

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 356 Session of 2013

INTRODUCED BY YAW, KASUNIC, VOGEL AND BAKER, JANUARY 31, 2013

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, JANUARY 31, 2013

AN ACT

1 Amending Title 58 (Oil and Gas) of the Pennsylvania Consolidated
2 Statutes, providing for lease extended by production.

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

5 Section 1. Title 58 of the Pennsylvania Consolidated
6 Statutes is amended by adding a section to read:

7 § 3213.1. Lease extended by production.

8 (a) Prohibition.--Any portion of land subject to a lease,
9 which is combined with other lands or leases to form a unit,
10 shall be subject to operations and production on and in the
11 unit. The operations and production shall continue a lease in
12 force and effect during or after the primary term according to
13 the lease provisions only as to that portion of the leased land
14 which is included in the unit. Any land covered by a lease and
15 not included in the unit shall not be subject to operations or
16 production on or in the unit. The lease may be kept in force in
17 any manner provided in the lease agreement for leased land not
18 included in an agreement.

1 (b) Applicability.--

2 (1) Subsection (a) shall apply to any unit formed after
3 the effective date of this section.

4 (2) This section shall only apply to lease interests in
5 an unconventional reservoir.

6 (c) Definitions.--As used in this section, the following
7 words and phrases shall have the meanings given to them in this
8 subsection unless the context clearly indicates otherwise:

9 "Unconventional reservoir." A formation below the base of
10 the Elk Sandstone or its geologic equivalent stratigraphic
11 interval that contains or produces oil or gas that generally
12 cannot be economically produced at flow rates or in volumes
13 except by hydraulic fracturing, horizontal or multilateral well
14 bores or other techniques to expose the reservoir to the well
15 bore.

16 "Unit." A consolidation of interests of persons actively
17 engaged in the business of extracting oil or gas from land owned
18 or leased by the persons within a defined geographic area to
19 facilitate the drilling of wells from one or more unconventional
20 reservoirs.

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