land in orders for unit operation, (2) requiring the Chief of the Division of Oil and Gas Resources Management to notify all interest holders via certified mail and publication, and (3) establishing specific timeframes by which the Chief must hold a hearing on a proposed unit operation and issue a unit order could affect revenues and expenditures of the Department of Natural Resources and other state agencies that own land. A discussion of these potential fiscal effects is provided under the heading below.

## **Unitization of state lands**

State agencies that own mineral rights to land may incur significant new costs and see significant new revenue if land owned by the agencies is included in an order for the unit operation of a pool. Under current law, the Chief is required to issue an order for the unit operation of a pool or part of a pool that encompasses a unit area for which all or a portion of the mineral rights are owned by the Department of Transportation. The bill applies this requirement to any area for which all or a portion of the mineral rights are owned by the state. The exception to this would be state nature preserves which are not subject to unitization. If state land would become part of a unit operation, the state agency which owns or controls the acreage would have the rights and responsibilities of any other member of the pool and be subject to the costs, as well as the additional income (including royalties) derived from, participating in the pool. Royalties under unitization arrangements are credited to the members of the unit in proportions equal to their percentage of land in the resource pool.

## **Unitization hearings and notices**

The Division may incur a slight uptick in administrative costs paid from the Oil and Gas Well Fund (Fund 5180) under the bill's provisions establishing a timeframe for unitization hearings and requiring the Chief to provide notice of the hearings. Specifically, the bill requires the Chief to hold a hearing between 30 and 60 days after receiving an application for unit operation of a pool, or after the Chief's own motion for unit operation of a pool. Additionally, the bill requires the Chief to provide notice of the hearing to all interest holders in a proposed unit via certified mail and by publishing notice of the hearing twice in a newspaper of general circulation in the county or counties in which the unit is proposed to be located.

## **Changes with no apparent fiscal effect**

The bill makes other changes that appear to have little or no fiscal effect. These include changes to required elements of a plan for unit operations that included in a Chief's order, revisions to how amendments to a unit order are made after it has been issued, and various changes to terms defining the parties to a unit operation and other terms related to payments and costs of a unit operation. Please see the LSC bill analysis for details.