
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1238 Session of
2014

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

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, JANUARY 24, 2014

AN ACT

1 Relating to the satisfaction of oil and gas leases; and
2 providing for certain forms and damages.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Oil and Gas
7 Lease Satisfaction Act.

8 Section 2. Definitions.

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

12 "Lessee." A person who has obtained the right to explore,
13 drill, stimulate, produce, market and sell the oil, gas and
14 natural gas liquids, or portion of the oil, gas and natural gas
15 liquids, by means of a properly executed lease.

16 "Lessor." An owner of the oil and gas in place who controls
17 the oil and gas rights and has executed a lease.

1 Section 3. Satisfaction, methods and indexing.

2 (a) Methods of satisfying oil and gas leases.--

3 (1) Oil and gas leases shall be satisfied by
4 satisfaction documents as described in sections 5 and 6 by
5 the recording officer of the applicable county. A
6 satisfaction document shall be accompanied by information
7 sufficient to validate the original oil and gas lease
8 recording information in the public record, which shall
9 include the following:

10 (i) The original oil and gas lease.

11 (ii) A records fee established by the recording
12 officer.

13 (2) A recording officer shall give notice of the
14 recording validation procedure. The notice shall be entitled
15 "Notice by (recording officer) to Adopt Recording Information
16 Validation Procedure under the Oil and Gas Lease Satisfaction
17 Act," and shall state any additional fees to be charged and
18 shall be advertised in the county recorder's yearly fee
19 schedule or fee bill, whichever is applicable.

20 (b) Indexing.--The recording officer shall properly index
21 all satisfaction documents against the name of the lessee or
22 last assignee as each is indicated in the satisfaction document
23 and shall indicate the recording of each satisfaction document
24 in the oil and gas lease record.

25 (c) Liability of recording officer.--Nothing in this act
26 shall impose liability on any recording officer or any political
27 subdivision for a mistake, error or inaccuracy found in a
28 satisfaction document which was presented for recording by a
29 person or entity and which was recorded by the recording officer
30 or political subdivision.

1 Section 4. Requirement and effect of satisfaction document.

2 Every lessee shall, within 30 days after expiration,
3 termination or forfeiture of the oil and gas lease, present for
4 recording in the office where the oil and gas lease is recorded
5 a duly executed satisfaction document in substantially the form
6 set out in section 5 and acknowledged as provided by law. The
7 satisfaction document shall thereafter discharge, defeat and
8 release a lessee's interests in the lease upon recording.

9 Section 5. Form of satisfaction document.

10 A lessee, whether an individual or legal entity, shall
11 satisfy oil and gas leases by a satisfaction document in
12 substantially the following form:

13 SATISFACTION DOCUMENT

14 Made this day of ,
15 Name of lessor:
16 Name of lessee:
17 Name of last assignee:
18 Date of oil and gas lease:
19 Oil and gas lease recorded on ,
20 in the office of the Recorder of Deeds of
21 County, Pennsylvania,
22 in book , page /instrument
23 number .

24 Brief description of the location:
25 The undersigned certifies that the terms secured by the
26 above-mentioned oil and gas lease have expired or were
27 terminated or forfeited, or otherwise discharged and that
28 upon the recording of the oil and gas lease shall be and
29 are fully and forever satisfied and discharged. The
30 undersigned authorizes and empowers the recording officer

1 of the county to enter this satisfaction document and to
2 cause the oil and gas lease to be satisfied of record.
3 Witness the due execution of this document with the
4 intent to be legally bound. (signature(s) of individual
5 lessee(s) or representative(s) of legal entity)
6 (acknowledgment)

7 Section 6. Notice to satisfy and damages for failure to
8 satisfy.

9 (a) Notice.--After the time set forth in section 4, the
10 lessor may send a notice to the lessee to present for recording
11 a satisfaction document to avoid damages.

12 (b) Delivery.--The satisfaction notice to satisfy shall be
13 sent to the lessee by certified or registered mail, return
14 receipt requested. The satisfaction notice shall be sent to the
15 lessee at the lessee's address designated in the oil and gas
16 lease unless the person issuing the notice has actually received
17 from the lessee another name or address to which requests for
18 satisfactions are to be sent.

19 (c) Form.--The notice to satisfy shall be in substantially
20 the following form:

21 NOTICE TO RECORD OIL AND GAS
22 LEASE SATISFACTION DOCUMENT
23 TO AVOID PENALTY

24 Date of notice:

25 To the lessee named below:

26 The party issuing this notice believes that the terms of
27 the oil and gas lease described below have expired,
28 terminated, forfeited or received full satisfaction. The
29 party issuing this notice requests that the lessee issue
30 and present for recording a satisfaction document

1 concerning the oil and gas lease or provide a
2 satisfactory reason why the oil and gas lease should not
3 be satisfied to the party issuing this notice. If you do
4 not comply with this notice, you may be liable for
5 penalties and costs in accordance with this act or the
6 party issuing this notice may be able to satisfy the oil
7 and gas lease without your consent.

8 Name of lessor:

9 Name of lessee:

10 Name of last assignee:

11 Date of oil and gas lease:

12 Recorded in County, Pennsylvania, in Book ,
13 Page /instrument number.

14 Brief description of the location covered by oil and gas
15 lease:

16 Lease number (if known):

17 Name of party presenting this notice:

18 Address of party presenting this notice:

19 Telephone number of party presenting this notice:

20 (d) Penalty for failure to satisfy.--

21 (1) If, within 60 days of the lessee's receipt of the
22 first written request by the lessor for the satisfaction
23 document, delivered and in substantially the form described
24 in this section, the lessee fails to present for recording to
25 the office where the oil and gas lease was recorded a
26 satisfaction document as described in section 5 or the oil
27 and gas lease is not otherwise satisfied, the lessee may
28 initiate an appropriate court action to compel satisfaction
29 of the lease, unless a satisfactory reason was provided as to
30 why the oil and gas lease shall not be satisfied.

1 (2) In a successful action to compel satisfaction of the
2 lease, the lessee shall reimburse the lessor for costs of the
3 action, including the lessor's reasonable attorney fees.

4 (3) An action under this section shall be the exclusive
5 remedy for damages for failure of a lessee to issue and
6 present for recording a satisfaction document.

7 (4) The delivery of a second or subsequent written
8 request by the lessor for a satisfaction document shall not
9 give rise to an additional cause of action under this
10 section.

11 Section 7. Other rules or laws not affected.

12 This act shall not affect nor impair any other act or any
13 rule of civil procedure promulgated by the Pennsylvania Supreme
14 Court, which provides for the satisfaction or discharge of an
15 oil and gas lease by order or decree of any court upon payment
16 of an applicable fee. The recording officer shall accept for
17 recording a copy of the order or decree certified by the
18 prothonotary and shall index and indicate the same in the record
19 as is provided in this act for a satisfaction document. Except
20 as provided in section 3(a), this act shall not affect or impair
21 any other act providing for fees for the recording of the
22 documents and instruments provided for in this act.

23 Section 8. Prior instruments.

24 Written satisfaction or intended satisfaction given prior to
25 the date of this act with respect to any oil and gas lease on
26 real property situate in this Commonwealth shall be deemed good,
27 valid and effective in law for the purposes therein recited.

28 Section 9. Applicability.

29 This act shall apply to every oil and gas lease on real
30 property in this Commonwealth which has not been satisfied prior

1 to the effective date of this section and regardless of whether
2 the oil and gas lease was executed before the effective date of
3 this section.

4 Section 10. Effective date.

5 This act shall take effect in 60 days.