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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 402 Session of  
2013

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INTRODUCED BY PICKETT, BAKER, CLYMER, FLECK, GABLER, GINGRICH,  
GROVE, C. HARRIS, HESS, KRIEGER, MAJOR, MILLARD, MOUL, MURT,  
STEVENSON, SWANGER AND WHITE, JANUARY 29, 2013

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REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,  
JANUARY 29, 2013

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AN ACT

1 Imposing duties on lessees of oil and natural gas leases; and  
2 providing for the recording of releases from oil and natural  
3 gas leases and of affidavits of termination or cancellation.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Recording of  
8 Release from Oil and Natural Gas Lease Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall  
11 have the meanings given to them in this section unless the  
12 context clearly indicates otherwise:

13 "Lessee." A person who has the right to extract oil or  
14 natural gas, or both, pursuant to an oil or natural gas lease.  
15 The term includes an assignee of the lessee.

16 "Oil or natural gas lease." A lease between an owner and  
17 lessee for the extraction of oil or natural gas, or both, from

1 the land of the owner and which lease is recorded with the  
2 recorder of deeds of the county in which the land is located.

3 "Owner." The person who owns the land on which an oil or  
4 natural gas lease is based.

5 "Release." A written document relating to an oil or natural  
6 gas lease which includes:

7 (1) A brief description of the land upon which the lease  
8 is based, including the municipality in which the land is  
9 situated.

10 (2) A statement that the oil or natural gas lease is  
11 terminated or canceled pursuant to the terms of the lease.

12 (3) The date of the termination or cancellation.

13 (4) A statement indicating that the lessee releases all  
14 of the lessee's rights, duties and interests under the lease.

15 (5) The signature of the lessee.

16 Section 3. Lessee duty to provide release.

17 (a) General rule.--Not less than 30 days prior to the  
18 termination or cancellation of an oil or natural gas lease, the  
19 lessee shall deliver to the owner, without cost to the owner, a  
20 release in recordable form.

21 (b) Limitation on owner.--An owner who receives a release  
22 under subsection (a) may not record the release with the  
23 recorder of deeds for the county in which the land is situated  
24 until on or after the date of the termination or cancellation.

25 (c) Duty of recorder of deeds.--A recorder of deeds who  
26 receives a release that satisfies the requirements of this act  
27 shall record the release.

28 (d) Applicability.--This section shall not apply if the  
29 lessee and owner have expressed an interest in writing to each  
30 other of an intention to renew the oil or natural gas lease or

1 to negotiate a new oil or natural gas lease.

2 Section 4. Failure to provide release.

3 (a) Notice to lessee.--If a lessee fails to provide a timely  
4 release as required under section 3, the owner may serve notice  
5 on the lessee. The notice may be served not less than 15 days  
6 prior to the date of termination or cancellation. The notice  
7 shall contain the following:

8 (1) A statement that:

9 (i) The lease will be terminated or canceled  
10 according to its terms, including the date of the  
11 termination or cancellation.

12 (ii) The lessee has a duty to provide a release  
13 under section 3.

14 (iii) The owner has failed to receive a timely  
15 release from the lessee.

16 (iv) If the release is not received by the date of  
17 termination or cancellation, the owner has a right to  
18 record an affidavit of termination or cancellation of an  
19 oil or natural gas lease in the office of the recorder of  
20 deeds for the county in which the land is situated.

21 (2) The names and addresses of the owner, if contained  
22 in the lease.

23 (3) The name and address of the person giving notice and  
24 a statement as to the person's interest in the land or  
25 relationship to the owner.

26 (4) The municipality in which the land is located and a  
27 brief description of the land.

28 (5) If located in a unit, the name or description of the  
29 unit, if known to the owner.

30 (6) If there is a well on the land, the name or number

1 of the well, if known to the owner.

2 (7) The date of the execution of the oil or natural gas  
3 lease.

4 (8) The date of termination or cancellation of the oil  
5 or natural gas lease and the basis of the termination or  
6 cancellation.

7 (b) Manner of service.--Service of the notice under  
8 subsection (a) shall be effected either personally or by  
9 certified mail to the lessee's last known business address, or,  
10 if service cannot be made by those means, by publication once a  
11 week for two weeks in a newspaper of general circulation in the  
12 county where the land is situated.

13 (c) Challenge to notice of termination or cancellation.--If,  
14 after receiving a notice of termination or cancellation under  
15 subsection (b), the lessee disputes that the oil or natural gas  
16 lease will be terminated or canceled on the date stated in the  
17 notice, the lessee must, not less than seven days prior to the  
18 date of the termination or cancellation stated in the notice,  
19 deliver a written challenge to the owner.

20 (d) Effect of challenge.--An owner who receives a timely  
21 challenge from the lessee under subsection (c) may not record an  
22 affidavit of termination or cancellation of an oil or natural  
23 gas lease in the office of the recorder of deeds for the county  
24 in which the land is situated without an order of court.

25 (e) Effect of no challenge.--An owner who has served a  
26 notice under subsection (a) and fails to receive a timely  
27 challenge from the lessee under subsection (c) may record an  
28 affidavit of termination or cancellation of an oil or natural  
29 gas lease in the office of the recorder of deeds for the county  
30 in which the land is situated.

1 Section 5. Affidavit of termination or cancellation.

2 (a) Contents of affidavit.--An affidavit of termination or  
3 cancellation of an oil or natural gas lease shall contain the  
4 following information:

5 (1) The names and addresses of the owner and lessee.

6 (2) The municipality in which the land is located and a  
7 brief description of the land.

8 (3) If located in a unit, the name or description of the  
9 unit, if known to the owner.

10 (4) If there is a well on the land, the name or number  
11 of the well, if known to the owner.

12 (5) The date of the execution of the oil or natural gas  
13 lease.

14 (6) The date of termination or cancellation of the oil  
15 or natural gas lease.

16 (7) A statement that the owner complied with its duty to  
17 serve a notice to the lessee under section 4(a) and that the  
18 lessee failed to provide a timely challenge to the notice as  
19 provided by section 4(c).

20 (8) A notarized signature of the owner.

21 (b) Duty of recorder of deeds.--A recorder of deeds who  
22 receives an affidavit of termination or cancellation that  
23 satisfies the provisions of this section shall record the  
24 affidavit.

25 Section 6. Effective date.

26 This act shall take effect in 60 days.