
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1731 Session of
2013

INTRODUCED BY BROOKS, SNYDER, LUCAS, BOBACK, CUTLER, COHEN,
MUNDY, MILLARD, ROAE, CARROLL, KAUFFMAN, MURT, MOLCHANY,
QUINN AND WHITE, SEPTEMBER 30, 2013

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
SEPTEMBER 30, 2013

AN ACT

1 Amending the act of July 25, 1961 (P.L.825, No.359), entitled
2 "An act defining and prohibiting waste in the production of
3 oil and gas; defining the powers and duties of the Oil and
4 Gas Conservation Commission and the Oil and Gas Division of
5 the Department of Mines and Mineral Industries with respect
6 to the prevention of waste in the production of oil and gas
7 from certain geological horizons; the protection of
8 correlative rights; the spacing of well drilling operations;
9 the unitization of lands and horizons for the purpose of
10 regulating well spacing; providing for the enforcement of
11 this act; and the issuance of rules, regulations and orders
12 prescribing the rights, obligations and duties of owners and
13 operators of interests in lands and leasehold interests
14 therein with respect to the drilling of oil and gas wells
15 thereon; providing for hearings and the procedures to be
16 followed therein; imposing duties upon the courts; providing
17 methods for the enforcement of the provisions of this act,
18 limiting all the provisions hereof to certain geological
19 horizons; imposing penalties and making an appropriation,"
20 further providing for definitions and for integration of
21 interests in spacing units.

22 The General Assembly of the Commonwealth of Pennsylvania
23 hereby enacts as follows:

24 Section 1. Sections 2(8) and 8(a) of the act of July 25,
25 1961 (P.L.825, No.359), known as the Oil and Gas Conservation
26 Law, are amended to read:

1 Section 2. Definitions.--As used in this act--

2 * * *

3 (8) "Royalty owner" means any owner of oil or gas in place,
4 or oil or gas rights, subject to a lease covering such oil or
5 gas in place or oil or gas rights. "Royalty owner" also means
6 any owner of an interest in an oil or gas lease which entitles
7 him to a share in the production of the oil or gas under such
8 lease or the proceeds therefrom without obligating him to pay
9 any costs under such lease. ["Royalty owner" also means the
10 owner of any interest in the oil or gas in place, or oil or gas
11 rights, who has not executed an oil and gas lease, to the extent
12 that such owner is not designated an "operator" under the
13 preceding clause.]

14 * * *

15 Section 8. Integration of Interests in Spacing Units.--(a)
16 When two or more separately owned tracts are embraced within a
17 spacing unit, or when there are separately owned interests in
18 all or a part of a spacing unit, the interested persons may
19 integrate their tracts or interests for the development and
20 operation of the spacing unit. [In the absence of voluntary
21 integration, the commission, upon the application of any
22 operator having an interest in the spacing unit, shall make an
23 order integrating all tracts or interests in the spacing unit
24 for the development and operation thereof and for the sharing of
25 production therefrom. The commission as part of the order
26 establishing a spacing unit or units shall prescribe the terms
27 and conditions upon which the royalty interests in the unit or
28 units shall, in the absence of voluntary agreement, be deemed to
29 be integrated without the necessity of a subsequent separate
30 order integrating the royalty interests. Each such integration

1 order shall be upon terms and conditions that are just and
2 reasonable, and shall be made only after a public hearing after
3 notice by certified mail to all other operators and royalty
4 owners within the unit whose interests are of record, at least
5 fifteen days prior to the date of the hearing, or in the
6 alternative by personal service in the manner set out in
7 subsection (d) of section 10. If such persons or their addresses
8 are unknown to the applicant, notice may be given by the
9 commission by publication for two successive weeks in a
10 newspaper of general circulation in the county, or in each
11 county if there be more than one, in which the lands embraced
12 within the unit are situated. The first publication shall be at
13 least fifteen days prior to the date of the hearing. Should the
14 aforesaid notice fail to be given to any operator of record or
15 royalty owner or should an attempt to give notice be held to be
16 invalid, such defect shall not invalidate the proceedings at the
17 hearing or any orders issued: Provided, however, That any such
18 order shall not be effective as to the interest of the person
19 whose interest is of record who was not notified or to whom
20 notice is held to be invalid.]

21 * * *

22 Section 3. This act shall take effect in 60 days.