

8482

2011-2012 Regular Sessions

I N A S S E M B L Y

June 17, 2011

Introduced by M. of A. LIFTON, P. RIVERA, JAFFEE, ROSENTHAL -- Multi-Sponsored by -- M. of A. DINOWITZ, GLICK, GOTTFRIED, NOLAN -- read once and referred to the Committee on Judiciary

AN ACT to amend the general obligations law, in relation to notice requirements for assigning oil, gas or mineral land leases

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Subdivisions 5 and 6 of section 5-333 of the general obligations law, as added by chapter 386 of the laws 2005, are amended to
2 read as follows:

3 5. (A) On or after January first, two thousand six, any oil or gas
4 lease shall contain the following statement printed in at least ten
5 point bold type:

6 THIS IS A LEASE OF OIL AND GAS RIGHTS, NOT A SALE, CONTAINING TERMS
7 THAT MAY BE NEGOTIATED BY YOU. YOU HAVE THE RIGHT TO CANCEL THIS LEASE
8 WITHIN THREE BUSINESS DAYS AFTER EXECUTION OF THE LEASE BY NOTIFYING THE
9 LESSEE THAT YOU HAVE CANCELED THIS CONTRACT. IN ORDER TO CANCEL THIS
10 LEASE, YOU MUST EXECUTE A NOTICE OF CANCELLATION IN THE FORM PROVIDED
11 BELOW, MAIL IT TO THE LESSEE AND REFUND ALL AMOUNTS PAID TO YOU BY THE
12 LESSEE WITHIN THE THREE-DAY CANCELLATION PERIOD. THE MAILING MUST BE
13 POSTMARKED WITHIN THE THREE-DAY CANCELLATION PERIOD TO BE EFFECTIVE.

14 NOTICE OF CANCELLATION

15 I/WE HEREBY CANCEL THIS LEASE.

16 DATED:

17 SIGNATURE(S):

18 THE PERSON PRESENTING THIS LEASE TO YOU IS [] NOT [] A MEMBER OF
19 (name of organization) AND THEREFORE IS [] IS NOT [] SUBJECT
20 TO A CODE OF CONDUCT. IF THE PERSON PRESENTING THIS LEASE TO YOU IS
21 SUBJECT TO A CODE OF CONDUCT, A COPY OF THE CODE OF CONDUCT MUST BE
22 PRESENTED TO YOU WITH THIS LEASE. IF APPLICABLE, THE CODE OF CONDUCT
23 PROVIDES A DISPUTE RESOLUTION MECHANISM FOR ANY DISPUTE THAT YOU MAY
24

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 HAVE REGARDING THE MANNER BY WHICH THIS LEASE WAS PRESENTED TO YOU. IF
2 YOU HAVE ANY SUCH DISPUTE, YOU MAY INVOKE THE DISPUTE RESOLUTION MECH-
3 ANISM OF THE CODE OF CONDUCT BY CONTACTING THE PERSON OR PERSONS DESIG-
4 NATED IN THE CODE OF CONDUCT. THE FAILURE OF THE LESSEE TO PAY ANY
5 ROYALTIES TO YOU AS REQUIRED UNDER THE TERMS OF THE LEASE FOR A PERIOD
6 OF FOUR CONSECUTIVE MONTHS OR MORE SHALL BE A DEFAULT UNLESS OTHERWISE
7 PROVIDED BY LAW, AND WILL RESULT IN CANCELLATION OF THE LEASE APPLICABLE
8 TO THE TARGET FORMATION OF THE WELL WITHIN THE SPACING UNIT, FOLLOWING
9 WRITTEN NOTIFICATION TO THE LESSEE OF YOUR INTENT TO CANCEL AND SIXTY
10 DAYS FOR THE LESSEE TO CURE THE DEFAULT. IF THE LESSEE HAS A BONA FIDE
11 DISPUTE REGARDING THE GROUNDS FOR CANCELLATION, SUCH DISPUTE AND THE
12 REASONS THEREFOR MUST BE PROVIDED TO YOU IN WRITING OR THE DEFAULT MUST
13 BE CURED WITHIN SUCH SIXTY DAY PERIOD, OTHERWISE THE LEASE SHALL BE
14 CANCELLED.

15 (B) ON OR AFTER JANUARY FIRST, TWO THOUSAND TWELVE, THE LESSEE, OR
16 WHERE THE LESSEE HAS ASSIGNED ITS INTEREST, THE ASSIGNEE, SHALL, WITHIN
17 THIRTY DAYS AFTER THE DATE OF SUCH ASSIGNMENT, PROVIDE WRITTEN NOTICE OF
18 SUCH ASSIGNMENT AND THE NAMES AND ADDRESSES OF SUCH ASSIGNEES TO THE
19 CURRENT OWNER OF THE LAND WHICH IS SUBJECT TO THE LEASE.

20 6. The provisions of subdivisions one, two, three and four of this
21 section shall apply to leases entered into on or after January first,
22 nineteen hundred eighty-five [and], the provisions of PARAGRAPH (A) OF
23 subdivision five of this section shall apply to leases entered into on
24 or after January first, two thousand six AND THE PROVISIONS OF PARAGRAPH
25 (B) OF SUBDIVISION FIVE OF THIS SECTION SHALL APPLY TO LEASES ENTERED
26 INTO ON OR AFTER JANUARY FIRST, TWO THOUSAND TWELVE.

27 S 2. This act shall take effect immediately and shall apply to all
28 agreements, leases and contracts entered into, issued, renewed,
29 extended, altered or modified on or after such effective date.