

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 402 Session of 2013

INTRODUCED BY PICKETT, BAKER, CLYMER, FLECK, GABLER, GINGRICH, GROVE, C. HARRIS, HESS, KRIEGER, MAJOR, MILLARD, MOUL, MURT, STEVENSON, SWANGER, WHITE AND DENLINGER, JANUARY 29, 2013

AS REPORTED FROM COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 24, 2014

AN ACT

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

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Recording of
9 ~~Release~~ SURRENDER DOCUMENTS from Oil and Natural Gas Lease Act. <--

10 Section 2. Definitions.

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

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

17 "LESSOR." AN OWNER OF OIL AND NATURAL GAS IN PLACE WHO <--
18 CONTROLS THE OIL AND NATURAL GAS RIGHTS AND HAS EXECUTED AN OIL

1 OR NATURAL GAS LEASE.

2 "Oil or natural gas lease." A lease between ~~an owner~~ A <--
3 LESSOR and lessee for the extraction of oil or natural gas, or
4 both, from the land of the ~~owner~~ LESSOR and which lease is <--
5 recorded with the recorder of deeds of the county in which the
6 land is located.

7 ~~"Owner." The person who owns the land on which an oil or~~ <--
8 ~~natural gas lease is based.~~

9 ~~"Release."~~ "SURRENDER DOCUMENT." A written document relating <--
10 to an oil or natural gas lease which includes:

11 (1) A brief description of the land upon which the lease
12 is based, including the municipality in which the land is
13 situated.

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

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

17 (4) A statement indicating that the lessee ~~releases~~ <--
18 SURRENDERS all of the lessee's rights, duties and interests <--
19 under the lease.

20 (5) The signature of the lessee.

21 Section 3. Lessee duty to provide ~~release~~ SURRENDER DOCUMENT. <--

22 (a) General rule.--Not ~~less~~ MORE than 30 days ~~prior to~~ AFTER <--
23 the termination or cancellation of an oil or natural gas lease,
24 the lessee shall deliver to the ~~owner~~ LESSOR, without cost to <--
25 the ~~owner~~ LESSOR, a ~~release~~ SURRENDER DOCUMENT in recordable <--
26 form.

27 ~~(b) Limitation on owner. An owner who receives a release~~ <--
28 ~~under subsection (a) may not record the release with the~~
29 ~~recorder of deeds for the county in which the land is situated~~
30 ~~until on or after the date of the termination or cancellation.~~

1 ~~(e)~~ (B) Duty of recorder of deeds.--A recorder of deeds who <--
2 receives a ~~release~~ SURRENDER DOCUMENT that satisfies the <--
3 requirements of this act shall record the ~~release~~ SURRENDER <--
4 DOCUMENT.

5 ~~(d)~~ (C) Applicability.--This section shall not apply if the <--
6 lessee and ~~owner~~ LESSOR have expressed an interest in writing to <--
7 each other of an intention to renew the oil or natural gas lease
8 or to negotiate a new oil or natural gas lease.

9 Section 4. Failure to provide ~~release~~ SURRENDER DOCUMENT. <--

10 (a) Notice to lessee.--If a lessee fails to provide a timely
11 ~~release~~ SURRENDER DOCUMENT as required under section 3, the <--
12 ~~owner~~ LESSOR may serve notice on the lessee. ~~The notice may be~~ <--
13 ~~served not less than 15 days prior to the date of termination or~~
14 ~~cancellation.~~ The notice shall contain the following:

15 (1) A statement that:

16 (i) The lease will be terminated or canceled
17 according to its terms, including the date of the
18 termination or cancellation.

19 (ii) The lessee has a duty to provide a ~~release~~ <--
20 SURRENDER DOCUMENT under section 3. <--

21 (iii) The ~~owner~~ LESSOR has failed to receive a <--
22 timely ~~release~~ SURRENDER DOCUMENT from the lessee. <--

23 (iv) If the ~~release~~ SURRENDER DOCUMENT is not <--
24 received by the date of termination or cancellation, the
25 ~~owner~~ LESSOR has a right to record an affidavit of <--
26 termination or cancellation of an oil or natural gas
27 lease in the office of the recorder of deeds for the
28 county in which the land is situated.

29 (2) The names and addresses of the ~~owner~~ LESSOR, if <--
30 contained in the lease.

1 (3) The name and address of the person giving notice and
2 a statement as to the person's interest in the land or
3 relationship to the ~~owner~~ LESSOR. <--

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

6 (5) If located in a unit, the name or description of the
7 unit, if known to the ~~owner~~ LESSOR. <--

8 (6) If there is a well on the land, the name or number
9 of the well, if known to the ~~owner~~ LESSOR. <--

10 (7) The date of the execution of the oil or natural gas
11 lease.

12 (8) The date of termination or cancellation of the oil
13 or natural gas lease and the basis of the termination or
14 cancellation.

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

21 (c) Challenge to notice of termination or cancellation.--If,
22 after receiving a notice of termination or cancellation under
23 subsection (b), the lessee disputes that the oil or natural gas
24 lease will be terminated or canceled on the date stated in the
25 notice, the lessee must, ~~not less than seven days prior to the~~ <--
26 ~~date of the termination or cancellation stated in~~ MORE THAN 30 <--
27 DAYS AFTER RECEIPT OF the notice, deliver a written challenge to
28 the ~~owner~~ LESSOR. <--

29 ~~(d) Effect of challenge. An owner who receives a timely~~ <--
30 ~~challenge from the lessee under subsection (c) may not record an~~

1 ~~affidavit of termination or cancellation of an oil or natural~~
2 ~~gas lease in the office of the recorder of deeds for the county~~
3 ~~in which the land is situated without an order of court.~~

4 (e) (D) Effect of no challenge.--An owner A LESSOR who has <--
5 served a notice under subsection (a) and fails to receive a
6 timely challenge from the lessee under subsection (c) may record
7 an affidavit of termination or cancellation of an oil or natural
8 gas lease in the office of the recorder of deeds for the county
9 in which the land is situated.

10 Section 5. Affidavit of termination or cancellation.

11 (a) Contents of affidavit.--An affidavit of termination or
12 cancellation of an oil or natural gas lease shall contain the
13 following information:

14 (1) The names and addresses of the owner LESSOR and <--
15 lessee.

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

18 (3) If located in a unit, the name or description of the
19 unit, if known to the owner LESSOR. <--

20 (4) If there is a well on the land, the name or number
21 of the well, if known to the owner LESSOR. <--

22 (5) The date of the execution of the oil or natural gas
23 lease.

24 (6) The date of termination or cancellation of the oil
25 or natural gas lease.

26 (7) A statement that the owner LESSOR complied with its <--
27 duty to serve a notice to the lessee under section 4(a) and
28 that the lessee failed to provide a timely challenge to the
29 notice as provided by section 4(c).

30 (8) A notarized signature of the owner LESSOR. <--

1 (b) Duty of recorder of deeds.--A recorder of deeds who
2 receives an affidavit of termination or cancellation that
3 satisfies the provisions of this section shall record the
4 affidavit.

5 Section 6. Effective date.

6 This act shall take effect in 60 days.