
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 55 Session of
2023

INTRODUCED BY OWLETT, PICKETT, HAMM, M. MACKENZIE, KAUFFMAN,
STRUZZI, ARMANINI, GROVE, JAMES, ROWE, LEADBETER AND WARNER,
MARCH 7, 2023

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
MARCH 7, 2023

AN ACT

1 Providing for the leasing of subsurface rights on State forest
2 and park property for oil and natural gas development;
3 establishing a restricted account within the Oil and Gas
4 Lease Fund; making an appropriation; and abrogating an
5 executive order and other orders and administrative policies.

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

8 Section 1. Short title.

9 This act shall be known and may be cited as the Subsurface
10 Oil and Gas Lease Act.

11 Section 2. Definitions.

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

15 "Company." An entity doing business within this Commonwealth
16 and subject to tax under Article III, IV or VI of the act of
17 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
18 1971.

1 "Department." The Department of Conservation and Natural
2 Resources of the Commonwealth.

3 "Secretary." The Secretary of Conservation and Natural
4 Resources of the Commonwealth.

5 "Upfront payments." All payments received by the
6 Commonwealth which are paid at the time that a lease is entered
7 into under this act.

8 Section 3. Subsurface drilling under Commonwealth lands.

9 (a) Program established.--The department shall establish a
10 program to review submissions or nominations by companies for
11 the leasing of subsurface rights under State forest and park
12 property by companies for oil and gas development from
13 subsurface drilling originating from well sites outside State
14 forest or park property.

15 (b) Lease approval.--The secretary may approve or disapprove
16 a submission or nomination for a lease under this act. The
17 department shall provide in writing to a company which has sent
18 a submission or nomination to the department notice of the
19 department's decision to approve or disapprove a lease within 60
20 days of receipt from the company. The department shall list all
21 reasons for disapproval in the notification.

22 (c) Resubmission upon disapproval.--A company receiving
23 notice of disapproval may resend a submission or nomination to
24 the department with or without changes and may include a
25 response addressing the department's reasons within 60 calendar
26 days of receipt of the department's disapproval. The department
27 shall provide in writing to a company which has sent a
28 resubmission to the department notice of the department's
29 decision to approve or disapprove a submission or nomination
30 within 60 days of receipt from the company. The department shall

1 list all reasons for disapproval in the notification.

2 (d) Reasons for disapproval.--The department may disapprove
3 a submission or nomination for the following reasons:

4 (1) The company has environmental compliance violations
5 within this Commonwealth which have not been satisfactorily
6 addressed and which have caused a significant negative
7 environmental impact.

8 (2) Development of the tract would lead to the need for
9 related infrastructure development elsewhere on State forest
10 land which would, in the department's determination, lead to
11 significant negative environmental impacts.

12 (e) Appeal.--A company receiving notice of disapproval of a
13 resubmission under subsection (c) may appeal the disapproval to
14 Commonwealth Court. Commonwealth Court shall consider the
15 factors in subsection (d) when considering an appeal.

16 (f) Implementation and posting.--Within 90 days of the
17 effective date of this section, the department shall implement
18 the program under subsection (a) and post information relating
19 to the program and instructions regarding the manner in which
20 submissions or nominations should be sent for review on the
21 department's publicly accessible Internet website.

22 (g) Submissions and nominations.--Companies may begin
23 sending submissions or nominations for review under this act to
24 the department 90 days after the effective date of this section.

25 (h) Competitive bidding process.--If the department approves
26 a submission or nomination under this act, the department shall
27 hold a competitive bidding process for the rights in question
28 under the already approved submission or nomination as follows:

29 (1) The department shall notify the company that
30 submitted the approved submission or nomination of the time

1 and manner by which the bidding process will take place. The
2 bidding process shall be open to any company.

3 (2) When the department approves a submission or
4 nomination under this act, the department shall post
5 information regarding the time and manner by which the
6 bidding process will take place, along with a description of
7 the rights which will be bid.

8 (3) The department shall complete the bidding process
9 and select the winning bidder within 45 days of approving a
10 submission or nomination under this act.

11 (4) The winning bidder shall be awarded a lease for the
12 rights in question previously approved by the department.

13 Section 4. Deposit of lease revenue and grant program.

14 (a) Oil and Gas Lease Fund.--All revenue generated from
15 leases under this act shall be deposited into the Oil and Gas
16 Lease Fund.

17 (b) Restricted account and continuing appropriation.--Money
18 deposited into the Oil and Gas Lease Fund under subsection (a)
19 that is attributable to upfront payments made in consideration
20 for a lease under this act shall be transferred to a restricted
21 account within the fund. The money of the restricted account is
22 appropriated on a continuing basis to the department for the
23 grant program under subsection (c).

24 (c) Grant program.--

25 (1) The department shall establish a grant program under
26 this act to fund stream maintenance and clearing projects.
27 The department shall prioritize awarding the money under the
28 grant program to all of the following:

29 (i) Projects designed to mitigate the risk of
30 flooding.

1 (ii) Projects that have the potential to preserve
2 farmland or residential property from flooding.

3 (iii) Projects from areas of this Commonwealth that
4 have been under Federal or State disaster emergency
5 related to flooding within the last five years.

6 (2) The department shall award, in consultation with
7 county conservation districts, the money under the grant
8 program to projects in different areas of this Commonwealth.
9 A proposed project within a single county or municipality
10 shall not receive more than 10% of the money under the grant
11 program distributed by the department in a given year.

12 Section 5. Construction.

13 Nothing in this act shall be construed to prohibit oil and
14 gas drilling on State forest and park property in accordance
15 with the laws of this Commonwealth.

16 Section 6. Abrogation of executive order and other orders and
17 administrative policies.

18 This act shall abrogate Executive Order 2015-03 and any other
19 order or administrative policy in conflict with this act.

20 Section 7. Effective date.

21 This act shall take effect immediately.