
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1763 Session of
2021

INTRODUCED BY DAVANZO, BERNSTINE, BOBACK, R. BROWN, COOK,
SCHLEGEL CULVER, GAYDOS, GLEIM, JAMES, JOZWIAK, LEWIS
DELROSSO, LONGIETTI, MARSHALL, MILLARD, MOUL, OWLETT,
PICKETT, RYAN, SILVIS, SNYDER, STAMBAUGH, STRUZZI, WHEELAND
AND ZIMMERMAN, AUGUST 5, 2021

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
AUGUST 5, 2021

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
4 definitions.

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

7 Section 1. Section 1.2 of the act of July 20, 1979 (P.L.183,
8 No.60), known as the Oil and Gas Lease Act, is amended by adding
9 a definition to read:

10 Section 1.2. 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 * * *

15 "Royalty." The lessor's ownership interest in the gross
16 proceeds generated at the first arm's-length point of sale of
17 oil, natural gas or gas of other designations to a third-party

1 purchaser unaffiliated with the lessee or, to the extent the
2 underlying lease allows the lessor to take the lessor's royalty
3 in kind, the lessor's ownership interest in the oil, natural gas
4 or gas of other designations at the same location, but from
5 which ownership interest is excluded the costs of development
6 and drilling and all postproduction expenses directly or
7 indirectly incurred or paid by the lessee between the wellhead
8 and the point of sale.

9 Section 2. The addition of the definition of "royalty" in
10 section 1.2 of the act shall apply to oil, natural gas or gas
11 produced after the effective date of this section.

12 Section 3. This act shall take effect in 60 days.