

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 722 Session of 2011

INTRODUCED BY YAW, FEBRUARY 28, 2011

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, FEBRUARY 28, 2011

AN ACT

1 Amending the act of December 19, 1984 (P.L.1140, No.223),
 2 entitled "An act relating to the development of oil and gas
 3 and coal; imposing duties and powers on the Department of
 4 Environmental Resources; imposing notification requirements
 5 to protect landowners; and providing for definitions, for
 6 various requirements to regulate the drilling and operation
 7 of oil and gas wells, for gas storage reservoirs, for various
 8 reporting requirements, including certain requirements
 9 concerning the operation of coal mines, for well permits, for
 10 well registration, for distance requirements, for well casing
 11 requirements, for safety device requirements, for storage
 12 reservoir obligations, for well bonding requirements, for a
 13 Well Plugging Restricted Revenue Account to enforce oil and
 14 gas well plugging requirements, for the creation of an Oil
 15 and Gas Technical Advisory Board, for oil and gas well
 16 inspections, for enforcement and for penalties," providing
 17 for lease extended by production.

18 The General Assembly of the Commonwealth of Pennsylvania
 19 hereby enacts as follows:

20 Section 1. The act of December 19, 1984 (P.L.1140, No.223),
 21 known as the Oil and Gas Act, is amended by adding a section to
 22 read:

23 Section 203.1. Lease extended by production.

24 (a) Prohibition.--Any portion of land subject to a lease,
 25 which is combined with other lands or leases to form a unit,

1 shall be subject to operations and production on and in the
2 unit. The operations and production shall continue a lease in
3 force and effect during or after the primary term according to
4 the lease provisions only as to that portion of the leased land
5 which is included in the unit. Any land covered by a lease and
6 not included in the unit shall not be subject to operations or
7 production on or in the unit. The lease may be kept in force in
8 any manner provided in the lease agreement for leased land not
9 included in an agreement.

10 (b) Applicability.--

11 (1) Subsection (a) shall apply to any unit formed after
12 the effective date of this section.

13 (2) This chapter shall only apply to lease interests in
14 an unconventional reservoir.

15 (c) Definitions.--As used in this section, the following
16 words and phrases shall have the meanings given to them in this
17 subsection unless the context clearly indicates otherwise:

18 "Unconventional reservoir." A formation below the base of
19 the Elk Sandstone or its geologic equivalent stratigraphic
20 interval that contains or produces oil or gas that generally
21 cannot be economically produced at flow rates or in volumes
22 except by hydraulic fracturing, horizontal or multilateral well
23 bores or other techniques to expose the reservoir to the well
24 bore.

25 "Unit." A consolidation of interests of persons actively
26 engaged in the business of extracting oil or gas from land owned
27 or leased by the persons within a defined geographic area to
28 facilitate the drilling of wells from one or more unconventional
29 reservoirs.

30 Section 2. This act shall take effect in 60 days.