
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1237 Session of
2014

INTRODUCED BY YAW, RAFFERTY, FONTANA, VOGEL, YUDICHAK, HUGHES,
GREENLEAF, COSTA, BAKER, SCARNATI, VULAKOVICH, KASUNIC AND
SOLOBAY, JANUARY 24, 2014

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, JANUARY 24, 2014

AN ACT

1 Providing for protection for a royalty interest owner of natural
2 gas rights who reports a violation or suspected violation of
3 a contractual agreement and for remedies and penalties.

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

6 Section 1. Short title.

7 This act shall be known and may be cited as the Natural Gas
8 Lease Anti-Retaliation Act.

9 Section 2. Definitions.

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

13 "Good faith action." A claim, demand or complaint intended
14 to secure rights granted under a lease or to determine whether
15 the terms of a lease are being complied with, including, but not
16 limited to, a request for an accounting of any costs, taxes or
17 fees allowed to be deducted from royalty payments by lessee,
18 that is made without malice or ulterior motive and which the

1 lessor or a party acting on the lessor's behalf reasonably
2 believes to be valid and legally correct.

3 "Lessee." Any person who has obtained the right to explore,
4 drill, stimulate, produce, market and sell oil, gas and natural
5 gas liquids, or any portion thereof, pursuant to a properly
6 executed lease.

7 "Lessor." The owner of the oil and gas in place, who
8 controls the oil and gas rights and has executed a lease.

9 Section 3. Protection of royalty interest owners.

10 No lessor may retaliate by ceasing development or production
11 or take other reprisals against a lessor because a lessor takes
12 a good faith action, as defined in this act.

13 Section 4. Remedies.

14 (a) Civil action.--A person who alleges a violation of
15 section 3 may bring a civil action in a court of competent
16 jurisdiction for appropriate injunctive relief or damages, or
17 both, within one year after the occurrence of the alleged
18 violation.

19 (b) Necessary showing of evidence.--A lessor alleging a
20 violation of this act must show by a preponderance of the
21 evidence that its action meets the definition of a good faith
22 action and that a retaliatory action was taken by the lessee
23 after it became aware of the good faith action of the lessor.

24 (c) Defense.--It shall be a defense to an action under this
25 section if the lessee proves by a preponderance of the evidence
26 that the action by the lessee was authorized under the terms of
27 the lease or occurred for legitimate business reasons.

28 Section 5. Enforcement.

29 A court that finds in favor of the lessor shall order the
30 lessee to pay appropriate damages to the lessor and may impose a

1 civil fine of up to \$1,000 per day for each day the provisions
2 of section 3 have been violated. A court which finds that an
3 action has been instituted for other than a good faith action as
4 defined in this act may order the lessor to pay reasonable
5 damage to the lessee.

6 Section 6. Effective date.

7 This act shall take effect in 60 days.