

AMENDMENTS TO SENATE BILL NO. 694

Sponsor: REPRESENTATIVE METCALFE

Printer's No. 1191

1 Amend Bill, page 1, lines 1 and 2, by striking out all of
2 said lines and inserting
3 Amending the act of July 20, 1979 (P.L.183, No.60), entitled "An
4 act regulating the terms and conditions of certain leases
5 regarding natural gas and oil," providing for cross unit
6 drilling for unconventional wells.

7 Amend Bill, page 1, lines 5 through 18; page 2, lines 1
8 through 21; by striking out all of said lines on said pages and
9 inserting

10 Section 1. The act of July 20, 1979 (P.L.183, No.60), known
11 as the Oil and Gas Lease Act, is amended by adding a section to
12 read:

13 Section 2.2. Cross unit drilling for unconventional wells.

14 (a) General rule.--If an operator has the right to drill an
15 oil or gas well on separate units, the operator may drill and
16 produce a well that traverses, by horizontal drilling, more than
17 one unit, if:

18 (1) The operator reasonably allocates production from
19 the well to or among each unit the operator reasonably
20 determines to be attributable to each unit. The operator may
21 allocate production on an acreage basis for multiple units
22 provided the allocation has a reasonable correlation to the
23 portion of the horizontal wellbore in each unit.

24 (2) The traversing well is not expressly prohibited by
25 the terms of a lease.

26 (b) Location requirement.--The 330-foot location requirement
27 in section 6 of the act of July 25, 1961 (P.L.825, No.359),
28 known as the Oil and Gas Conservation Law, shall not apply to
29 unit lines traversed by a conservation well.

30 (c) Construction.--Nothing in this subsection shall be
31 construed to:

32 (1) authorize an operator to drill an oil or gas well
33 that is not subject to a valid lease or royalty agreement;
34 and

35 (2) automatically expand or diminish the current surface

1 rights of an operator to include operations related to any
2 existing unit or any well drilled between existing units.
3 Section 2. This act shall take effect in 60 days.