

UNITIZATION APPLICATION PROCEDURAL GUIDELINE

Revised February 1, 2022

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 (“Division”) is required to hold a hearing pursuant to Section 1509.28 of the Ohio Revised Code (“R.C.”) 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 a non-refundable check in the amount of \$10,000 with indication as to which application (unit) it belongs to. The electronic copy must be submitted in a zipped file or by a secure FTP site. To request access to the secure FTP site, please contact the Division. All documents will be locked once uploaded to the secure FTP site. All information submitted in electronic format must be legible, including all maps, logs, tables, exhibits and other similar documents. 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 costs incident to conducting the operation;
 - c. An identification of the geologic formation(s) to be developed;
 - d. An identification of the amount of acreage included in the unit and how the acreage was determined (Auditor’s records, surveys, GIS, or other (specify));
 - e. An estimate of the value of the recovery and net pv10 of oil and gas for each well proposed to be drilled in the unit area;
 - f. An estimate of the cost to drill and operate each well in the proposed unit, including an explanation of what costs are included in the estimate; and

- g. A designated contact person for the applicant for communication purposes with the Division, including legal counsel for the applicant (if applicable).
4. Exhibits A-1 through A-6 (as applicable) including the name of each mineral owner, current address of each mineral owner, parcel number of the mineral owner's tract, and respective acreage of the tract according to the following:
- a. Exhibit A-1 A plat map of the unit, identifying the counties, townships, section numbers, parcel boundaries, and all parcels in the unit, including the tract and corresponding parcel number.
 - b. Exhibit A-2 A list identifying all mineral owners in the proposed unit, leased or unleased. This list is to be produced in both PDF format and Excel format with no color coding.
- Note: *If any subsequent revisions are made after the application has been submitted, an additional column shall be included on the Exhibit A-2 supplements that explains all changes made pertaining to each tract.*
- c. Exhibit A-3 A list identifying all unleased mineral owners in the proposed unit including the tract, corresponding parcel number and acreage.
 - d. Exhibit A-4 A list identifying all consenting working interest owners in the proposed unit including the tract, corresponding parcel number and acreage.
 - e. Exhibit A-5 A list identifying all non-consenting working interest owners in the proposed unit including the tract, corresponding parcel number and acreage.
 - f. Exhibit A-6 A list identifying all parcels subject to pending ownership litigation.
- Note: *If any mineral owner in the unit is a corporation or other business entity, include the name of a contact person within that corporation or business.*
5. A mailing list in Excel format containing only the names and addresses of all mineral owners (leased and unleased) and all working interest owners (committed and uncommitted).
6. A map of a size that is legible that shows all of the following:
- a. The boundary of the proposed unit area;
 - b. The total acreage of the proposed unit area;
 - c. The proposed location of the well pad(s) and wells to be drilled that complies with state setback and spacing requirements;
 - d. The tracts of land within the unit area that are leased to the applicant, shown in yellow;
 - e. The tracts of land within the unit area that are unleased, shown in red;
 - f. 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;

- g. A four hundred foot boundary around each parcel in the unit that is not leased by the applicant or that is not subject to an agreement with the applicant;
 - h. Identification of each tract within the unit area by tract number and corresponding parcel number of a size that is legible; and
 - i. The scale.
7. An aerial photograph of a size that is legible that shows all of the following:
- a. The boundary of the proposed unit area;
 - b. The proposed location of the well pad(s) and wells to be drilled;
 - c. The tracts of land within the proposed unit area that are unleased outlined in red;
 - d. Identification of each tract within the unit area by tract number and corresponding parcel number of a size that is legible; and
 - e. The scale.
8. A gamma ray-density or gamma-ray resistivity geophysical type log identifying the proposed geological formations to be produced.
9. A cross-section showing the applicable formations that the applicant is proposing to drill into and produce from in the unit area.
10. 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.
11. An exhibit showing unitized and non-unitized scenarios for each well proposed to be drilled in the proposed unit area and assuming the spacing requirements of R.C. Chapter 1509 and/or Ohio Adm.Code 1501:9: (1) an estimate of the cost to drill and operate, (2) the value of recovery, and (3) the net pv10 of oil and gas.
12. An exhibit showing the locations and distances of the well(s) to the proposed unit area and an identification of the well(s) by name, permit number, lateral length, and production start date that reserve calculations were based upon.
13. An affidavit attesting to attempts to lease the unleased mineral owners and attempts to commit working interest owners and an exhibit in the form of a spreadsheet which the applicant shows attempts to lease the unleased properties and attempts to commit working interest owners that includes:
- a. The tract number and parcel number;
 - b. The mineral owners name;
 - c. The dates of all attempts;
 - d. The address at which the contact was made or attempted;
 - e. The person who was contacted, how contact was made, and by whom;
 - f. The response given by the unleased mineral owner when contacted; and
 - g. Any joint venture or farmout proposal to another operator, if applicable.

