



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 402

PRINTERS NO. 3881

PRIME SPONSOR: Pickett

COST / (REVENUE)

FUND	FY 2013/14	FY 2014/15
General Fund	\$0	\$0

SUMMARY: House Bill 402, Printer's Number 3881, creates the Recording of Surrender Documents from Oil and Natural Gas Lease Act.

ANALYSIS: This bill creates the Recording of Surrender Documents from Oil and Natural Gas Lease Act, which requires a lessee, upon termination, expiration or cancellation of a lease, to deliver a recordable surrender document to the lessor.

Several definitions are established within this legislation, such as:

- "Lessee" is defined as a person who has the right to extract oil or natural gas, or both, pursuant to an oil or natural gas lease;
- "Lessor" is the owner of oil and natural gas in place who controls the oil and natural gas rights and has executed an oil or natural gas lease; and
- "Surrender document" is a written document relating to an oil or natural gas lease which includes: (1) A brief description of the land upon which the lease is based, including the municipality in which the land is situated. (2) A statement that the oil or natural gas lease is terminated, expired or canceled pursuant to the terms of the lease. (3) The date of the termination, expiration or cancellation. (4) A statement indicating that the lessee surrenders all of the lessee's rights, duties and interests under the lease. (5) The signature of the lessee.

The bill requires lessees who are party to an oil or natural gas lease to deliver a recordable surrender document to the lessor not more than 30 days after the termination, expiration or cancellation of a lease. Such surrender document will include a statement indicating that the lessee surrenders all of its interests under the lease, and will be recorded by the recorder of deeds for the county.

A lessor may serve notice on a lessee that fails to provide a timely surrender document. A lessee who disputes that the oil or gas lease will be terminated, expired or cancelled on the date stated in the lessor's notice has 30 days to deliver a written challenge to the lessor.

A lessor who has served notice and fails to receive a timely challenge from the lessee may file an affidavit of termination of the lease in the office of the recorder of deeds in the county where the land is situated.

The legislation shall take effect in 60 days upon enactment.

FISCAL IMPACT: Enactment of this bill will have no adverse fiscal impact on Commonwealth funds.

PREPARED BY: Jeffrey Clukey
House Appropriations Committee (R)

DATE: June 30, 2014

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.