

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1237 Session of 2014

INTRODUCED BY YAW, RAFFERTY, FONTANA, VOGEL, YUDICHAK, HUGHES, GREENLEAF, COSTA, BAKER, SCARNATI, VULAKOVICH, KASUNIC, SOLOBAY AND BROWNE, JANUARY 24, 2014

SENATOR YAW, ENVIRONMENTAL RESOURCES AND ENERGY, AS AMENDED, MARCH 11, 2014

AN ACT

1 Providing for protection for a ~~royalty interest owner~~ LESSOR of <--  
2 natural gas rights who reports a violation or suspected  
3 violation of a contractual agreement and for remedies and  
4 penalties.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Natural Gas  
9 Lease Anti-Retaliation Act.

10 Section 2. Definitions.

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

14 "Good faith action." A claim, demand or complaint intended  
15 to secure rights granted under a lease or to determine whether  
16 the terms of a lease are being complied with, including, but not  
17 limited to, a request for an accounting of any costs, taxes or  
18 fees allowed to be deducted from royalty payments by lessee,

1 that is made without malice or ulterior motive and which the  
2 lessor or a party acting on the lessor's behalf reasonably  
3 believes to be valid and legally correct.

4 "Lessee." Any person who has obtained the right to explore,  
5 drill, stimulate, produce, market and sell oil, gas and natural  
6 gas liquids, or any portion thereof, pursuant to a properly  
7 executed lease.

8 "Lessor." The owner of the oil and gas in place, who  
9 controls the oil and gas rights and has executed a lease.

10 Section 3. Protection of ~~royalty interest owners~~ LESSORS. <--

11 No ~~lessor~~ LESSEE may retaliate by ceasing development or <--  
12 production or take other reprisals against a lessor because a <--  
13 THE lessor takes a good faith action, ~~as defined in this act.~~ <--

14 Section 4. Remedies.

15 (a) Civil action.--A ~~person~~ LESSOR who alleges a violation <--  
16 of section 3 may bring a civil action in a court of competent  
17 jurisdiction for appropriate injunctive relief or damages, or  
18 both, within one year after the occurrence of the alleged  
19 violation.

20 (b) Necessary showing of evidence.--A lessor alleging a  
21 violation of this act must show by a preponderance of the  
22 evidence that its action meets the definition of a good faith  
23 action and that a retaliatory action was taken by the lessee  
24 after it became aware of the good faith action of the lessor.

25 (c) Defense.--It shall be a defense to an action under this  
26 section if the lessee proves by a preponderance of the evidence  
27 that the action by the lessee was authorized under the terms of  
28 the lease or occurred for legitimate business reasons.

29 Section 5. Enforcement.

30 A court ~~that~~ WHICH finds in favor of the lessor ~~shall~~ MAY <--

1 order the lessee to pay ~~appropriate~~ REASONABLE damages to the <--  
2 lessor and may impose a civil fine of up to \$1,000 per day for  
3 each day the provisions of section 3 have been violated. A court  
4 which finds that an action has been instituted for other than a  
5 good faith action ~~as defined in this act~~ may order the lessor to <--  
6 pay reasonable damage to the lessee.

7 Section 6. Effective date.

8 This act shall take effect in 60 days.