

BILL DeWEESE
THE DEMOCRATIC LEADER



THE STATE CAPITOL
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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

September 21, 2006

Hon. John M. Perzel, Speaker
PA House of Representatives
139 Main Capitol
Harrisburg, PA 17120

Hon. Samuel H. Smith, Majority Leader
PA House of Representatives
110 Main Capitol
Harrisburg, PA 17120

RE: HB 2899

Dear John and Sam:

Enclosed is prior, self-explanatory correspondence concerning your commitment to request that the House Environmental Resources and Energy Committee bring legislation proposed by Reps. Yewcic and Tangretti up for a vote when we return to session this fall.

This bill does not overturn the Hoge decision, and we would agree to an amendment specifically stating that, although the bill clearly states that it "does not vest the surface owner with title to oil, gas or coal bed methane interests which have been severed from the surface estate." The bill further states that the surface owner is not entitled to royalties for coal bed methane removed from reserves severed from the surface estate.

I thank you in advance for honoring your commitment on this important legislation.

Sincerely yours,

H. William DeWeese
The Democratic Leader

Encl.

cc: Mr. Brian Preski
Hon. William F. Adolph, Jr. (Attn: Joe Deklinski)
Hon. Camille "Bud" George
Hon. Thomas Yewcic
✓ Hon. Thomas Tangretti
Democratic floor staff

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HARRISBURG, PA 17120-2020
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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

July 1, 2006

Hon. John M. Perzel, Speaker
PA House of Representatives
139 Main Capitol
Harrisburg, PA 17120

Hon. Samuel H. Smith, Majority Leader
PA House of Representatives
110 Main Capitol
Harrisburg, PA 17120

RE: Yewcic/Tangretti Amendments to SB 594

Dear John and Sam:

This letter serves to confirm my understanding and that of Representatives Thomas Tangretti and Thomas Yewcic that a version of almost identical Amendments 08888 and 08889, withdrawn today by your request through Chief of Staff, Brian Preski, will be introduced as a separate bill; and you will request that the Environmental Resources and Energy Committee bring it up for a vote at a Committee meeting as soon as possible after we return to session in September, 2006.

Please be advised that the separate bill has been requested from the Reference Bureau, and representatives of the coal and oil and gas industries have agreed to review the draft with their clients during the summer recess. I believe that the amendments and subsequent bill are a very reasonable compromise to address the concerns of both the owner of the surface and the owner of the coal bed methane.

Representatives Tangretti and Yewcic join me in anticipating a sincere effort to finally resolve a very controversial issue in areas of the Commonwealth affected by a surge in coal bed methane production, which we should only expect to continue into the future.

Thank you for your assistance and honor in this matter.

Sincerely yours,

H. William DeWeese,
The Democratic Leader

HWD:sg
cc: Hon. Thomas Tangretti
Hon. Thomas Yewcic
Hon. William F. Adolph, Jr.
Hon. Camille "Bud" George
Mr. Brian Preski

Clory, Cynthia

From: Tangretti, Thomas
Sent: Wednesday, September 13, 2006 1:56 PM
To: Clory, Cynthia
Subject: Fw: HB2899

Importance: High

For methane gas bill file.

-----Original Message-----

*From: Germanio, Sue
To: Joseph Deklinsky <jdeklins@pahousegop.com>
CC: Yewcic, Thomas; Tangretti, Thomas
Sent: Wed Sep 13 12:43:35 2006
Subject: HB2899*

Bill got a commitment (Preski for Perzel - I have a letter bill sent to Perzel to confirm agreement on behalf of Yewcic and Tangretti that your Committee would have a meeting on HB 2899 when we return to session asap when they withdrew their amendment from SB 57.

I worked closely with DEP on this; and, regardless of what the industry claims, it does not undo Hoge; in fact, the bill states that it does not confer any mineral/royalty rights upon surface owners.

We would deeply appreciate some action, as methane drilling continues to escalate.

