

WEST VIRGINIA LEGISLATURE

2020 REGULAR SESSION

Enrolled
Committee Substitute
for
Committee Substitute
for
Senate Bill 554

OFFICE WEST VIRGINIA
SECRETARY OF STATE

2020 MAR 25 P 4:07

FILED

SB 554

SENATORS SMITH, CLEMENTS, PITSENBARGER, ROBERTS,

TRUMP, ROMANO, HAMILTON, AND MARONEY, *original*

sponsors

[Passed March 2, 2020; in effect 90 days from
passage]

WEST VIRGINIA LEGISLATURE

2020 REGULAR SESSION

Enrolled
Committee Substitute
for
Committee Substitute
for
Senate Bill 554

OFFICE ASSISTANT
SECRETARY OF STAFF

2020 MAR 25 P 4: 07

FILED

SENATORS SMITH, CLEMENTS, PITSENBARGER, ROBERTS,

TRUMP, ROMANO, HAMILTON, AND MARONEY, *original*

sponsors

[Passed March 2, 2020; in effect 90 days from
passage]

1 AN ACT to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section,
2 designated §36-4-9b, relating to the termination, expiration, or cancellation of oil or natural
3 gas leases; providing a requirement for a lessee to execute and deliver to the lessor, within
4 a specified time and without cost, a recordable release for terminated, expired, or canceled
5 oil or natural gas leases; providing for a procedure by which a lessor may serve notice to
6 a lessee if a lessee fails to timely provide the release; providing requirements for the
7 content of the notice; requiring a lessee to timely notify the lessor in writing of a dispute
8 regarding the termination, expiration, or cancellation of the oil and natural gas lease;
9 providing for an affidavit of termination, expiration, or cancellation with specified contents;
10 and providing a requirement that county clerks accept and record said affidavit.

Be it enacted by the Legislature of West Virginia:

ARTICLE 4. COVENANTS.

§36-4-9b. Release of terminated, expired or canceled oil or natural gas leases.

1 (a) Unless a different time is required by the lease, within 60 days after the termination,
2 expiration, or cancellation of an oil or natural gas lease, the lessee shall deliver to the lessor,
3 without cost to the lessor, or his or her successors or assigns, a properly executed and notarized
4 release of such lease in recordable form.

5 (b) If the lessee fails to provide a timely release as required by subsection (a) of this
6 section, the lessor, or his or her successors or assigns, may serve notice of lessee's failure to
7 provide such release. The notice shall be made in good faith and contain the following:

8 (1) A statement that:

9 (A) The lease is terminated, expired, or canceled according to its terms, including the date
10 of such termination, expiration, or cancellation;

11 (B) The lessee has a duty to provide a release pursuant to subsection (a) of this section;

12 and

13 (C) If the release, or a written dispute to such termination, expiration, or cancellation, is
14 not received by the lessor, or his or her successors or assigns, from the lessee within 60 days
15 from receipt of the notice, the lessor, or his or her successors or assigns, shall have the right to
16 file an affidavit of termination, expiration, or cancellation under subsection (e) of this section;

17 (2) The name and address of the lessor, or his or her successors or assigns;

18 (3) A brief description of the land covered by the lease including, but not limited to, the
19 state, county, tax district, tax map and parcel, watershed, historical farm name, or other identifying
20 information;

21 (4) If there is a well on the land covered by the lease, the name or API number of the well,
22 if known to the lessor, or his or her successors or assigns;

23 (5) If located in a unit, the name of the unit, if known, to the lessor, or his or her successors
24 or assigns; and

25 (6) The recording information for the lease, or a memorandum of lease, in the public
26 records of the county or counties, along with the execution date of the lease, and the identity of
27 the original lessor and lessee under the lease.

28 (7) The notice when served shall include a service sheet showing the names and
29 addresses of all persons upon whom the notice has been served.

