

AN ACT

To amend sections 123.01, 1531.06, 1531.33, and 3345.181, to enact sections 131.50, 1503.012, 1509.70, 1509.71, 1509.72, 1509.73, 1509.74, 1509.75, 1509.76, 1509.77, 1509.78, and 1541.26, and to repeal sections 5119.40, 5120.12, and 5123.23 of the Revised Code to create the Oil and Gas Leasing Commission, to establish a procedure for leasing land owned or under the control of state agencies for oil and gas production in order to provide funding for capital costs for the agencies, and to exclude nature preserves from drilling.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 123.01, 1531.06, 1531.33, and 3345.181 be amended and sections 131.50, 1503.012, 1509.70, 1509.71, 1509.72, 1509.73, 1509.74, 1509.75, 1509.76, 1509.77, 1509.78, and 1541.26 of the Revised Code be enacted to read as follows:

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

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

(2) To have general supervision over the construction of any projects, improvements, or public buildings constructed for a state agency and over

the inspection of materials previous to their incorporation into those projects, improvements, or buildings;

(3) To make contracts for and supervise the construction of any projects and improvements or the construction and repair of buildings under the control of a state agency, except contracts for the repair of buildings under the management and control of the departments of public safety, job and family services, mental health, developmental disabilities, rehabilitation and correction, and youth services, the bureau of workers' compensation, the rehabilitation services commission, and boards of trustees of educational and benevolent institutions and except contracts for the construction of projects that do not require the issuance of a building permit or the issuance of a certificate of occupancy and that are necessary to remediate conditions at a hazardous waste facility, solid waste facility, or other location at which the director of environmental protection has reason to believe there is a substantial threat to public health or safety or the environment. These contracts shall be made and entered into by the directors of public safety, job and family services, mental health, developmental disabilities, rehabilitation and correction, and youth services, the administrator of workers' compensation, the rehabilitation services commission, the boards of trustees of such institutions, and the director of environmental protection, respectively. All such contracts may be in whole or in part on unit price basis of maximum estimated cost, with payment computed and made upon actual quantities or units.

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

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

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

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

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

(9) To lease or grant easements or licenses for unproductive and unused lands or other property under the control of a state agency. Such leases, easements, or licenses shall be granted for a period not to exceed fifteen

years and shall be executed for the state by the director of administrative services and the governor and shall be approved as to form by the attorney general, provided that leases, easements, or licenses may be granted to any county, township, municipal corporation, port authority, water or sewer district, school district, library district, health district, park district, soil and water conservation district, conservancy district, or other political subdivision or taxing district, or any agency of the United States government, for the exclusive use of that agency, political subdivision, or taxing district, without any right of sublease or assignment, for a period not to exceed fifteen years, and provided that the director shall grant leases, easements, or licenses of university land for periods not to exceed twenty-five years for purposes approved by the respective university's board of trustees wherein the uses are compatible with the uses and needs of the university and may grant leases of university land for periods not to exceed forty years for purposes approved by the respective university's board of trustees pursuant to section 123.77 of the Revised Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) The best interests of the state will be promoted by entering into a lease with the developer;
- (b) The development plans are satisfactory;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) Purchases for, and the custody and repair of, buildings under the management and control of the capitol square review and advisory board, the rehabilitation services commission, the bureau of workers'

compensation, or the departments of public safety, job and family services, mental health, developmental disabilities, and rehabilitation and correction, and buildings of educational and benevolent institutions under the management and control of boards of trustees, are not subject to the control and jurisdiction of the department of administrative services.

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

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

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

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

Sec. 1503.012. There is hereby created in the state treasury the forestry mineral royalties fund. The fund shall consist of money deposited into it under section 1509.73 of the Revised Code. Any investment proceeds earned on money in the fund shall be credited to the fund.

