

AN ACT

1 Imposing duties on lessees of oil and natural gas leases; and
2 providing for the recording of releases from oil and natural
3 gas leases and of affidavits of termination or cancellation.

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

6 Section 1. Short title.

7 This act shall be known and may be cited as the Recording of
8 Release from Oil and Natural Gas Lease Act.

9 Section 2. Definitions.

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

13 "Lessee." A person who has the right to extract oil or
14 natural gas, or both, pursuant to an oil or natural gas lease.
15 The term includes an assignee of the lessee.

16 "Oil or natural gas lease." A lease between an owner and
17 lessee for the extraction of oil or natural gas, or both, from
18 the land of the owner and which lease is recorded with the

1 recorder of deeds of the county in which the land is located.

2 "Owner." The person who owns the land on which an oil or
3 natural gas lease is based.

4 "Release." A written document relating to an oil or natural
5 gas lease which includes:

6 (1) A brief description of the land upon which the lease
7 is based, including the municipality in which the land is
8 situated.

9 (2) A statement that the oil or natural gas lease is
10 terminated or canceled pursuant to the terms of the lease.

11 (3) The date of the termination or cancellation.

12 (4) A statement indicating that the lessee releases all
13 of the lessee's rights, duties and interests under the lease.

14 (5) The signature of the lessee.

15 Section 3. Lessee duty to provide release.

16 (a) General rule.--Not less than 30 days prior to the
17 termination or cancellation of an oil or natural gas lease, the
18 lessee shall deliver to the owner, without cost to the owner, a
19 release in recordable form.

20 (b) Limitation on owner.--An owner who receives a release
21 under subsection (a) may not record the release with the
22 recorder of deeds for the county in which the land is situated
23 until on or after the date of the termination or cancellation.

24 (c) Duty of recorder of deeds.--A recorder of deeds who
25 receives a release that satisfies the requirements of this act
26 shall record the release.

27 (d) Applicability.--This section shall not apply if the
28 lessee and owner have expressed an interest in writing to each
29 other of an intention to renew the oil or natural gas lease or
30 to negotiate a new oil or natural gas lease.

1 Section 4. Failure to provide release.

2 (a) Notice to lessee.--If a lessee fails to provide a timely
3 release as required under section 3, the owner may serve notice
4 on the lessee. The notice may be served not less than 15 days
5 prior to the date of termination or cancellation. The notice
6 shall contain the following:

7 (1) A statement that:

8 (i) The lease will be terminated or canceled
9 according to its terms, including the date of the
10 termination or cancellation.

11 (ii) The lessee has a duty to provide a release
12 under section 3.

13 (iii) The owner has failed to receive a timely
14 release from the lessee.

15 (iv) If the release is not received by the date of
16 termination or cancellation, the owner has a right to
17 record an affidavit of termination or cancellation of an
18 oil or natural gas lease in the office of the recorder of
19 deeds for the county in which the land is situated.

20 (2) The names and addresses of the owner, if contained
21 in the lease.

22 (3) The name and address of the person giving notice and
23 a statement as to the person's interest in the land or
24 relationship to the owner.

25 (4) The municipality in which the land is located and a
26 brief description of the land.

27 (5) If located in a unit, the name or description of the
28 unit, if known to the owner.

29 (6) If there is a well on the land, the name or number
30 of the well, if known to the owner.

1 (7) The date of the execution of the oil or natural gas
2 lease.

3 (8) The date of termination or cancellation of the oil
4 or natural gas lease and the basis of the termination or
5 cancellation.

6 (b) Manner of service.--Service of the notice under
7 subsection (a) shall be effected either personally or by
8 certified mail to the lessee's last known business address, or,
9 if service cannot be made by those means, by publication once a
10 week for two weeks in a newspaper of general circulation in the
11 county where the land is situated.

12 (c) Challenge to notice of termination or cancellation.--If,
13 after receiving a notice of termination or cancellation under
14 subsection (b), the lessee disputes that the oil or natural gas
15 lease will be terminated or canceled on the date stated in the
16 notice, the lessee must, not less than seven days prior to the
17 date of the termination or cancellation stated in the notice,
18 deliver a written challenge to the owner.

19 (d) Effect of challenge.--An owner who receives a timely
20 challenge from the lessee under subsection (c) may not record an
21 affidavit of termination or cancellation of an oil or natural
22 gas lease in the office of the recorder of deeds for the county
23 in which the land is situated without an order of court.

24 (e) Effect of no challenge.--An owner who has served a
25 notice under subsection (a) and fails to receive a timely
26 challenge from the lessee under subsection (c) may record an
27 affidavit of termination or cancellation of an oil or natural
28 gas lease in the office of the recorder of deeds for the county
29 in which the land is situated.

30 Section 5. Affidavit of termination or cancellation.

1 (a) Contents of affidavit.--An affidavit of termination or
2 cancellation of an oil or natural gas lease shall contain the
3 following information:

4 (1) The names and addresses of the owner and lessee.

5 (2) The municipality in which the land is located and a
6 brief description of the land.

7 (3) If located in a unit, the name or description of the
8 unit, if known to the owner.

9 (4) If there is a well on the land, the name or number
10 of the well, if known to the owner.

11 (5) The date of the execution of the oil or natural gas
12 lease.

13 (6) The date of termination or cancellation of the oil
14 or natural gas lease.

15 (7) A statement that the owner complied with its duty to
16 serve a notice to the lessee under section 4(a) and that the
17 lessee failed to provide a timely challenge to the notice as
18 provided by section 4(c).

19 (8) A notarized signature of the owner.

20 (b) Duty of recorder of deeds.--A recorder of deeds who
21 receives an affidavit of termination or cancellation that
22 satisfies the provisions of this section shall record the
23 affidavit.

24 Section 6. Effective date.

25 This act shall take effect in 60 days.