

Ohio Oil and Gas Leasing Bidding FAQs

Q. What is the statutory authority governing the leasing of mineral rights below land that is owned or controlled by a state agency for the exploration for and the development and production of oil or natural gas?

Ohio Revised Code 155.33 outlines the process for the leasing of state owned and controlled mineral rights for the exploration for and the development and production of oil or natural gas.

<https://codes.ohio.gov/ohio-revised-code/section-155.33>

Q. When will the state accept bids for lands that have been nominated and approved for leasing?

“Each calendar quarter, the commission shall proceed to advertise for bids for a lease for a formation within a parcel of land that was the subject of a nomination approved during the previous calendar quarter.”

The first bid submission period will begin on October 1. Any nominations approved by the Oil and Gas Land Management Commission during the September 18 meeting will be advertised for bidding at that time. Bids will be advertised on the commission’s website for **30 days**.

Q. Is there a fee to submit a bid?

Yes. A bidder must include a bid fee of \$25 with its bid.

Q. Are bids required to be submitted using a standard form or template?

No, the bids must be submitted in a searchable pdf format and must include all statutory elements:

1) A bid fee of twenty-five dollars;

(2) The name of the person making the bid and the person's address, telephone number, and email address;

(3) An identification of the formation and parcel of land for which the bid is being submitted, including all of the information specified in division (A)(2)(b) of this section;

(4) The proposed lease bonus that applies to the bid;

(5) Proof of both of the following:

- (a) That the person has obtained the insurance and financial assurance required under section [1509.07](#) of the Revised Code;
- (b) That the person has registered with and obtained an identification number from the division of oil and gas resources management under section [1509.31](#) of the Revised Code.

(6) Any other information that the person believes is relevant to the bid.

Q. Will bids be kept confidential?

Pursuant to statute, the bids will be kept confidential until the bid is awarded. R.C. 155.33 (E) provides: “In order to encourage the submission of bids and the responsible and reasonable development of the state's natural resources, the information that is contained in a bid submitted to the commission under this section is confidential, shall not be disclosed by the commission, and is not a public record subject to inspection and copying under section [149.43](#) of the Revised Code until a person is selected under division (F) of this section.”

Q. Does the nominator need to submit a bid?

R.C. 155.33 provides that “[w]hen a nomination is not submitted by a state agency, the nomination is the opening bid for purposes of division (D) of this section. However, the person submitting the nomination may supplement or amend that bid by providing additional information in accordance with that division.”

Consistent with that statute, the nominator is automatically the opening bidder. If the nominator wishes to supplement the original nomination form and/or increase the value of the bid, it may do so. But once the nomination is accepted, the

nominator cannot withdraw its bid¹; nor may it reduce the value of the bid below the amounts specified in the nomination.

Q. Can bids be supplemented, amended, or withdrawn after they are submitted?

A bidder may amend, supplement, or withdraw a bid at any point during the 30-day open bidding period, except that a nominator who is not a state agency may not withdraw or decrease its bid below the amounts listed in the nomination.

Q. How will the Commission select a bid?

R.C. 155.33 states that “[t]he commission shall select the person who submits the highest and best bid, taking into account the financial responsibility of the prospective lessee and the ability of the prospective lessee to perform its obligations under the lease.”

Highest

Because the statute currently sets the royalty rate at 12.5%, determining the “highest” bid will be based on the bonus offered in the bid as well as other financial incentives the bidder may elect to offer.

When evaluating financial incentives other than bonuses, guaranteed payments will be valued higher than contingent payments and upfront payments will be valued higher than future payments.

Best

The statute does not limit the discretion of the Commission in determining which bid is “best.” The commission will accept the bid that is in the best interest of the state of Ohio and the agency. Consistent with the statute, factors relevant to the Commission include the financial viability of the bidder, the bidder’s compliance record with the Division of Oil and Gas

¹ In the event that a nominator no longer wishes to submit a bid as a result of additional conditions or restrictions the commission places on the nomination as a condition of approving the nomination, the nominator may submit a written request to the Commission to withdraw the nomination/bid.

Resources Management, and the bidder's demonstrated willingness to meet or exceed environmental requirements and conditions.