

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1732 Session of
2013

INTRODUCED BY BROOKS, BOBACK, LUCAS, CUTLER, COHEN, MUNDY,
MILLARD, CARROLL, KAUFFMAN, MURT, SNYDER, MOLCHANY, QUINN AND
WHITE, SEPTEMBER 30, 2013

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
SEPTEMBER 30, 2013

AN ACT

1 Amending the act of July 20, 1979 (P.L.183, No.60), entitled "An
2 act regulating the terms and conditions of certain leases
3 regarding natural gas and oil," further providing for royalty
4 guaranteed.

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

7 Section 1. Section 1.3 of the act of July 20, 1979 (P.L.183,
8 No.60), known as the Oil and Gas Lease Act, added July 9, 2013
9 (P.L.473, No.66), is amended to read:

10 Section 1.3. Royalty guaranteed.

11 A lease or other such agreement conveying the right to remove
12 or recover oil, natural gas or gas of any other designation from
13 the lessor to the lessee shall not be valid if the lease does
14 not guarantee the lessor at least one-eighth royalty of all oil,
15 natural gas or gas of other designations removed or recovered
16 from the subject real property. Unless otherwise provided for in
17 the terms of a lease, royalties shall be calculated on the gross
18 value of the oil, natural gas or gas of other designation at the

1 wellhead. The lessee may not deduct any severance taxes, impact
2 fees or postproduction costs, including any loss of volume or
3 costs associated with gathering, dehydration, compression,
4 treatment, processing, transporting and marketing the product.
5 Deductions shall only be enforceable if the value of the royalty
6 after the deductions results in at least one-eighth, or that
7 percentage or royalty determined by the lease, of the gross
8 value of the oil, natural gas or gas of other designation at the
9 wellhead.

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