



# Senate Environmental Resources and Energy Committee

**Senator Gene Yaw**  
Chairman

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## **Summary Senate Bill 1237, P.N.1724**

### **Prime Sponsor: Senator Yaw**

- Creates the Natural Gas Lease Anti-Retaliation Act.
- Defines:
  - “Good faith action” as a claim, demand or complaint intended to secure rights granted under a lease or to determine whether the terms of a lease are being complied with, including, but not limited to, a request for an accounting of any costs, taxes or fees allowed to be deducted from royalty payments by lessee, that is made without malice or ulterior motive and which the lessor or a party acting on lessor’s behalf reasonably believes to be valid and legally correct.
  - “Lessee” as any person who has obtained the right to explore, drill, stimulate, produce, market and sell oil, gas and natural gas liquids, or any portion thereof, pursuant to a properly executed lease.
  - “Lessor” as the owner of oil and gas in place, who controls the oil and gas rights and has executed a lease.
- Prohibits a lessee from retaliating against a lessor by ceasing development or production or taking other reprisals because a lessor took a good faith action.
- A person who alleges a violation may bring a civil action within one year after the occurrence of the alleged violation.
- A court shall award reasonable damages to the lessor and impose a civil fine of up to \$1,000 per day for each day of the violation.
- A court which finds that an action has been instituted for other than a good faith action may order the lessor to pay reasonable damages to the lessee.

### **Effective Date**

- This bill will take effect in 60 days

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