



OHIO DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL & GAS RESOURCES MANAGEMENT

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MANDATORY POOLING PROCEDURAL OUTLINE

January 7, 2015 (revised)

I. Applicant Requirements

The permit application package for a mandatory pooling request shall include all of the following information:

- A. A cover letter to the Chief requesting mandatory pooling.
- B. Affidavit(s) from the applicant, applicant's legal counsel and/or surveyor that include:
 1. A statement explaining the reason for mandatory pooling and the acreage and/or distance involved. The explanation must outline why an alternate location is not possible.
 2. A statement detailing the attempts to obtain a lease(s) and form a drilling unit under Section 1509.26 O.R.C (Voluntary Pooling).
 - a. List the dates of attempts, who was contacted, proposals given and results of attempts.
 - b. Copies of any correspondence sent to the affected individual(s) should be attached to help document the negotiations. Proof of the attempt to voluntary pool must be submitted (a voluntary pooling agreement allows the owner of the land to participate in the cost of drilling of the well to become a working interest owner.)
 - c. "Window Acreage" within the unit is strongly discouraged; however, for any "window acreage" within the proposed drilling unit, identify who the landowner is and the attempts made to lease that property.
- C. A list identifying the individual(s) to be mandatory pooled including the names, addresses and respective acreage of all owners within the unit.
- D. On the survey plat, highlight those properties that are being mandatory pooled and indicate the distance from the wellhead to the nearest boundary of those properties.
- E. The proposed well location identified on a portion of a USGS 7.5 minute quadrangle map showing the location and permit numbers of any past, existing or known proposed wells within 2,000 feet of the proposed well.
- F. An aerial photograph showing the well location, access road, tank battery and sales line on a 1" = 200' scale. Indicate the distance from the tank battery to any mandatory pooled property line.
- G. An itemized breakdown of the estimated drilling and equipping costs and the monthly operating expense for the well.
- H. Several photographs showing a general representation of the area of the wellhead. They should be labeled indicating the direction (for example: from the north facing south), and should show the proposed mandatory pooled properties as seen from the location of the wellhead.
- I. Any other pertinent documentation identifying the need for mandatory pooling.
- J. A \$5,000.00 mandatory pooling fee that is in addition to the standard permit fee.

NOTE: Failure to submit of any of the required information without prior approval of the Division may delay processing the request.

II. Division Review Process

The Division will review the information submitted by the applicant and will determine:

- A. If all the information under Item I has been submitted and is in enough detail to fully support the request for mandatory pooling.
- B. If the drilling unit is of insufficient size or shape to meet the spacing requirements.
- C. That no obvious alternate location is available.
- D. That reasonable attempts were made to lease the acreage in question and just and equitable offers were made to voluntary pool the acreage in question.

III. Notification to Landowners and Applicant

- A. If the information under Item I is complete and the conditions under Item II are met, the Division will notify the landowner(s) proposed for the mandatory pooling order of the application and inform them of their right to a hearing. Notification will be made by certified and regular mail and will also be sent to the applicant and any legal counsel involved in the request for mandatory pooling.
- B. If a hearing is requested, a date and time for the hearing will be scheduled and all interested parties will be notified. Hearings will be held at the ODNR facility in Columbus.
- C. If no hearing is requested or after the expiration of 30 days from the date the notification of application was mailed to the landowners, the Chief will review the submittal. If satisfied that:
 - the application is proper in form;
 - mandatory pooling is necessary to protect correlative rights;
 - and to provide for the effective development use and conservation of oil and gas;the Chief will issue a drilling permit and a mandatory pooling order.

IV. Hearing Procedure

If a hearing is requested by a landowner whose property is being mandatory pooled, Division staff will facilitate the hearing. The hearing will proceed as follows:

- A. The applicant, affected landowner(s) and any involved legal counsel will present information in support of or opposed to the mandatory pooling.
- B. Division representatives will direct questions to the applicant and the affected landowner(s).
- C. Following the hearing, the Division staff will confer with the Chief and recommend approving, denying or revising the application.

The recommendation will be based on the evaluation of:

- 1. The submitted documentation of the applicant and the affected landowner(s);
- 2. Testimony presented during the hearing;
- 3. Correlative rights of landowners;
- 4. Effective development and use oil and gas;
- 5. Conservation of oil and gas.

V. Order by the Chief

The Chief and his representatives will evaluate the submitted documentation, information presented at the hearing, and the recommendation of the Division staff.

- A. From this evaluation, the Chief will issue an adjudication order. The order will either:
 - 1. Find that mandatory pooling is necessary to protect correlative rights and to provide effective development, use and conservation of oil and gas and the permit will be issued or;
 - 2. Find that mandatory pooling is not necessary and the permit application will be denied.
- B. The order will state that there is an appeal process whereby either party to the order may appeal the Chief's decision to the Oil and Gas Commission pursuant to Section 1509.36 of the Ohio Revised Code.
- C. If the Chief finds that mandatory pooling is necessary, a drilling permit will be issued concurrently with the Chief's Order.