

MANDATORY POOLING PROCEDURAL OUTLINE

I. Applicant Requirements

The normal permit application and required fee submitted shall include the following additional information:

1. A cover letter to the Chief requesting mandatory pooling.
2. Affidavit(s) from the applicant, applicant's legal counsel and/or surveyor which include:
 - a. A statement **fully explaining why mandatory pooling is needed** and what acreage and/or distance is involved. The explanation must outline why an alternate location is not possible.
 - b. Identify the attempts to obtain a lease and attempts to form a drilling unit under Section 1509.26 O.R.C (Voluntary Pooling).
 1. List dates of attempts, who was contacted, proposals given and results of attempts.
 2. Copies of any correspondence sent to the affected individual(s) should be attached to help document the negotiations. **Proof of the attempt(s) to voluntary pool must be submitted.** (A voluntary pooling agreement allows the owner of the land to participate in the cost and drilling of the well to become a working interest owner. If for example, the affected party had two acres out of a 40-acre drilling unit or a total of 5% of the unit. In this case, the affected party would be required to contribute 5% of the total cost of drilling, completing and operating the well. And in return, they would receive 5% of all working interest production payments. In other words, a Voluntary Pooling Agreement provides the affected party with the right to contribute money for the drilling of the well and receive income from that well after expenses pursuant to the pro-rata share.)
 3. "Window Acreage" within the unit is strongly discouraged; however, for any "window acreage" within the submitted drilling unit/ subject tract, **identify who the entity is and the attempts to lease the windowed entities.**
3. A list identifying the individual(s) to be pooled including the names, addresses and respective acreage of all owners within the unit.

4. A plat (or map), in addition to the application plat, with area requested for mandatory pooling highlighted. This plat or and additional map must show the location and permit numbers of any past, existing or known proposed wells within 2,000 feet of the proposed well.
5. The proposed well location identified on a portion of a USGS 7.5 minute quadrangle map.
6. An aerial map showing the well location, access road, tank battery and sales line on a 1" = 200' scale.
7. A detailed breakdown of the projected drilling, equipping and monthly operating cost.
8. Several photographs showing a general representation of the area. They should be labeled indicating the direction (for example: from the north facing south). Photographs should also be provided showing the proposed pooled property (ies) from the vantage of the wellhead.
9. The applicant shall provide the Division with nine separate collated packages of the information outlined above one set of photographs. Eight copies are for the Technical Advisory Council on Oil and Gas and one for the division. If color highlighting is used one is used on one copy, it must be used on each of the copies.
10. Any other pertinent documentation identifying the need for mandatory pooling.
11. The Division encourages the applicant to use graphics and large scale maps in their submittal and/or presentation to better illustrate their request.
12. Nonsubmittal of any of the required information without prior approval of the Division may delay the request.

II. Division Review Process

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

1. If all the information under Item I has been submitted and is in enough detail to fully document the request for mandatory pooling.
2. If the drilling unit is of insufficient size or shape to meet the spacing requirements.
3. That no obvious alternate location is available.

4. That reasonable efforts and offers were made to lease the acreage in question and to voluntary pool the acreage in question.

III. Notification of Landowners, Applicant and Technical Advisory Council on Oil and Gas

1. If the information under Item I is complete and the conditions under Item II are met, the Division will notify, by certified letter, the owner(s) proposed for the mandatory pooling order, the applicant and any legal counsel involved in the request for mandatory pooling.
2. The letter will serve as notification of the date, time and location that the mandatory pooling request will be presented before the Technical Advisory Council on Oil and Gas.

IV. Review by Technical Advisory Council on Oil and Gas

1. The Technical Advisory Council on Oil and Gas (T.A.C) was created under Section 1509.38 of the Ohio Revised Code. The T.A.C. consists of eight members appointed by the Governor meets once a calendar quarter.
 - a. The applicant or applicant's representatives will present all requests for mandatory pooling to the T.A.C.
 - b. The applicant must submit all the information listed under the Item I of this outline to the Division **at least forty days** prior to a scheduled T.A.C. meeting to ensure scheduling of their request on the T.A.C. Agenda.
 - c. Interested individuals and affected landowners are notified prior to a hearing of the request for mandatory pooling.
 - d. Submittal of a request for mandatory pooling to the Division less than forty days from a T.A.C. meeting will result in a delay in presenting the request to the T.A.C. until thirty days prior notice can be made.
 - e. The Division provides the T.A.C. members with the documentation provided by the applicant at least two weeks prior to the hearing.
 - f. The T.A.C. will review the documentation submitted by the applicant prior to the T.A.C. meeting and will conduct any research they feel needed.

V. T.A.C. Hearing

The T.A.C. meeting, where a mandatory pooling request is presented, will be considered the hearing under Section 1509.27 of the Ohio Revised Code.

1. The applicant, affected landowner(s) and any involved legal counsel will present information to the T.A.C. members at the hearing.
2. The T.A.C. will direct questions to the applicant, affected landowner(s) and Division representatives.
3. The T.A.C will recommend approving, denying or revising the application. The T.A.C. findings will be based in the evaluation of:
 - a. The submitted documentation and the T.A.C.'s research
 - b. Testimony presented during the hearing
 - c. Correlative rights
 - d. Effective development and use oil and gas
 - e. Conservation of oil and gas
 - f. Uniformity of the drilling unit

VI. Order by the Chief

The Chief and his representatives will evaluate the submitted documentation, information presented at the hearing, and the findings of the T.A.C.

1. From this evaluation, the Chief will issue an adjudication order:
 - a. Finding the mandatory pooling is necessary to protect correlative rights or to provide effective development, use or conservation of oil and gas and the permit will be issued or;
 - b. The adjudication order will stipulate that the mandatory pooling is not necessary and the permit application will be denied.