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2011-2012 Regular Sessions

I N S E N A T E

(PREFILED)

January 5, 2011

Introduced by Sen. YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary

AN ACT to amend the general obligations law, in relation to extending from 3 days to 5 days the period to cancel a lease of oil and gas rights

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

1 Section 1. Subdivision 5 of section 5-333 of the general obligations
2 law, as added by chapter 386 of the laws of 2005, is amended to read as
3 follows:
4 5. On or after January first, two thousand six, any oil or gas lease
5 shall contain the following statement printed in at least ten point bold
6 type:
7 THIS IS A LEASE OF OIL AND GAS RIGHTS, NOT A SALE, CONTAINING TERMS
8 THAT MAY BE NEGOTIATED BY YOU. YOU HAVE THE RIGHT TO CANCEL THIS LEASE
9 WITHIN [THREE] FIVE BUSINESS DAYS AFTER EXECUTION OF THE LEASE BY NOTI-
10 FYING THE LESSEE THAT YOU HAVE CANCELED THIS CONTRACT. IN ORDER TO
11 CANCEL THIS LEASE, YOU MUST EXECUTE A NOTICE OF CANCELLATION IN THE FORM
12 PROVIDED BELOW, MAIL IT TO THE LESSEE AND REFUND ALL AMOUNTS PAID TO YOU
13 BY THE LESSEE WITHIN THE [THREE-DAY] FIVE-DAY CANCELLATION PERIOD. THE
14 MAILING MUST BE POSTMARKED WITHIN THE [THREE-DAY] FIVE-DAY CANCELLATION
15 PERIOD TO BE EFFECTIVE.
16 NOTICE OF CANCELLATION
17 I/WE HEREBY CANCEL THIS LEASE.
18 DATED:
19 SIGNATURE(S):
20 THE PERSON PRESENTING THIS LEASE TO YOU IS [] NOT [] A MEMBER OF
21 (name of organization) AND THEREFORE IS [] IS NOT [] SUBJECT
22 TO A CODE OF CONDUCT. IF THE PERSON PRESENTING THIS LEASE TO YOU IS
23 SUBJECT TO A CODE OF CONDUCT, A COPY OF THE CODE OF CONDUCT MUST BE

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

LBD02631-01-1

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

17 S 2. This act shall take effect on the thirtieth day after it shall
18 have become a law and shall apply to oil or gas leases entered into on
19 or after such effective date.