

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1238 Session of 2014

INTRODUCED BY YAW, RAFFERTY, FONTANA, VOGEL, YUDICHAK, HUGHES, GREENLEAF, COSTA, SCARNATI, VULAKOVICH, BAKER, KASUNIC AND SOLOBAY, JANUARY 24, 2014

SENATOR YAW, ENVIRONMENTAL RESOURCES AND ENERGY, AS AMENDED, MARCH 11, 2014

AN ACT

1 Relating to the ~~satisfaction~~ SURRENDER of oil and gas leases; <--
2 and providing for certain forms and damages.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Oil and Gas
7 Lease ~~Satisfaction~~ SURRENDER Act. <--

8 Section 2. Definitions.

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

12 "Lessee." A person who has obtained the right to explore,
13 drill, stimulate, produce, market and sell the oil, gas and
14 natural gas liquids, or portion of the oil, gas and natural gas
15 liquids, by means of a properly executed lease.

16 "Lessor." An owner of the oil and gas in place who controls
17 the oil and gas rights and has executed a lease.

1 Section 3. ~~Satisfaction~~ SURRENDERING, methods and indexing. <--

2 (a) Methods of ~~satisfying~~ SURRENDERING oil and gas leases.-- <--

3 (1) Oil and gas leases shall be ~~satisfied~~ SURRENDERED by <--

4 ~~satisfaction~~ SURRENDER documents as described in sections 5 <--

5 and 6 by the recording officer of the applicable county. A

6 ~~satisfaction~~ SURRENDER document shall be accompanied by <--

7 information sufficient to validate the original oil and gas

8 lease recording information in the public record, which shall

9 include the following:

10 (i) ~~The~~ A COPY OF THE RECORDED MEMORANDUM OR LEASE <--

11 OR, IF NOT AVAILABLE, THE original oil and gas lease.

12 (ii) A ~~records~~ fee established by the recording <--

13 officer.

14 (2) A recording officer shall give notice of the

15 recording validation procedure. The notice shall be entitled

16 "Notice by (recording officer) to Adopt Recording Information

17 Validation Procedure under the Oil and Gas Lease ~~Satisfaction~~<--

18 SURRENDER Act," and shall state any additional fees to be <--

19 charged and shall be advertised in the county recorder's

20 yearly fee schedule or fee bill, whichever is applicable.

21 (b) Indexing.--The recording officer shall properly index

22 all ~~satisfaction~~ SURRENDER documents against the name of the <--

23 lessee or last assignee as each is indicated in the ~~satisfaction~~<--

24 SURRENDER document and shall indicate the recording of each <--

25 ~~satisfaction~~ SURRENDER document in the oil and gas lease record. <--

26 (c) Liability of recording officer.--Nothing in this act

27 shall impose liability on any recording officer or any political

28 subdivision for a mistake, error or inaccuracy found in a

29 ~~satisfaction~~ SURRENDER document which was presented for <--

30 recording by a person or entity and which was recorded by the

1 recording officer or political subdivision.

2 Section 4. Requirement and effect of ~~satisfaction~~ SURRENDER <--
3 document.

4 Every lessee shall, within 30 days after expiration,
5 termination or forfeiture of the oil and gas lease, present for
6 recording in the office where the oil and gas lease is recorded
7 a duly executed ~~satisfaction~~ SURRENDER document in substantially <--
8 the form set out in section 5 and acknowledged as provided by
9 law. The ~~satisfaction~~ SURRENDER document shall thereafter <--
10 discharge, defeat and release a lessee's interests in the lease
11 upon recording.

12 Section 5. Form of ~~satisfaction~~ SURRENDER document. <--

13 A lessee, whether an individual or legal entity, shall
14 ~~satisfy~~ SURRENDER oil and gas leases by a ~~satisfaction~~ SURRENDER <--
15 document in substantially the following form:

16 ~~SATISFACTION~~ SURRENDER DOCUMENT <--

17 Made this day of ,

18 Name of lessor:

19 Name of lessee:

20 Name of last assignee:

21 Date of oil and gas lease:

22 Oil and gas lease recorded on ,

23 in the office of the Recorder of Deeds of

24 County, Pennsylvania,

25 in book , page /instrument

26 number .

27 Brief description of the location:

28 The undersigned certifies that the terms secured by the

29 above-mentioned oil and gas lease have expired or were

30 terminated or forfeited, or otherwise discharged and that

1 upon the recording of the oil and gas lease shall be and
2 are fully and forever ~~satisfied~~ SURRENDERED and <--
3 discharged. The undersigned authorizes and empowers the
4 recording officer of the county to enter this
5 ~~satisfaction~~ SURRENDER document and to cause the oil and <--
6 gas lease to be ~~satisfied~~ SURRENDERED of record. Witness <--
7 the due execution of this document with the intent to be
8 legally bound. (signature(s) of individual lessee(s) or
9 representative(s) of legal entity)
10 (acknowledgment)

11 Section 6. Notice to ~~satisfy~~ SURRENDER and damages for failure <--
12 to ~~satisfy~~ SURRENDER. <--

13 (a) Notice.--After the time set forth in section 4, the
14 lessor may send a notice to the lessee to present for recording
15 a ~~satisfaction~~ SURRENDER document to avoid damages. <--

