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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 70 Session of 2015

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INTRODUCED BY GODSHALL, KOTIK, BAKER, MILLARD, LONGIETTI,  
EVERETT, MURT, READSHAW AND SONNEY, JANUARY 21, 2015

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REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,  
JANUARY 21, 2015

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AN ACT

1 Amending the act of July 11, 2006 (P.L.1134, No.115), entitled  
2 "An act providing for the creation of a trust for the benefit  
3 of certain owners of interests in oil and gas; authorizing  
4 the trustee to enter into leases of interests in oil and gas  
5 under terms and conditions authorized by the court of common  
6 pleas; providing for the administration of the trust and for  
7 payment of moneys to the trustee; and imposing penalties for  
8 nonpayment," further providing for purpose, for definitions  
9 and for creation of trust for unknown owners.

10 The General Assembly of the Commonwealth of Pennsylvania  
11 hereby enacts as follows:

12 Section 1. Section 2 of the act of July 11, 2006 (P.L.1134,  
13 No.115), known as the Dormant Oil and Gas Act, is amended to  
14 read:

15 Section 2. Purpose.

16 The purpose of this act is to facilitate the development of  
17 subsurface properties by reducing the problems caused by  
18 fragmented and unknown or unlocatable ownership of oil and gas  
19 interests and to protect the interests of unknown or unlocatable  
20 owners of oil and gas. [It is not the purpose of this act to  
21 vest the surface owner with title to oil and gas interests that

1 have been severed from the surface estate.]

2 Section 2. Section 3 of the act is amended by adding  
3 definitions to read:

4 Section 3. Definitions.

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

8 "Bonus." Money or other property given for the execution of  
9 an oil or gas lease, deed or other instrument conveying an oil  
10 or gas interest. The term does not include rental or royalty  
11 payments that are used to maintain an oil or gas interest.

12 \* \* \*

13 "Correlative rights." The rights of each owner of oil and  
14 gas interests in a common pool or source of supply of oil and  
15 gas to have a fair and reasonable opportunity to obtain and  
16 produce the owner's just and equitable share of the oil and gas  
17 in the pool or source of supply, without being required to drill  
18 unnecessary wells or incur other unnecessary expense to recover  
19 or receive the oil or gas or its equivalent.

20 \* \* \*

21 Section 3. Section 4 of the act is amended to read:

22 Section 4. Creation of trust for unknown owners.

23 (a) General rule.--Any person who owns an interest in oil  
24 and gas underlying a tract of land may petition the appropriate  
25 division of the court of common pleas of the county in which the  
26 tract or any portion of the tract is located to declare a trust  
27 in favor of all unknown owners of an interest in the oil and gas  
28 underlying the tract whose identity, present residence or  
29 present address is unknown and cannot be determined by diligent  
30 efforts. The petitioner's interest may be in fee, by lease, a

1 royalty [or], by ownership of correlative rights in an oil and  
2 gas reservoir or by ownership of the surface tract that overlays  
3 the oil and gas interest that is the subject of the petition.

4 (b) Requirements.--Before the court shall declare a trust in  
5 favor of an unknown owner or owners, the petitioner shall show  
6 to the satisfaction of the court that:

7 (1) Petitioner has made a diligent effort to locate the  
8 owner or claimant.

9 (2) Despite this diligent effort, petitioner has been  
10 unable to identify or to locate the present residence or  
11 other address of one or more owners or claimants of the oil  
12 or gas interest or interests in question.

13 (2.1) Service of process has occurred in accordance with  
14 Pa.R.C.P. No. 410 (relating to real property actions) and  
15 that original process was served upon all surface owners  
16 whose tracts overlay all or any part of the tract or tracts  
17 of land that are the subject of the petition.

18 (3) Appointment of a trustee will be in the best  
19 interest of all owners of interests in the oil and gas.

20 (4) By a preponderance of the evidence, the trust is  
21 likely to result in the commercial development of the  
22 subsurface properties.

23 (c) Appointment.--Following a determination that the  
24 requirements of subsection (b) have been met, the court shall  
25 appoint a financial institution authorized to do business in  
26 this Commonwealth as trustee of a trust for the unknown owner or  
27 owners and shall authorize the trustee to execute and deliver a  
28 deed of sale or one or more oil or gas leases or other  
29 instruments on terms and conditions approved by the court.

30 (d) Deeds of sale, leases or other instruments.--Where a

1 deed of sale, lease or other instrument is authorized under  
2 subsection (c), the trustee shall provide a credit to the sale  
3 price for the costs incurred under subsection (b). The trustee  
4 shall eliminate bonus payments as a factor in calculating the  
5 fair market value of the relevant interests.

6 Section 4. This act shall take effect in 60 days.