



UNITIZATION APPLICATION PROCEDURAL GUIDELINE

Revised May 9, 2014

Upon application by an owner of at least 65% of a designated land area overlying a pool or part thereof, the Chief of the Division of Oil and Gas Resources Management is required to hold a hearing pursuant to Section 1509.28 of the Ohio Revised Code to determine the need to operate the designated area as a unit. This procedural guideline is designed to assist in the application process.

Application Requirements

****FAILURE TO PROVIDE ANY OF THE INFORMATION OR DOCUMENTATION SPECIFIED BELOW MAY RESULT IN THE CHIEF'S DENIAL OF A REQUEST FOR UNITIZATION****

Each applicant for unitization must submit an electronic copy and four hard copies of the application, along with a non-refundable check in the amount of \$10,000. The application must include all of the following information:

1. A cover letter requesting unitization.
2. An affidavit attesting that the applicant is the owner (as defined in R.C. 1509.01(K)) of at least 65% of the land overlying the pool that is the subject of the unitization request.
3. A summary of the request for unitization that includes all of the following information:
 - a. A statement describing the reasons why unitization is necessary;
 - b. A description of the plan for development of the unit. **The number of wells proposed to be drilled in the unit will be considered in the Chief's determination as to whether the value of the estimated additional recovery exceeds the estimated additional cost incident to conducting the operation;**
 - c. An identification of the geologic formation(s) to be developed;
 - d. An estimate of the value of the recovery of oil and gas for each well proposed to be drilled in the unit area;
 - e. An estimate of the cost to drill and operate each well in the proposed unit;
 - f. A designated contact person for the applicant for communication purposes with the Division, including legal counsel for the applicant (if applicable).
4. A list identifying all unleased mineral owners that includes the name, valid address, parcel number, and respective acreage of each unleased owner. If an unleased mineral owner is a corporation or other business entity, the name of a contact person within that corporation or business.

5. A list identifying all mineral owners in the unit, leased or unleased, that includes the name, valid address, parcel number, and respective acreage of each owner. If a mineral owner is a corporation or other business entity, the name of a contact person within that corporation or business.
6. A list identifying all working interest owners, committed or uncommitted, in the unit that includes the name, valid address, parcel number, and respective acreage of each working interest owner. If the working interest owner is a corporation or other business entity, include the name of a contact person within that corporation or business.
7. A map on a scale of 1"=1000' that shows all of the following:
 - a. The boundary of the proposed unit area;
 - b. The proposed location of the well pad and wells to be drilled;
 - c. The tracts of land within the unit area that are leased to the applicant, shown in yellow;
 - d. The tracts of land within the unit area that are unleased, shown in red;
 - e. The tracts of land within the unit area that are leased to other operators (i.e. uncommitted working interest owners), including an identification of the operators, shown in green;
 - f. A five hundred foot boundary around each property in the unit that is not leased by the applicant or that is not subject to an agreement with the applicant;
 - g. Identification of each tract within the unit area by parcel number of a size that is legible.
8. An aerial photograph on a scale of 1"=1000' that shows all of the following:
 - a. The boundary of the proposed unit area;
 - b. The proposed location of the well pad and wells to be drilled;
 - c. The tracts of land within the proposed unit area that are unleased;
 - d. Identification of each tract within the unit area by parcel number of a size that is legible.
9. A gamma ray-density or gamma-ray resistivity geophysical type log identifying the proposed geological formations to be produced.
10. A cross-section showing the applicable formations that the applicant is proposing to drill into and produce from in the unit area.
11. A map showing all existing units adjacent to the unit proposed in the application with an identification of any permitted, drilled, and/or producing wells in the existing units.
12. If reserve calculations are based upon other existing wells in the vicinity of the proposed unit, an exhibit showing the locations of the well(s) to the proposed unit area and an identification of the wells by name and permit number.

13. A statement in the form of an affidavit that gives a detailed account of the attempts to lease the unleased properties. The statement must include:
 - a. The dates of all attempts;
 - b. The person who was contacted, how contact was made, and by whom;
 - c. The address at which the contact was made or attempted;
 - d. The response given by the unleased mineral owner when contacted;
 - e. Any joint venture or farmout proposal to another operator, if applicable.
14. A copy of a joint operating agreement for working interest partners, if applicable.
15. An affidavit attesting to the fact that the applicant holds a valid lease agreement for all of the acreage that the applicant claims to have under lease.
16. A copy of the executed working interest agreement for each committed working interest partner in the proposed unit.
17. Any additional information that the applicant determines is beneficial for the Chief to consider in support of their request.

