

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 402 Session of 2013

INTRODUCED BY PICKETT, BAKER, CLYMER, FLECK, GABLER, GINGRICH, GROVE, C. HARRIS, HESS, KRIEGER, MAJOR, MILLARD, MOUL, MURT, STEVENSON, SWANGER, WHITE AND DENLINGER, JANUARY 29, 2013

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 27, 2014

AN ACT

1 Imposing duties on lessees of oil and natural gas leases; and
2 providing for the recording of surrender documents from oil
3 and natural gas leases and of affidavits of termination, <--
4 EXPIRATION or cancellation.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Recording of
9 Surrender Documents from Oil and Natural Gas Lease Act.

10 Section 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 "Lessee." A person who has the right to extract oil or
15 natural gas, or both, pursuant to an oil or natural gas lease.
16 The term includes an assignee of the lessee.

17 "Lessor." An owner of oil and natural gas in place who
18 controls the oil and natural gas rights and has executed an oil

1 or natural gas lease.

2 "Oil or natural gas lease." A lease between a lessor and
3 lessee for the extraction of oil or natural gas, or both, from
4 the land of the lessor and which lease is recorded with the
5 recorder of deeds of the county in which the land is located.

6 "Surrender document." A written document relating to an oil
7 or natural gas lease which includes:

8 (1) A brief description of the land upon which the lease
9 is based, including the municipality in which the land is
10 situated.

11 (2) A statement that the oil or natural gas lease is
12 terminated, EXPIRED or canceled pursuant to the terms of the <--
13 lease.

14 (3) The date of the termination, EXPIRATION or <--
15 cancellation.

16 (4) A statement indicating that the lessee surrenders
17 all of the lessee's rights, duties and interests under the
18 lease.

19 (5) The signature of the lessee.

20 Section 3. Lessee duty to provide surrender document.

21 (a) General rule.--Not more than 30 days after the
22 termination, EXPIRATION or cancellation of an oil or natural gas <--
23 lease, the lessee shall deliver to the lessor, without cost to
24 the lessor, a surrender document in recordable form.

25 (b) Duty of recorder of deeds.--A recorder of deeds who
26 receives a surrender document that satisfies the requirements of
27 this act shall record the surrender document.

28 (c) Applicability.--This section shall not apply if the
29 lessee and lessor have expressed an interest in writing to each
30 other of an intention to renew the oil or natural gas lease or

1 to negotiate a new oil or natural gas lease.

2 Section 4. Failure to provide surrender document.

3 (a) Notice to lessee.--If a lessee fails to provide a timely
4 surrender document as required under section 3, the lessor may
5 serve notice on the lessee. The notice shall contain the
6 following:

7 (1) A statement that:

8 (i) The lease will be terminated, EXPIRED or <--
9 canceled according to its terms, including the date of
10 the termination, EXPIRATION or cancellation. <--

11 (ii) The lessee has a duty to provide a surrender
12 document under section 3.

13 (iii) The lessor has failed to receive a timely
14 surrender document from the lessee.

15 (iv) If the surrender document is not received by
16 the date of termination, EXPIRATION or cancellation, the <--
17 lessor has a right to record an affidavit of termination, <--
18 EXPIRATION or cancellation of an oil or natural gas lease
19 in the office of the recorder of deeds for the county in
20 which the land is situated.

21 (2) The names and addresses of the lessor, if contained
22 in the lease.

23 (3) The name and address of the person giving notice and
24 a statement as to the person's interest in the land or
25 relationship to the lessor.

26 (4) The municipality in which the land is located and a
27 brief description of the land.

28 (5) If located in a unit, the name or description of the
29 unit, if known to the lessor.

30 (6) If there is a well on the land, the name or number

1 of the well, if known to the lessor.

2 (7) The date of the execution of the oil or natural gas
3 lease.

4 (8) The date of termination, EXPIRATION or cancellation <--
5 of the oil or natural gas lease and the basis of the
6 termination, EXPIRATION or cancellation. <--

7 (b) Manner of service.--Service of the notice under
8 subsection (a) shall be effected either personally or by
9 certified mail to the lessee's last known business address, or,
10 if service cannot be made by those means, by publication once a
11 week for two weeks in a newspaper of general circulation in the
12 county where the land is situated.

13 (c) Challenge to notice ~~of termination or cancellation~~.--If, <--
14 after receiving a notice of termination, EXPIRATION or <--
15 cancellation under subsection (b), the lessee disputes that the
16 oil or natural gas lease will be terminated, EXPIRED or canceled <--
17 on the date stated in the notice, the lessee must, not more than
18 30 days after receipt of the notice, deliver a written challenge
19 to the lessor.

20 (d) Effect of no challenge.--A lessor who has served a
21 notice under subsection (a) and fails to receive a timely
22 challenge from the lessee under subsection (c) may record an
23 affidavit of termination, EXPIRATION or cancellation of an oil <--
24 or natural gas lease in the office of the recorder of deeds for
25 the county in which the land is situated.

26 Section 5. Affidavit of termination, EXPIRATION or <--
27 cancellation.

28 (a) Contents of affidavit.--An affidavit of termination, <--
29 EXPIRATION or cancellation of an oil or natural gas lease shall
30 contain the following information:

1 (1) The names and addresses of the lessor and lessee.

2 (2) The municipality in which the land is located and a
3 brief description of the land.

4 (3) If located in a unit, the name or description of the
5 unit, if known to the lessor.

6 (4) If there is a well on the land, the name or number
7 of the well, if known to the lessor.

8 (5) The date of the execution of the oil or natural gas
9 lease.

10 (6) The date of termination, EXPIRATION or cancellation <--
11 of the oil or natural gas lease.

12 (7) A statement that the lessor complied with its duty
13 to serve a notice to the lessee under section 4(a) and that
14 the lessee failed to provide a timely challenge to the notice
15 as provided by section 4(c).

16 (8) A notarized signature of the lessor.

17 (b) Duty of recorder of deeds.--A recorder of deeds who
18 receives an affidavit of termination, EXPIRATION or cancellation <--
19 that satisfies the provisions of this section shall record the
20 affidavit.

21 Section 6. Effective date.

22 This act shall take effect in 60 days.