



APPLICATION FOR PETROLEUM EXPLORATION OR PRODUCTION ACTIVITIES ON STATE LANDS

Form No. A10
Revised on 7/14/2006

INDIANA DEPARTMENT OF NATURAL RESOURCES

Division of Oil and Gas
402 W. Washington St., Rm. 293
Indianapolis, IN 46204
Phone (317) 232-4055
FAX (317) 232-1550
Internet: <http://www.in.gov/dnr/dnroil>

PART I APPLICANT INFORMATION		
Name of Applicant	Telephone number () -	FAX number () -
Address(Street or PO Box)		
City	State	Zip code -
Applicant is (Check one only) <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Public corporation <input type="checkbox"/> Limited liability company <input type="checkbox"/> Corporation <input type="checkbox"/> Limited partnership		
NOTE: Corporations, limited partnerships and limited liability companies must register with the Secretary of State. For further information about registration contact the Corporations Division, Secretary of State at (317) 232-6576		

PART II AREA OF INTEREST AND PROPOSED OPERATIONS	
Name of state property of interest _____	
Type of activity (select only one) <input type="checkbox"/> A. Integration of state acreage into adjacent private acreage to form a single drilling unit (Non-Competitive) <input type="checkbox"/> B. Exploration for petroleum on up to 3 sections (or equivalent) of state land on "unproven" acreage (Competitive) <input type="checkbox"/> C. Lease of state land for petroleum production on "proven" acreage (Competitive)	
Location of property of interest [Section(s), Township, Range]	County
Name and depth of all formations of interest _____ at _____ ft. _____ at _____ ft. _____ at _____ ft. _____ at _____ ft.	Size of area of interest _____ Acres
Number and type of proposed wells _____ Vertical _____ Directional _____ Horizontal	
Submit the following as attachments to this application: 1. A map of the property at a scale no greater than 1 inch to 1,000 ft. showing the following: a. The boundary of the state property and the area(s) of interest within the property. b. Boundary and description of all acreage leased by the applicant adjacent to the state property of interest. c. Proposed well locations on the state property and all existing wells within 1,000' of the area of interest. 2. If "A" above – a copy of the applicants lease for all other acreage to be included in the drilling unit. 3. If "C" above – If no historic wells exist within 1 mile of the property of interest which have produced commercial quantities of petroleum from the formations of interest, include a description of the basis upon which the property should be considered as "proven". 4. A description of all surface disturbance activities proposed within the state property of interest.	

PART III AFFIRMATION	
I affirm under penalty of perjury that the information provided in this application is true to the best of my knowledge and belief.	
Signature of operator or authorized agent	Date signed

INSTRUCTIONS

Leasing of state owned land for purposes of oil or gas exploration or production is governed by IC 14-38-1. The rules implementing this statute are found at 312 IAC 17-1. Links to each of these are available on the Division of Oil and Gas website (<http://www.in.gov/dnr/dnroil>).

Persons interested in leasing state owned oil and gas must complete and submit an **APPLICATION FOR PETROLEUM EXPLORATION OR PRODUCTION ACTIVITIES ON STATE LANDS** to the Division of Oil and Gas. The acceptance of an application by the Division of Oil and Gas is not a guarantee that a lease or permit will be awarded. The State of Indiana reserves the right to reject any and all requests for a lease or a permit for oil and gas purposes, or to withdraw any proposal for leasing at any time prior to the award of a lease or a permit. The agency with jurisdiction over the state owned acreage must approve of the leasing or permitting of the acreage for oil and gas purposes and any terms or conditions thereof.

Although the same form is used to begin the process, there are three (3) distinct categories of leasing activity as follows. An applicant must select from one of the following categories:

- A. Integration of state owned acreage into adjacent privately owned acreage where the state acreage is necessary to complete a standard drilling unit. This type of lease is most commonly used by lessee's adjacent to state owned rivers or highways and is negotiated and awarded on a non-competitive basis but only to the leaseholder of the adjacent acreage. A condition of no surface use of state owned land is generally attached to such leases.
- B. Where state owned acreage is in an area considered "unproven" as far as the existence of oil or gas in commercial quantities, the only option available is a permit to explore the acreage. Permits are awarded on a competitive basis to the company offering the highest bonus payment following public notice of the receipt of an acceptable application to explore. In the event no other entities submit bids for the area, the original applicant is awarded the permit at no cost.

Drilling of geological or structure test wells is permitted under a permit issued under this category, however, no production of oil or gas is allowed except only that amount necessary for well testing purposes. A permit to explore may be issued for no more than three (3) sections of land and is valid for a period of one (1) year.

In the event a permittee determines that oil or gas is present in commercial quantities, the permittee is then eligible to directly lease up to one (1) section of land on a non-competitive basis. The permittee would also have preferential rights to lease any remaining acreage within their original permit area if the terms and conditions of the highest bidder for a lease under "C" below were met.

- C. Where state owned acreage is in an area considered "proven", the only option is to lease the property for production of oil and gas. Leases are awarded on a competitive basis to the company offering the highest bonus payment following public notice of the intent to solicit bids for oil and gas leasing.

The Division of Oil and Gas will process all applications for leasing or permitting of state lands for oil and gas purposes and coordinate all communications between the applicant and the agency with jurisdiction over the state lands of interest. Upon receipt of a complete application, the Division will notify the appropriate agency with jurisdiction over the state property of the receipt of an application and request a determination as to whether the area is available for exploration and production and, if so, the terms or conditions that might be required.

The Division will notify the applicant if the requested area is unavailable for exploration or production. In the event the area is available, a determination will then be made as to whether the area should be classified as "proven" or "unproven". If "unproven", the only option is a permit for exploration under "B" above. If "proven", the only option is a lease under "C" above.

For non-competitive leasing under "A" above, the Division will work with the applicant and agency with jurisdiction over the property to establish suitable terms and conditions to be incorporated into a State Land Unitization Agreement. For competitive leasing or permitting under "B" or "C" above, the Division will coordinate the development of the public notices and requests for bids with the agency with jurisdiction over the property, oversee the bid review and award process, and the preparation of suitable terms and conditions to be incorporated into the applicable State Land Lease Agreement or Permit to Explore on State Lands as required under the state land leasing statute and regulations.

Questions regarding exploration or production activities on state lands can be directed to Herschel McDivitt, Director of the Division of Oil and Gas, 317-232-4058, or by e-mail at hmcdivitt@dnr.in.gov.