S T A T E O F N E W Y O R K

5381

2015-2016 Regular Sessions

I N A S S E M B L Y

February 20, 2015

Introduced by M. of A. LIFTON, JAFFEE, ROSENTHAL, ENGLEBRIGHT, ABINANTI, TITONE -- Multi-Sponsored by -- M. of A. DINOWITZ, GLICK, GOTTFRIED -- 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:

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 read as follows:

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

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

NOTICE OF CANCELLATION

I/WE HEREBY CANCEL THIS LEASE.

DATED: _____

SIGNATURE(S): _____

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

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

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HAVE REGARDING THE MANNER BY WHICH THIS LEASE WAS PRESENTED TO YOU. IF YOU HAVE ANY SUCH DISPUTE, YOU MAY INVOKE THE DISPUTE RESOLUTION MECHANISM OF THE CODE OF CONDUCT BY CONTACTING THE PERSON OR PERSONS DESIGNATED IN THE CODE OF CONDUCT. THE FAILURE OF THE LESSEE TO PAY ANY ROYALTIES TO YOU AS REQUIRED UNDER THE TERMS OF THE LEASE FOR A PERIOD OF FOUR CONSECUTIVE MONTHS OR MORE SHALL BE A DEFAULT UNLESS OTHERWISE PROVIDED BY LAW, AND WILL RESULT IN CANCELLATION OF THE LEASE APPLICABLE TO THE TARGET FORMATION OF THE WELL WITHIN THE SPACING UNIT, FOLLOWING WRITTEN NOTIFICATION TO THE LESSEE OF YOUR INTENT TO CANCEL AND SIXTY DAYS FOR THE LESSEE TO CURE THE DEFAULT. IF THE LESSEE HAS A BONA FIDE DISPUTE REGARDING THE GROUNDS FOR CANCELLATION, SUCH DISPUTE AND THE REASONS THEREFOR MUST BE PROVIDED TO YOU IN WRITING OR THE DEFAULT MUST BE CURED WITHIN SUCH SIXTY DAY PERIOD, OTHERWISE THE LEASE SHALL BE CANCELLED.

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

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

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