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## Substitute Bill Comparative Synopsis

### Sub. H.B. 152

### 134<sup>th</sup> General Assembly

House Energy and Natural Resources

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This table summarizes how the latest substitute version of the bill differs from the immediately preceding version. It addresses only the topics on which the two versions differ substantively. It does not list topics on which the two bills are substantively the same.

Previous Version (As Introduced)	Latest Version (I_134_0023-3)
<b>Net proceeds and gross proceeds</b>	
Defines the term “net proceeds” for purposes of the lease option that an unleased mineral rights owner may select under the bill to mean the proceeds received on the sale of production less any and all taxes and fees levied on or as a result of the production and less any and all post-production costs incurred between the wellhead and the point of sale ( <i>R.C. 1509.28(A)(3) and (F)(9)(a)</i> ).	Instead, defines the term as “gross proceeds,” meaning the proceeds received on the sale of production of oil or gas without deduction of any post-production costs incurred between the wellhead and the point of sale, but less a proportionate share of any taxes and government fees levied on or as a result of that production ( <i>R.C. 1509.28(A)(2) and (F)(9)(a)</i> ).

Previous Version (As Introduced)	Latest Version (I_134_0023-3)
<b>Lease option and bonus payment</b>	
<p>Specifies that the lease option that an unleased mineral owner may select must include a royalty of 1/8<sup>th</sup> of the <b>net proceeds</b> received by the applicant on the sale of production at the well plus a bonus payment of <b>75%</b> of the current market rate for a bonus payment per acre within the proposed unit area at the time the unit application is made or the date of a Chief’s motion for unitization, multiplied by the net acres contributed to the unit by the unleased mineral owner’s interest (R.C. 1509.28(F)(9)(a)).</p>	<p>Similar, but does both of the following:</p> <ol style="list-style-type: none"> <li>1. Specifies that the lease option must include a royalty of 1/8<sup>th</sup> of the <b>gross proceeds</b> received by the applicant on the sale of production; and</li> <li>2. Reduces the bonus payment percentage to <b>50%</b>.</li> </ol> <p>(R.C. 1509.28(F)(9)(a).)</p>
<b>Nonconsenting party option</b>	
<p>Authorizes an unleased mineral owner to participate in the unit as a nonconsenting party under the terms of the joint operating agreement attached to the unit application, provided, however, that the nonparticipation charge applicable to the unleased mineral owner’s interest under the joint operating agreement is <b>300%</b> of the carried amounts, payable out of the unleased mineral owner’s share of production (R.C. 1509.28(F)(9)(c)).</p>	<p>Reduces the nonparticipation charge to <b>200%</b> of the carried amounts (R.C. 1509.28(F)(9)(c)).</p>
<b>Unitization of state land: nature preserves</b>	
<p>Specifies that notwithstanding Oil and Gas Leasing Commission requirements, the Chief must issue a unit order for unit operation of a pool or a part of a pool that encompasses a unit area for which all or a portion of the mineral rights are owned by the state (under current law, this provision is limited to mineral rights owned by the Department of Transportation) (R.C. 1509.28(M)).</p>	<p>Same, but specifies that nature preserves are excluded from this requirement (R.C. 1509.28(M)(1) and (2)).</p>

Previous Version (As Introduced)	Latest Version (I_134_0023-3)
<b>Protection request</b>	
<p>Allows an applicant for a unit order to request trade secret protection for any trade secret, research, development, or commercial information <i>(R.C. 1509.28(C)(3))</i>.</p>	<p>Same, but specifies each request must be separately designated and identified by the applicant <i>(R.C. 1509.28(C)(3))</i>.</p>
<b>Disclosure of protected information</b>	
<p>Requires the Chief to exclude trade secret, research, development, or commercial information in a protection request from the public record of the hearing, prohibits its disclosure to the general public, and requires the Chief to order it to be fully or partially protected in one of two ways:</p> <ol style="list-style-type: none"> <li>1. Full protection: the information is fully protected and is prohibited from disclosure to any person other than the Chief; or</li> <li>2. Partial protection: the information is partially protected and can be disclosed by the Chief only to certain persons or classes of persons.</li> </ol> <p><i>(R.C. 1509.28(D)(4).)</i></p>	<p>Instead, specifies all of the following:</p> <ol style="list-style-type: none"> <li>1. The chief must maintain the confidentiality of, and protect against the public disclosure of, information included in the application or presented at the hearing that identifies lease bonus and royalty terms applicable to an individual mineral interest owner within the proposed unit area unless the mineral interest owner consents to the disclosure of the information;</li> <li>2. If an applicant made a protection request, the protected information must be excluded from the public record of the hearing, is not a public record subject to inspection or copying, and cannot be disclosed to the public (except in the limited circumstance specified in a Chief's order below);</li> <li>3. If an applicant made a protection request, the Chief may issue an order providing for limited disclosure of the information to a person that owns a mineral rights interest in the proposed unit area only if the person requests it and the information will be used solely for the purpose of supporting or opposing the unit application at the hearing.</li> </ol> <p><i>(R.C. 1509.28(D)(4) and (5).)</i></p>

Previous Version (As Introduced)	Latest Version (I_134_0023-3)
<b>Hearing on unit application</b>	
Requires the Chief of the Division of Oil and Gas Resources Management to hold a hearing on a unit application not less than 30 days and not more than 60 days after the date of a Chief's motion for unit operation or the date the Chief received a unitization application ( <i>R.C. 1509.28(D)(2)</i> ).	Eliminates the 30-day minimum time period that must pass before the hearing may be held ( <i>R.C. 1509.28(D)(2)</i> ).
<b>Surface use</b>	
No provision.	Prohibits any person from undertaking operations under a unit order on the surface of a tract owned by an unleased mineral owner without the written consent of the unleased mineral owner ( <i>R.C. 1509.28(N)</i> ).