OIL AND GAS LAND MANAGEMENT COMMISSION

Standard leases (VETOED)

- Would have required the standard oil and gas lease used by state agencies to include an option to extend the primary term of the lease for an additional five years (rather than three years) (VETOED).
- Would have required the standard lease also to include specific provisions governing the payment of rentals and bonus amounts; tolling of the lease term; shut-in royalty payments; and deferments (VETOED).

Bids and leases for exploration on state-owned land (PARTIALLY VETOED)

- Would have required a state agency, when entering into a lease with a person for the exploration and development of oil and gas on state-owned land, to fully execute the lease within 30 days after the Oil and Gas Land Management Commission selects the person with the highest and best bid (VETOED).
- Would have prohibited a state agency and the Commission from charging any additional fee (that is not specifically authorized or required) to a person bidding or entering into a lease to explore and develop oil and gas on state-owned land (VETOED).
- Allows the person so bidding to offer an extra gross landowner royalty in addition to the required $^1/_8$ gross landowner royalty amount and any proposed lease bonus.

Oil and gas leases (PARTIALLY VETOED)

(R.C. 155.33 and 155.34)

Standard leases (VETOED)

The Governor vetoed provisions that would have required the standard oil and gas lease used by state agencies to include an option to extend the primary term of the lease for an additional five years, instead of three years. The act also would have required the standard lease to include a shut-in provision, which is a lease term that allows the lessee to maintain the lease by making specified "shut-in" royalty payments on a well even if well production is halted. Additionally, it would have required the standard lease to include specific provisions governing the lease.

A more detailed description of these vetoed provisions is available in the Oil and Gas Management Commission chapter of LSC's analysis of H.B. 96, As Passed by the Senate (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

Bids and leases for exploration on state-owned land (PARTIALLY VETOED)

The Governor vetoed provisions that would have required a lease for the exploration and development of oil and gas on state-owned land to be executed within 30 days after the person with the highest and best bid was selected by the Oil and Gas Land Management Commission. A more detailed description of these vetoed provisions is available in the Oil and Gas Management Commission chapter of LSC's analysis of H.B. 96, As Passed by the Senate (PDF), which is available on the General Assembly's website at legislature.ohio.gov.

In addition, the Governor vetoed a provision that would have prohibited a state agency (generally ODNR) and the Commission from charging any additional fee (that is not specifically authorized or required) to a person bidding or entering into a lease to explore and develop oil and gas on state-owned land. However, the Governor did not appear to veto a provision that allows *the person so bidding* to offer an extra gross landowner royalty in addition to the required $^1/_8$ gross landowner royalty amount and any proposed lease bonus.