PROPOSED CHANGES TO OHIO LAW

Less royalties, fewer protections for mineral owners

A forced-pooling bill now before the Ohio House Energy and Natural Resources Committee **will have devastating effects on Eastern Ohio landowners.**

House Bill 152 aims to revise the state law governing how mineral owners are forced into pooled units by oil and gas companies. If this bill passes, the results would give more power to oil and gas companies, enabling them to force Ohio landowners to hand over their minerals for less than fair market value.

Tipping the scales of power

In its current form, this bill is designed to help oil and gas companies get more money and mineral owners get less. This bill weakens the negotiating position of all unleased mineral owners in Ohio, and will diminish the value of their mineral estate for generations to come.

How HB 152 hurts landowners

Based on **recent versions** of the bill, key negatives for mineral owners include:

1. **Low royalty rate**
   Sets a royalty rate of 12.5% for all forced-pool unleased mineral owners. The norm in recent years is in the range of 16-20% **(the recently changed version removes royalty rate entirely.)**

2. **Loopholes for companies**
   Does not account for clever tactics oil and gas producers can use to pay mineral owners less in royalties by deducting costs, such as selling oil and gas to a marketing affiliate or adding a "market enhancement" clause to a gross proceeds lease.

3. **Below average bonus payments**
   Provides for a bonus payment per acre of 50% of the market rate, which is below fair market value **(the recently changed version removes bonus payments entirely.)**

4. **More forced pooling**
   Allows an oil and gas producer to submit an application for unit operation when only 65% of the acres in the proposed unit are under lease. That means 35% of acres can be forced into the unit.

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