Application Due Date and Division Review for Completeness

The Division will post, on its website, a list of upcoming hearing dates and the corresponding deadlines. **All applications are due to the Division one hundred twenty (120) days prior to a posted hearing date.** Upon receipt of an application requesting unitization, the Division will review the application. If the information in the application is deemed complete, the Division will schedule a hearing to consider the need for the operation as a unit of an entire pool or part of a pool. If the Division determines that the application is not complete, the Division will notify the applicant of any necessary revisions or submissions in order for the application to be complete. **No hearing will be scheduled until an application is deemed by the Division to be complete.** If the applicant fails to submit the information that is required for a complete application at least forty-five (45) prior to the scheduled hearing date for which the application was filed, the applicant will not be scheduled for that date, and the Division will schedule the hearing for the next available hearing date after the application is deemed complete.

The Division reserves the right to schedule additional hearing dates in any given month.

Hearing Notification

The Division will send certified mail notice of the hearing date to the applicant, all unleased mineral owners, and all uncommitted working interest owners in the proposed unit. The applicant must publish notice of the hearing in a newspaper of general circulation in the county or counties where the proposed unit will be located. The newspaper notice must contain, at a minimum, all of the following information:

- a. The name of the proposed unit;
- b. Each county and township where the proposed unit will be located;
- c. The name and contact information for the applicant;
- d. The date, time, and location of the hearing;
- e. If the application includes an unleased mineral owner for whom no address can be located, the notice must include a statement to that effect with reference to the parcel(s) and known ownership information; and
- f. The following statement: "For further information regarding this hearing, please visit the Division of Oil and Gas Resources Management's website at www.oilandgas.ohiodnr.gov."

The newspaper ad must run for five (5) consecutive days at least three (3) weeks prior to the scheduled hearing date. The applicant must submit a certified proof of publication at the time of the hearing.

Revisions and Updates to the Application

The applicant may submit revisions and updates to an application after the original submission is deemed complete and a hearing date is scheduled. If the applicant enters into a lease agreement after the submission of the application, the applicant must promptly notify the Division and provide documentation evidencing the lease agreement. The Division may also request that the applicant update additional information as the Division finds necessary.

The Division reserves the right to continue or cancel a hearing if substantial revisions to an application are submitted less than two (2) weeks prior to a scheduled hearing date.

Requests to Continue Hearing

Any request for a continuance of the hearing must be received no later than **14 days** prior to the scheduled hearing date; any continuance requested after this time will not be considered by the Division, unless the applicant, all unleased mineral owners, and all uncommitted working interest owners agree in writing to the continuance, and the written documentation is provided to the Division within twenty-four hours of the hearing date. The decision to continue a hearing is fully within the discretion of the Chief. If the Chief grants a request for continuance, all parties originally notified of the hearing by certified or regular mail will be directly notified of the continuance. The Division will also post notice of the cancellation on its website. The Division does not guarantee that the hearing will be re-scheduled for the next available hearing date.

The Division reserves the right to cancel or reschedule any unitization hearing.

Hearing Procedures

At the hearing, the applicant, all unleased mineral owners, and all uncommitted working interest owners will be given an opportunity to present testimony in support of, or in opposition to, the application.

The applicant is required to bring to the hearing an exhibit no smaller than 2' x 3' of the information required by Paragraphs 7, 8, 9, 10, 11, and 12 of the "Application Requirements" in this Procedural Guideline. Additionally, the applicant must supply a large format exhibit of any exhibit that it plans to reference during the course of the hearing. The applicant must also bring at least 5 copies of any documents that will be referenced during the hearing.

All exhibits submitted to the Division at the time of hearing must contain information that is accurate up to the date of the hearing.

In lieu of large exhibits, the applicant may provide the information in the form of a PowerPoint® presentation. The applicant must contact the Division no later than 3 business days prior to the hearing in order to make arrangements for the presentation. The applicant must also provide 5 copies of the PowerPoint® presentation to the Division at the time of hearing.

Failure to adhere to the requirements in this paragraph may result in the Division's decision to cancel the hearing or deny the application for unitization.

Chief's Determination

After the hearing, the Chief will determine whether the application satisfies the requirements of R.C. 1509.28. The Chief is required to issue an order either approving or denying the application. If Chief approves the application, the order will be upon terms and conditions that are just and reasonable and will prescribe a plan for unit operations pursuant to Section 1509.28 of the Revised Code.

The applicant must provide any updated information to the Division as soon as practicable, and must provide the Division with any necessary updates to the application materials. For example, if tracts of land shown as "unleased" at the time of application are subsequently leased by the applicant, the applicant must provide the Division with an updated map and landowner list reflecting these changes, along with a copy of the executed lease or memorandum of lease.

Failure to provide updated information in a timely manner will likely delay the issuance of the Chief's Order.

Withdrawal of Application

The applicant must immediately notify the Division, by electronic mail, of withdrawal of an application for unitization. The applicant must also file a "Notice of Withdrawal of Application" within 10 days of making the notification to the Division.