

---

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 CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED,  
MARCH 31, 2014

---

AN ACT

1 Relating to the surrender of oil and gas leases; and providing  
2 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 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. Surrendering, methods and indexing.

2 (a) Methods of surrendering oil and gas leases.--

3 (1) Oil and gas leases shall be surrendered by surrender  
4 documents as described in sections 5 and 6 by the recording  
5 officer of the applicable county. A surrender document shall  
6 be accompanied by information sufficient to validate the  
7 original oil and gas lease recording information in the  
8 public record, which shall include the following:

9 (i) A copy of the recorded memorandum ~~or~~ OF lease <--  
10 or, if not available, the original oil and gas lease.

11 (ii) A fee established by the recording officer.

12 (2) A recording officer shall give notice of the  
13 recording validation procedure. The notice shall be entitled  
14 "Notice by (recording officer) to Adopt Recording Information  
15 Validation Procedure under the Oil and Gas Lease Surrender  
16 Act," and shall state any additional fees to be charged and  
17 shall be advertised in the county recorder's yearly fee  
18 schedule or fee bill, whichever is applicable.

19 (b) Indexing.--The recording officer shall properly index  
20 all surrender documents against the name of the lessee or last  
21 assignee as each is indicated in the surrender document and  
22 shall indicate the recording of each surrender document in the  
23 oil and gas lease record.

24 (c) Liability of recording officer.--Nothing in this act  
25 shall impose liability on any recording officer or any political  
26 subdivision for a mistake, error or inaccuracy found in a  
27 surrender document which was presented for recording by a person  
28 or entity and which was recorded by the recording officer or  
29 political subdivision.

30 Section 4. Requirement and effect of surrender document.

1 Every lessee shall, within 30 days after expiration,  
2 termination or forfeiture of the oil and gas lease, present for  
3 recording in the office where the oil and gas lease is recorded  
4 a duly executed surrender document in substantially the form set  
5 out in section 5 and acknowledged as provided by law. The  
6 surrender document shall thereafter discharge, defeat and  
7 release a lessee's interests in the lease upon recording.  
8 Section 5. Form of surrender document.

9 A lessee, whether an individual or legal entity, shall  
10 surrender oil and gas leases by a surrender document in  
11 substantially the following form:

12 SURRENDER DOCUMENT

13 Made this day of ,  
14 Name of lessor:  
15 Name of lessee:  
16 Name of last assignee:  
17 Date of oil and gas lease:  
18 Oil and gas lease recorded on ,  
19 in the office of the Recorder of Deeds of  
20 County, Pennsylvania,  
21 in book , page /instrument  
22 number .

23 Brief description of the location:  
24 The undersigned certifies that the terms secured by the  
25 above-mentioned oil and gas lease have expired or were  
26 terminated or forfeited, or otherwise discharged and that  
27 upon the recording of the oil and gas lease shall be and  
28 are fully and forever surrendered and discharged. The  
29 undersigned authorizes and empowers the recording officer  
30 of the county to enter this surrender document and to

1 cause the oil and gas lease to be surrendered of record.  
2 Witness the due execution of this document with the  
3 intent to be legally bound. (signature(s) of individual  
4 lessee(s) or representative(s) of legal entity)  
5 (acknowledgment)

6 Section 6. Notice to surrender and damages for failure to  
7 surrender.

8 (a) Notice.--After the time set forth in section 4, the  
9 lessor may send a notice to the lessee to present for recording  
10 a surrender document to avoid damages.

11 (b) Delivery.--The notice to surrender shall be sent to the  
12 lessee by certified or registered mail, return receipt  
13 requested. The notice shall be sent to the lessee at the  
14 lessee's address designated in the oil and gas lease unless the  
15 person issuing the notice has actually received from the lessee  
16 another name or address to which a notice is to be sent.

17 (c) Form.--The notice to surrender shall be in substantially  
18 the following form:

19 NOTICE TO RECORD OIL AND GAS  
20 LEASE SURRENDER DOCUMENT  
21 TO AVOID PENALTY

22 Date of notice:

23 To the lessee named below:

24 The party issuing this notice believes that the terms of  
25 the oil and gas lease described below have expired,  
26 terminated, forfeited or otherwise discharged. The party  
27 issuing this notice requests that the lessee issue and  
28 present for recording a surrender document concerning the  
29 oil and gas lease or provide a satisfactory reason why  
30 the oil and gas lease should not be surrendered to the

1 party issuing this notice. If you do not comply with this  
2 notice, you may be liable for penalties and costs in  
3 accordance with this act or the party issuing this notice  
4 may be able to surrender the oil and gas lease without  
5 your consent.

6 Name of lessor:

7 Name of lessee:

8 Name of last assignee:

9 Date of oil and gas lease:

10 Recorded in County, Pennsylvania, in Book ,  
11 Page /instrument number.

12 Brief description of the location covered by oil and gas  
13 lease:

14 Lease number (if known):

15 Name of party presenting this notice:

16 Address of party presenting this notice:

17 Telephone number of party presenting this notice:

18 (d) Penalty for failure to surrender.--

19 (1) If, within 60 days of the lessee's receipt of the  
20 first written request by the lessor for the surrender  
21 document, delivered and in substantially the form described  
22 in this section, the lessee fails to present for recording to  
23 the office where the oil and gas lease was recorded a  
24 surrender document as described in section 5 or the oil and  
25 gas lease is not otherwise surrendered, the lessor may  
26 initiate an appropriate court action to compel surrender of  
27 the lease, unless a satisfactory reason was provided by the  
28 lessee as to why the oil and gas lease should not be  
29 surrendered.

30 (2) In a successful action to compel surrender of the

1 lease, the lessee shall reimburse the lessor for costs of the  
2 action, including the lessor's reasonable attorney fees.

3 (3) An action under this section shall be the exclusive  
4 remedy for damages for failure of a lessee to issue and  
5 present for recording a surrender document.

6 (4) The delivery of a second or subsequent written  
7 request by the lessor for a surrender document shall not give  
8 rise to an additional cause of action under this section.

9 Section 7. Other rules or laws not affected.

10 This act shall not affect nor impair any other act or any  
11 rule of civil procedure promulgated by the Pennsylvania Supreme  
12 Court, which provides for the surrender or discharge of an oil  
13 and gas lease by order or decree of any court upon payment of an  
14 applicable fee. The recording officer shall accept for recording  
15 a copy of the order or decree certified by the prothonotary and  
16 shall index and indicate the same in the record as is provided  
17 in this act for a surrender document. Except as provided in  
18 section 3(a), this act shall not affect or impair any other act  
19 providing for fees for the recording of the documents and  
20 instruments provided for in this act.

21 Section 8. Prior instruments.

22 Written surrender or intended surrender given prior to the  
23 effective date of this section with respect to any oil and gas  
24 lease on real property situate in this Commonwealth shall be  
25 deemed good, valid and effective in law for the purposes therein  
26 recited.

27 Section 9. Applicability.

28 Unless otherwise specified by contract, this act shall apply  
29 to every oil and gas lease on real property in this Commonwealth  
30 which has not been surrendered prior to the effective date of

1 this section and regardless of whether the oil and gas lease was  
2 executed before the effective date of this section.  
3 Section 10. Effective date.  
4 This act shall take effect in 60 days.