

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 375 Session of 2011

INTRODUCED BY GODSHALL, CARROLL, KORTZ, LONGIETTI, MOUL AND SWANGER, FEBRUARY 1, 2011

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY, FEBRUARY 1, 2011

AN ACT

1 Amending the act of July 11, 2006 (P.L.1134, No.115), entitled
2 "An act providing for the creation of a trust for the benefit
3 of certain owners of interests in oil and gas; authorizing
4 the trustee to enter into leases of interests in oil and gas
5 under terms and conditions authorized by the court of common
6 pleas; providing for the administration of the trust and for
7 payment of moneys to the trustee; and imposing penalties for
8 nonpayment," providing for oil and gas estate abandonment and
9 for preservation of interests in oil and gas.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. The act of July 11, 2006 (P.L.1134, No.115),
13 known as the Dormant Oil and Gas Act, is amended by adding
14 sections to read:

15 Section 6.1. Oil and gas estate abandonment.

16 (a) Circumstances deemed abandonment.--

17 (1) Except as otherwise provided under paragraph (2), an
18 interest in oil or gas in land owned by a person other than
19 the owner of the surface, which has not been sold, leased,
20 mortgaged or transferred by instrument recorded in the
21 recorder of deeds office for the county where the interest is

1 located for a period of 20 years, shall be deemed abandoned
2 in the absence of:

3 (i) a permit to drill an oil or gas well issued by
4 the department as to the interest;

5 (ii) the actual production or withdrawal of oil or
6 gas from the lands or from lands covered by a lease to
7 which the interest is subject or from lands pooled,
8 unitized or included in unit operations of the interest;
9 or

10 (iii) the use of the interest in underground gas
11 storage operations, during that 20-year period.

12 (2) An interest in oil or gas in land owned by a person
13 identified under paragraph (1) shall not be deemed abandoned
14 if the owner records a claim of interest as provided in
15 section 6.2, prior to the latest of the following:

16 (i) twenty years after the last sale, lease,
17 mortgage or transfer of record of the interest; or

18 (ii) twenty years after the last:

19 (A) issuance of a drilling permit as to the
20 interest;

21 (B) actual production or withdrawal of oil or
22 gas, from the land, or from lands covered by a lease
23 to which the interest is subject, or from lands
24 pooled, unitized or included in unit operations of
25 the interest; or

26 (C) use of the interest in underground gas
27 storage operations.

28 (b) Vesting of interest.--

29 (1) An interest in oil or gas deemed abandoned under
30 subsection (a) shall vest as of the date of the abandonment

1 in the owner or owners of the surface in keeping with the
2 character of the surface ownership.

3 (2) The owner of the surface who claims a vested
4 interest in an oil and gas estate abandoned under subsection
5 (a) shall record written notice in the recorder of deeds
6 office for the county in which the land is located.

7 (3) The notice shall:

8 (i) Be verified by oath.

9 (ii) Describe the land and the nature of the vested
10 interest claimed.

11 (iii) Provide the name and address of the person
12 claiming the vested interest.

13 Section 6.2. Preservation of interests in oil and gas.

14 (a) General rule.--An interest in oil or gas may be
15 preserved by recording within the period specified by this act a
16 written notice in the recorder of deeds office for the county in
17 which the land is located.

18 (b) Form of notice.--The notice shall:

19 (1) Be verified by oath.

20 (2) Describe the land and the nature of the interest
21 claimed.

22 (3) Provide the name and address of the person or
23 persons claiming the interest.

24 (4) State that the person or persons desire to preserve
25 the interest and do not intend to abandon the interest.

26 (c) Adequacy of description of interest.--A person other
27 than the owner of the surface holding an interest in oil or gas
28 in land for use in underground storage field operations may
29 preserve the interest, and the rights of a lessor of the
30 interest, by recording a single written notice defining the

boundaries of and the formations included in the underground gas storage field without the necessity of describing each separate interest in oil or gas claimed in the underground gas storage field by that person.

(d) Legal effect of recorded notice.--

(1) Recording a written notice under this section shall operate to preserve the interest in oil or gas included in the written notice from abandonment under this act for a period of 20 years after recording.

(2) At the conclusion of the 20-year period, the interest shall be deemed abandoned if, during that 20-year period:

(i) the nondormant character of the interest has not been evidenced by sale, lease, mortgage or transfer by instrument recorded in the recorder of deeds office for the county in which the interest is located;

(ii) a drilling permit has not been issued;

(iii) oil or gas has not actually produced or withdrawn from the land, or from lands covered by a lease to which the interest is subject, or from lands pooled, unitized or included in unit operations of the interest;

(iv) there has been no use of the interest in underground gas storage operations; or

(v) no similar notice has been filed.

(e) Indefinitely preserving interest in oil and gas.--In the absence of prior abandonment, an interest in oil or gas in land owned by a person other than the owner of the surface may be preserved indefinitely from abandonment under this act by filing written notices as provided in this act or the performance of any of the acts specified in this act evidencing nondormancy of

1 the interest within each succeeding 20-year period.

2 (f) Affidavit of good faith.--

3 (1) For the purposes of this act, a person who uses an
4 interest in the gas of the underground gas storage field
5 operations may file a good faith affidavit in the recorder of
6 deeds office for the county or counties where the interest is
7 located, which affidavit must define the boundaries of the
8 underground gas storage field and the formations included in
9 the underground gas storage field.

10 (2) An affidavit that complies with paragraph (1) shall
11 be prima facie evidence of the use of the interest in the gas
12 of the underground gas storage field operations.

13 Section 7.1. Applicability.

14 This act shall not apply to an interest in oil or gas owned
15 by a governmental body or agency.

16 Section 2. This act shall take effect in 60 days.