
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1700 Session of
2013

INTRODUCED BY WHITE, O'BRIEN, COHEN, MUNDY, MULLERY, CUTLER,
FRANKEL, CARROLL, MILLARD, FREEMAN AND BOBACK,
SEPTEMBER 16, 2013

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
SEPTEMBER 16, 2013

AN ACT

1 Amending the act of July 20, 1979 (P.L.183, No.60), entitled "An
2 act regulating the terms and conditions of certain leases
3 regarding natural gas and oil," providing for multiple
4 contiguous leases, for drilling and mineral extraction in
5 subsurface land; and repealing provisions relating to
6 apportionment.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Section 2.1 of the act of July 20, 1979 (P.L.183,
10 No.60) known as the Oil and Gas Lease Act, added July 9, 2013
11 (P.L.473, No.66) is repealed:

12 [Section 2.1. Apportionment.

13 Where an operator has the right to develop multiple
14 contiguous leases separately, the operator may develop those
15 leases jointly by horizontal drilling unless expressly
16 prohibited by a lease. In determining the royalty where multiple
17 contiguous leases are developed, in the absence of an agreement
18 by all affected royalty owners, the production shall be

1 allocated to each lease in such proportion as the operator
2 reasonably determines to be attributable to each lease.]

3 Section 2. The act is amended by adding sections to read:

4 Section 2.2. Multiple contiguous leases.

5 Where an operator has the right to develop multiple
6 contiguous leases separately, the operator may develop the
7 leases jointly by horizontal drilling only when expressly
8 permitted by the leases of properties in question. In cases
9 where an operator has the right to develop multiple contiguous
10 leases separately and proceeds to develop the leases jointly
11 when not expressly permitted by the leases, the leases may be
12 declared null and void at the lessor's discretion and may be
13 renegotiated at the lessor's discretion. This section may not be
14 construed to amend or alter the provisions of a lease agreement
15 when the lessee has complied with the lease provisions.

16 Section 2.3. Drilling and mineral extraction in subsurface
17 land.

18 (a) Prohibition.--Notwithstanding any provision of law, a
19 gas company that does not have a valid lease with an owner of
20 subsurface mineral rights, including oil or natural gas, may not
21 drill into or otherwise extract minerals, including oil or
22 natural gas, from subsurface land for which it does not have a
23 written lease agreement.

24 (b) Forced pooling.--A subsurface owner of mineral rights,
25 including oil or natural gas, is not subject to any form of
26 forced pooling or unitization with other subsurface properties
27 when a lease to drill or otherwise extract minerals, including
28 oil or natural gas, does not exist for the property.

29 (c) Rule of capture.--Subsections (a) and (b) do not
30 preclude a gas driller from extracting gas that has seeped onto

1 an adjacent property, for which a valid lease exists, known as
2 the rule of capture.

3 (d) Definition.--As used in this section, the term "forced
4 pooling" means the act of being forced by State law into
5 participation in an oil or gas producing unit and includes
6 similar terms such as:

7 (1) compulsory pooling;

8 (2) forced unitization;

9 (3) compulsory unitization; and

10 (4) terms that substantively result in the same.

11 Section 3. This act shall take effect immediately.