14. An affidavit attesting that the Applicant acted with due diligence to identify all mineral interest owners and their current addresses within the proposed unit.
15. A copy of a joint operating agreement for working interest partners, if applicable.
16. An affidavit attesting to a valid joint venture or other agreements for the unit that discloses all joint venture partners.
17. Prefiled testimony of a geologist, engineer, and a landman.
18. Any additional information that the applicant determines is beneficial for the Chief to consider in support of their request.

Application Submission and Division Review for Completeness

The Division will review applications requesting unitization for completeness and accuracy in the order they are received. If the information in the application is deemed complete and accurate, 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 and accurate, the Division will notify the applicant of any necessary revisions or submissions in order for the application to be complete or accurate. **No hearing will be scheduled until an application is deemed by the Division to be complete and accurate.**

Additional Application Information:

The Division requests that applicants select unit names previously not submitted to the Division in other unit applications.

An application may contain wells proposed that will not comply with the spacing requirements of R.C. Chapter 1509 or Ohio Adm.Code 1501:9, but then the application must contain economics for both unitized and non-unitized scenarios based both upon the proposed wells with (1) the reduced spacing and (2) the spacing as is required under R.C. Chapter 1509, Ohio Adm.Code 1501:9, and paragraph 11 of the application requirements. However, if the Division ultimately issues an order for unit operations, the issuance of an order for unit operations is not a guarantee that the Division will grant a request for a variance from the spacing requirements of R.C. Chapter 1509 and/or Ohio Adm.Code 1501:9. If a request for a variance from the spacing requirements for a proposed well is denied and the applicant is then unable to drill the proposed well required under an order for unit operations, the Division may revoke the order for unit operations.

Hearing Notification

The Division will send certified mail notice of the hearing date to the applicant and to all persons in the proposed unit as identified in exhibit A-2. 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. An identification of each county and township where the proposed unit will be located;
- c. The name and contact information of 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 <http://oilandgas.ohiodnr.gov/unitization>.”

If the newspaper is a weekly publication, the notice must run once a week for four (4) consecutive weeks at least two (2) weeks prior to the scheduled hearing date. If the newspaper is a daily publication, the notice must run for five (5) consecutive days at least two (2) weeks prior to the scheduled hearing date. The applicant must submit a certified proof of publication no later than fourteen (14) days prior to the scheduled hearing.

Continuance and Withdrawal Notification

If a hearing is continued or an application withdrawn by an applicant, the applicant must publish notice according to the same guidelines as the hearing notification above.

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 and the lease changes well lateral lengths, the estimated value of recovery of oil and gas, or the estimated cost to conduct unit operations, the applicant must promptly notify the Division and provide documentation evidencing the lease agreement. If the applicant enters into a lease agreement after the submission of the application and the lease does not change well lateral lengths, the estimated value of recovery of oil and gas, or the estimated cost to conduct unit operations, the applicant may submit all lease updates as a combined supplement prior to the hearing. All lease updates as of the 12:00 p.m. EST on the Friday before the applicant’s scheduled hearing must submit those lease updates to the Division no later than 12:00 p.m. EST on the Monday prior to the hearing. The Division may also request that the applicant update additional information as the Division finds necessary.

Any supplements containing revisions must be submitted in two documents: (1) a document including the revised documents only and (2) the full application with the revised documents incorporated. Any page that is revised must have the revision date included in the bottom right corner of that page.

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. 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 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 provide the information required by Paragraphs 6, 7, 8, 9, 10, and 11 of the “Application Requirements” in this Procedural Guideline 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 3 copies of the PowerPoint® presentation to the Division at the time of hearing and submit the PowerPoint® presentation electronically to the Division the day of the hearing.

In lieu of a PowerPoint® presentation, the applicant may bring to the hearing an exhibit no smaller than 2’ x 3’ of the information required by Paragraphs 6, 7, 8, 9, 10, and 11 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 3 copies of any documents that will be referenced during the hearing and submit the documents electronically to the Division the day of the hearing.

At the time of the hearing, the applicant is required to provide the Division with 1 copy of 1) 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; and 2) an affidavit attesting to the fact that the applicant has the right to drill and produce from the Unitized formation. These affidavits must also be provided electronically to the Division the day of 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.

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 the 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 R.C. § 1509.28.

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 5 days of making the notification to the Division.