30 (c) The notice shall be sent to the following persons as are shown by the lessor's
31 reasonable examination of the public records: (1) Lessee; (2) lessee's assignee; (3) all other
32 lessors; and (4) all other persons who have an interest in the leasehold estate or the oil and
33 natural gas leased thereunder. A lessor's inability to afford notice to everyone to whom notice is
34 to be given thereunder does not relieve a lessee of its obligation to respond.

35 (d) Service of notice under subsections (b) and (c) of this section shall be effected either
36 personally or by certified mail to the recipient's last known business addresses, or, if service
37 cannot reasonably be made by those means, by publication once a week for two weeks in a

38 newspaper of general circulation in the county or counties in which the lands covered by the lease
39 are located.

40 (e) If, after receiving a notice of termination, expiration, or cancellation under subsections
41 (b), (c), and (d) of this section, a lessee disputes in good faith that the oil or natural gas lease is
42 terminated, expired, or canceled as stated in the notice, the lessee must, not more than 60 days
43 after receipt of the notice, deliver a written dispute of the contents of the notice to the lessor, or
44 his or her successors or assigns, detailing the good-faith basis for such dispute.

45 (f) A lessor, or his or her successors or assigns, who has served a notice under
46 subsections (b), (c) and (d) of this section, and who fails to receive a timely dispute from a lessee
47 under subsection (e) of this section, may record an affidavit of termination, expiration, or
48 cancellation of an oil or natural gas lease in the office of the county clerk in the county or counties
49 where the lands covered by the lease are situated. The county clerk of each county shall accept
50 all such affidavits and shall enter and record them in the official records of that county and shall
51 index each in the indices under the names, as they appear in the affidavit, of the original lessor,
52 the original lessee, the lessor seeking the release, and the lessee identified in the affidavit.

53 (g) An affidavit of termination, expiration, or cancellation of an oil or a natural gas lease
54 shall be in the form of an affidavit and contain the following information:

55 (1) The name and address of the affiant;

56 (2) The names and addresses of the lessor and lessee;

57 (3) If located in a unit, the name of the unit, if known to the affiant;

58 (4) If there is a well on the land, the name or API number of the well, if known to the affiant;

59 (5) The recording information for the lease, or a memorandum of same, in the public record
60 of the county or counties where the interest is located, along with the execution date of the lease,
61 and the names of the original lessors and lessees under the lease;

62 (6) A brief recitation of the facts known to the affiant relating to the termination, expiration,
63 or cancellation of the lease, including relevant dates;

64 (7) A statement that the lessor, or its successors or assigns, complied with his or her duty
65 to serve proper notice to the lessee under subsections (b), (c), and (d) of this section and that the
66 lessee failed to provide a timely challenge to the notice as provided in subsection (e) of this
67 section. The lessor's affidavit shall have attached to it a copy of the notice made and served under
68 subsections (b), (c), and (d) of this section including therewith a copy of the service sheet
69 accompanying the notice; and

70 (8) The notarized signature of the affiant.

71 (h) A person who files an affidavit under this section shall serve a copy of the same upon
72 all persons to whom notice was required to be given under subsections (b), (c), and (d) of this
73 section in the same manner as notice was required to be served. The filing of an affidavit under
74 this section does not constitute a modification of a lease, nor does it limit, waive, or prejudice any
75 claim or defense of any party to the lease in law or in equity.

76 (i) A lessor's, or his or her successors or assigns, decision not to use the provisions of this
77 section is not evidence that a lease is still in effect.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Scott Chapman
.....
Chairman, Senate Committee

Noel Coombs
.....
Chairman, House Committee

Originated in the Senate.

In effect 90 days from passage.

Joe Curran
.....
Clerk of the Senate

Steve Harris
.....
Clerk of the House of Delegates

Witt B. Cunningham
.....
President of the Senate

Les Randle
.....
Speaker of the House of Delegates

FILED
2020 MAR 25 P 4:07
OFFICE LEGISLATIVE
SERVICES OF STATE

The within *is* approved this the *25th*
Day of *March*, 2020.

James Perdue
.....
Governor

PRESENTED TO THE GOVERNOR

MAR 13 2020

Time 3:16 pm