

THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

No. 1700 Session of  
2013

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

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

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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11 (P.L.473, No.66) is repealed: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.