16 (b) Delivery.--The ~~satisfaction~~ notice to ~~satisfy~~ SURRENDER <--
17 shall be sent to the lessee by certified or registered mail,
18 return receipt requested. The ~~satisfaction~~ notice shall be sent <--
19 to the lessee at the lessee's address designated in the oil and
20 gas lease unless the person issuing the notice has actually
21 received from the lessee another name or address to which
22 ~~requests for satisfactions are~~ A NOTICE IS to be sent. <--

23 (c) Form.--The notice to ~~satisfy~~ SURRENDER shall be in <--
24 substantially the following form:

25 NOTICE TO RECORD OIL AND GAS
26 LEASE ~~SATISFACTION~~ SURRENDER DOCUMENT <--
27 TO AVOID PENALTY

28 Date of notice:

29 To the lessee named below:

30 The party issuing this notice believes that the terms of

1 the oil and gas lease described below have expired,
2 terminated, forfeited or ~~received full satisfaction~~ <--
3 OTHERWISE DISCHARGED. The party issuing this notice <--
4 requests that the lessee issue and present for recording
5 a ~~satisfaction~~ SURRENDER document concerning the oil and <--
6 gas lease or provide a satisfactory reason why the oil
7 and gas lease should not be ~~satisfied~~ SURRENDERED to the <--
8 party issuing this notice. If you do not comply with this
9 notice, you may be liable for penalties and costs in
10 accordance with this act or the party issuing this notice
11 may be able to ~~satisfy~~ SURRENDER the oil and gas lease <--
12 without your consent.

13 Name of lessor:

14 Name of lessee:

15 Name of last assignee:

16 Date of oil and gas lease:

17 Recorded in County, Pennsylvania, in Book ,

18 Page /instrument number.

19 Brief description of the location covered by oil and gas
20 lease:

21 Lease number (if known):

22 Name of party presenting this notice:

23 Address of party presenting this notice:

24 Telephone number of party presenting this notice:

25 (d) Penalty for failure to ~~satisfy~~ SURRENDER.-- <--

26 (1) If, within 60 days of the lessee's receipt of the
27 first written request by the lessor for the ~~satisfaction~~ <--
28 SURRENDER document, delivered and in substantially the form <--
29 described in this section, the lessee fails to present for
30 recording to the office where the oil and gas lease was

1 recorded a ~~satisfaction~~ SURRENDER document as described in <--
2 section 5 or the oil and gas lease is not otherwise ~~satisfied~~<--
3 SURRENDERED, the ~~lessee~~ LESSOR may initiate an appropriate <--
4 court action to compel ~~satisfaction~~ SURRENDER of the lease, <--
5 unless a satisfactory reason was provided BY THE LESSEE as to <--
6 why the oil and gas lease ~~shall~~ SHOULD not be ~~satisfied~~ <--
7 SURRENDERED. <--

8 (2) In a successful action to compel ~~satisfaction~~ <--
9 SURRENDER of the lease, the lessee shall reimburse the lessor <--
10 for costs of the action, including the lessor's reasonable
11 attorney fees.

12 (3) An action under this section shall be the exclusive
13 remedy for damages for failure of a lessee to issue and
14 present for recording a ~~satisfaction~~ SURRENDER document. <--

15 (4) The delivery of a second or subsequent written
16 request by the lessor for a ~~satisfaction~~ SURRENDER document <--
17 shall not give rise to an additional cause of action under
18 this section.

19 Section 7. Other rules or laws not affected.

20 This act shall not affect nor impair any other act or any
21 rule of civil procedure promulgated by the Pennsylvania Supreme
22 Court, which provides for the ~~satisfaction~~ SURRENDER or <--
23 discharge of an oil and gas lease by order or decree of any
24 court upon payment of an applicable fee. The recording officer
25 shall accept for recording a copy of the order or decree
26 certified by the prothonotary and shall index and indicate the
27 same in the record as is provided in this act for a ~~satisfaction~~<--
28 SURRENDER document. Except as provided in section 3(a), this act <--
29 shall not affect or impair any other act providing for fees for
30 the recording of the documents and instruments provided for in

1 this act.

2 Section 8. Prior instruments.

3 Written ~~satisfaction~~ SURRENDER or intended ~~satisfaction~~ <--
4 SURRENDER given prior to the EFFECTIVE date of this ~~act~~ SECTION <--
5 with respect to any oil and gas lease on real property situate
6 in this Commonwealth shall be deemed good, valid and effective
7 in law for the purposes therein recited.

8 Section 9. Applicability.

9 ~~This~~ UNLESS OTHERWISE SPECIFIED BY CONTRACT, THIS act shall <--
10 apply to every oil and gas lease on real property in this
11 Commonwealth which has not been ~~satisfied~~ SURRENDERED prior to <--
12 the effective date of this section and regardless of whether the
13 oil and gas lease was executed before the effective date of this
14 section.

15 Section 10. Effective date.

16 This act shall take effect in 60 days.