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

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

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

(B) "Class 2 property" means property that is owned or controlled by a state university or college or that is owned or controlled by another state agency concerning which there is a federal encumbrance or monetary

interest that limits or prohibits the exploration or drilling for oil or gas on the property.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) Initial appointments shall be made to the commission not later than thirty days after the effective date of this section. Of the initial members appointed to the commission, one shall serve a term of two years, one shall serve a term of three years, one shall serve a term of four years, and one shall serve a term of five years. Thereafter, terms of office of members shall be for five years from the date of appointment. Each member appointed by the governor shall hold office from the date of appointment until the end of the term for which the member was appointed. The governor shall fill a vacancy occurring on the commission by appointing a member within sixty days after the vacancy occurs. A member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall hold office for the remainder of that term. A member shall continue in office subsequent to the expiration date of the member's term until the member's successor takes office, or until a period of sixty days has elapsed, whichever occurs first.

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

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

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

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

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

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

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

(b) The nomination fee established in those rules.

(B)(1) Not less than thirty days, but not more than one hundred twenty days following the receipt of a nomination of a parcel of land, the

commission shall conduct a meeting for the purpose of determining whether to approve or disapprove the nomination for the purpose of leasing a formation within the parcel of land that is identified in the nomination. The commission also shall review the nomination of the parcel of land and determine if the parcel of land has been classified under section 1509.72 of the Revised Code. If the parcel of land that is the subject of the nomination has not been classified, the commission immediately shall send a copy of the nomination to the state agency that owns or controls the parcel that is the subject of the nomination. Not later than fifteen days after receipt of a copy of the nomination, the state agency shall classify the parcel of land as a class 1, class 2, class 3, or class 4 property and submit the classification to the commission. On receipt of the state agency's classification of the parcel of land, the commission shall provide the department of natural resources the information necessary for the department to comply with divisions (C) and (D) of section 1509.72 of the Revised Code.

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

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

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

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

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

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

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

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

(h) Any comments or objections to the nomination submitted to the commission by residents of this state or other users of the parcel of land that

is the subject of the nomination:

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

(2) The commission shall disapprove a nomination of a parcel of land that is a class 3 property. The commission shall send notice of the disapproval by certified mail to the person that submitted the nomination.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Money received by a state agency from signing fees, rentals, and

royalty payments for leases entered into under this section on land owned or controlled by the division of forestry, wildlife, or parks and recreation in the department of natural resources shall be deposited into one of the following funds, as applicable:

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

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

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

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

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

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

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

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

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

(D) Procedures and requirements for the submission of bids for a lease

under section 1509.73 of the Revised Code:

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

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

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

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

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

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

Sec. 1509.78. Notwithstanding any other provision of the Revised Code, not less than thirty per cent of the proceeds from a lease executed on and after the effective date of this section for the exploration and production of oil or gas within or under a state park established under Chapter 1541. of the Revised Code shall be credited to the applicable fund created in the state treasury that supports the state park. The department of natural resources shall use the money credited to the applicable fund from a lease for expenses associated with the state park within or under which the oil or gas exploration and production occurred. Money credited shall be used for capital improvements.

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

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

(2) The chief may adopt rules benefiting wild animals, fish or game management, preservation, propagation, and protection, outdoor and nature activities, public fishing and hunting grounds, and flora and fauna preservation, and regulating the taking and possession of wild animals on any lands or waters owned or leased or under the division's supervision and control and, for a specified period of years, may prohibit or recall the taking and possession of any wild animal on any portion of such lands or waters. The division clearly shall define and mark the boundaries of the lands and waters owned or leased or under its supervision and control upon which the taking of any wild animal is prohibited.

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

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

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

(E) The chief, with the approval of the director, may establish user fees for the use of special public facilities or participation in special activities on

lands and waters administered by the division. The special facilities and activities may include hunting or fishing on special designated public lands and waters intensively managed or stocked with artificially propagated game birds or fish, field trial facilities, wildlife nature centers, firearm ranges, boat mooring facilities, camping sites, and other similar special facilities and activities. The chief shall determine whether the user fees are refundable and shall ensure that that information is provided at the time the user fees are paid.

