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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 698 Session of  
2023

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INTRODUCED BY WEBSTER, MADDEN, PROBST, SANCHEZ, DELLOSO, BURGOS  
AND CIRESI, MARCH 24, 2023

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REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,  
MARCH 24, 2023

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AN ACT

1 Providing for plain language requirements in oil and gas real  
2 property contracts, for remedies and for penalties.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Plain  
7 Language Oil and Gas Real Property Contract Act.

8 Section 2. Definitions.

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

12 "Contract." A written agreement between a landowner and an  
13 oil and gas land broker, landman, oil company or gas company for  
14 the sale, transfer, conveyance or lease of real property.

15 "Landowner." An individual or group of individuals with  
16 interest in real property or named on the deed or title of the  
17 real property.

1 Section 3. Test of readability.

2 (a) General rule.--A contract shall be written, organized  
3 and designed so that the contract is easy to read and  
4 understand.

5 (b) Language guidelines.--In determining whether a contract  
6 meets the requirements of subsection (a), a court shall consider  
7 the following language guidelines:

8 (1) The contract should use short words, sentences and  
9 paragraphs.

10 (2) The contract should use active verbs.

11 (3) The contract should not use technical legal terms  
12 other than commonly understood legal terms.

13 (4) The contract should not use Latin and foreign words  
14 or any other word when its use requires reliance upon an  
15 obsolete meaning.

16 (5) The contract must define industry-specific terms  
17 whose definitions have meanings which are not commonly  
18 understood.

19 (6) The definitions of words defined in the contract  
20 should be defined by using commonly understood meanings.

21 (7) When the contract refers to the parties to the  
22 contract, the references should use personal pronouns, the  
23 actual or shortened names of the parties, the terms "seller"  
24 and "buyer" or the terms "lessor" and "lessee."

25 (8) The contract should not use sentences that contain  
26 more than one condition.

27 (9) The contract should not use cross references, except  
28 cross references that briefly and clearly describe the  
29 substances of the item to which the reference is made.

30 (10) The contract should not use sentences with double

1 negatives or exceptions to exceptions.

2 (c) Visual guidelines.--In determining whether a contract  
3 meets the requirements of subsection (a), a court shall consider  
4 the following guidelines:

5 (1) The contract should have type size, line length,  
6 column width, margins and spacing between lines and  
7 paragraphs that make the contract easy to read.

8 (2) The contract should caption sections in boldface  
9 type.

10 (3) The contract should use ink that contrasts sharply  
11 with the paper.

12 Section 4. Notarization of contracts.

13 (a) Execution.--A contract shall be signed by the landowner  
14 in the presence of a notary public in this Commonwealth.

15 (b) Receipt of contract.--The landowner and buyer or lessee  
16 shall receive a notarized copy of the contract.

17 Section 5. Damages, enforcements, assurance of voluntary  
18 compliance and civil penalties.

19 (a) Damages and other remedies.--An oil and gas land broker,  
20 landman, oil company or gas company that executes a contract  
21 with a landowner that does not comply with the test of  
22 readability provided under section 3 is liable to the landowner  
23 for all of the following:

24 (1) Compensation in an amount equal to the value of any  
25 actual loss caused by the violation of this act.

26 (2) Statutory damages of \$10,000.

27 (3) Court costs.

28 (4) Reasonable attorney fees.

29 (5) Any equitable and other relief ordered by the court.

30 (b) Enforcement.--A violation of this act is deemed to be a

1 violation of the act of December 17, 1968 (P.L.1224, No.387),  
2 known as the Unfair Trade Practices and Consumer Protection Law.  
3 Section 6. Limitations on liability.

4 (a) Limitation generally.--There shall be no liability under  
5 section 5 if any of the following occur:

6 (1) The landowner wrote the contract or part of the  
7 contract that violates this act.

8 (2) The oil and gas land broker, landman, oil company or  
9 gas company made a good faith and reasonable effort to comply  
10 with this act.

11 (b) Time limit to file lawsuit.--A lawsuit under this act  
12 must be filed within 10 years from the date on which the  
13 contract was signed.

14 Section 7. Applicability.

15 This act shall apply to the following:

16 (1) All contracts that are executed, solicited or  
17 intended to be performed on or after the effective date of  
18 this section.

19 (2) A renewal, extension, option or change in the terms  
20 of an existing contract on or after the effective date of  
21 this section.

22 Section 8. Effective date.

23 This act shall take effect in one year.