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

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

(H) The chief may sell, lease, or transfer minerals or mineral rights, with the approval of the director, when the chief and the director determine it to be in the best interest of the state. Upon approval of the director, the chief may make, execute, and deliver contracts, including leases, to mine, drill, or excavate iron ore, stone, coal, ~~petroleum, gas,~~ salt, and other minerals, other than oil or gas, upon and under lands owned by the state and administered by the division to any person who complies with the terms of such a contract. No such contract shall be valid for more than fifty years from its effective date. Consideration for minerals and mineral rights shall be by rental or royalty basis as prescribed by the chief and payable as prescribed by contract. Moneys collected under this division shall be paid into the state treasury to the credit of the wildlife habitat fund created in section 1531.33 of the Revised Code. Contracts entered into under this division also may provide for consideration for minerals or mineral rights in the form of

acquisition of lands as provided under divisions (A) and (C) of this section.

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

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

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

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

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

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

Sec. 1531.33. The wildlife habitat fund is hereby created in the state treasury. The fund shall consist of the investment earnings of the wildlife habitat trust fund created in section 1531.32 of the Revised Code; gifts, donations, bequests, and other moneys contributed to the division of wildlife for the purposes of the fund; moneys collected under division (H) of section 1531.06 of the Revised Code; moneys deposited in the fund under division (G)(2)(b) of section 1509.73 of the Revised Code; and moneys received by the division pursuant to negotiated mitigation settlements from persons who

have adversely affected fish and wildlife, or their habitats, over which the division has jurisdiction under this chapter or Chapter 1533. of the Revised Code other than fish and wildlife of the Ohio river or their habitats.

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

Sec. 1541.26. There is hereby created in the state treasury the parks mineral royalties fund. The fund shall consist of money deposited into it under section 1509.73 of the Revised Code. Any investment proceeds earned on money in the fund shall be credited to the fund.

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

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

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

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

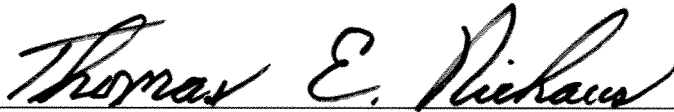
SECTION 2. That existing sections 123.01, 1531.06, 1531.33, and 3345.181 and sections 5119.40, 5120.12, and 5123.23 of the Revised Code are hereby repealed.

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

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



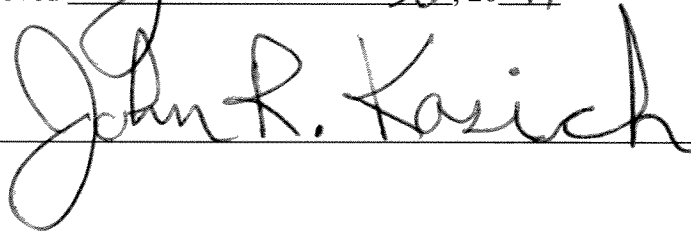
Speaker _____ of the House of Representatives.



President _____ of the Senate.

Passed June 21, 2011

Approved June 30, 2011



Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Mark C. Flanders

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the 1st day of July, A. D. 2011.

Jon Huston

Secretary of State.

File No. 35 Effective Date 9/30/11

File # 35

(129th General Assembly)
(Amended Substitute House Bill Number 133)

AN ACT

To amend sections 123.01, 1531.06, 1531.33, and 3345.181, to enact sections 131.50, 1503.012, 1509.70, 1509.71, 1509.72, 1509.73, 1509.74, 1509.75, 1509.76, 1509.77, 1509.78, and 1541.26, and to repeal sections 5119.40, 5120.12, and 5123.23 of the Revised Code to create the Oil and Gas Leasing Commission, to establish a procedure for leasing land owned or under the control of state agencies for oil and gas production in order to provide funding for capital costs for the agencies, and to exclude nature preserves from drilling.

Introduced by

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, Bacon, Coley, Daniels, Hite, Jones, Jordan, Niehaus, Seitz, Widener, Wilson, Lehner

Passed by the House of Representatives,

May 25, 20 11

Passed by the Senate,

June 15, 20 11

*Filed in the office of the Secretary of State at
Columbus, Ohio, on the*

1st day of July, A. D. 20 11

Jon Huob

Secretary of State.

concurrent in Senate
amendments
June 21, 2011.