CAMILLE "BUD" GEORGE, MEMBER
ROOM 38B MAIN CAPITOL BUILDING (EAST WING)
HOUSE BOX 202020
HARRISBURG, PENNSYLVANIA 17120-2020
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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

SEP 25 2006

HB 2899 free

COMMITTEES

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INVESTMENT BOARD
JOINT LEGISLATIVE AIR AND WATER
POLLUTION CONTROL AND
CONSERVATION COMMITTEE
WILD RESOURCE CONSERVATION BOARD
RULES COMMITTEE

September 25, 2006

The Honorable William F. Adolph, Jr., Chairman
Environmental Resources & Energy Committee
Pennsylvania House of Representatives
110 Ryan Office Building
Harrisburg, PA 17120-2020

Dear Chairman Adolph:

Bill

I write to request your cooperation in the movement of House Bill 2899, sponsored by Representatives Thomas Yewcic and Thomas Tangretti, through the Environmental Resources & Energy Committee so it can be considered for final passage in the House.

This proposed legislation amends the Oil and Gas Leasing Act (Act 60 of 1979) to provide for appropriate definitions and that additional information be provided in a notice to surface owners regarding proposed drilling for methane on their property. The bill also provides for surface use and damage agreements, which may include compensation for surface damage, lost land value and for loss of agricultural production and income.

As an issue of fairness, surface owners are entitled to fair treatment and compensation for damages even though they are not entitled to royalties from surface production. I'm sure you'll agree that this legislation will greatly benefit the welfare of this Commonwealth and its citizens. I'd appreciate if we could work to get this legislation out of committee and ready for a vote on the House floor.

Sincerely,

Camille "Bud" George
DEMOCRATIC CHAIRMAN
Environmental Resources & Energy Committee

Cc: Representative DeWeese
Representative Yewcic
Representative Tangretti

CG/etk

THOMAS F. YEWICIC, MEMBER

535 FAIRFIELD AVENUE
JOHNS TOWN, PENNSYLVANIA 15906
PHONE: (814) 536-8400

1605 GRAHAM AVENUE
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HARRISBURG OFFICE:

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COMMITTEES

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VETERANS AFFAIRS & EMERGENCY
PREPAREDNESS

House of Representatives

COMMONWEALTH OF PENNSYLVANIA

HARRISBURG

MEMO

TO: All Members

August 8, 2006

FROM: Hon. Tom Yewcic and Hon. Tom Tangretti

RE: Methane Drilling Accommodation Legislation

In the near future, we will be introducing legislation, as suggested by University of Pittsburgh Professor, Cyril Fox, which provides that methane drillers must accommodate surface owners by providing notice of proposed operations and negotiating compensation agreements to cover loss of land use or other damage.

The proposed bill amends the Oil and Gas Leasing Act (Act 60 of 1979) to provide for appropriate definitions and that additional information to be provided in a notice to surface owners regarding proposed drilling for methane on their property. Such information would include a statement by the operator verifying deeds, leases, rights-of-way or other rights relating to the operator's access to the coal bed methane. This may help surface owners to better determine if they, themselves, have rights related to the resource.

The bill also provides for surface use and damage agreements, which may include compensation for surface damage, lost land value and for loss of agricultural production and income. A surface owner may have the option to receive the use of gas at no charge in lieu of part or all of the compensation due for damages. If the surface owner and operator cannot reach agreement within 30 days of the required notice, the operator must place the amount of his last offer to the surface owner in escrow while negotiations continue; or an action is pending in Common Pleas Court, if a petition has been filed for an Order establishing surface use guidelines and reasonable compensation for damage.

A permit may be issued to the operator by DEP to commence operations upon receipt of proof that the escrow account has been established. All other provisions of the Oil and Gas Act that currently apply to the drilling of wells would continue to apply.

The term "surface owner" is defined to mean the owner of real property where a coal bed methane well is located or proposed to be located who is not entitled to royalties for the removal or recovery of the methane. Pursuant to a PA Supreme Court Decision, Hoge, it was determined that the owner of the coal seam also owns the methane derived therefrom; therefore the surface owner is usually not entitled to royalties for the production of methane on his property. To attempt to reverse this decision could represent a "taking" contrary to the Pennsylvania and Federal Constitutions, which could expose the Commonwealth to significant damages.

There have been many complaints from surface owners that their property is being damaged or agricultural production lost and income adversely affected from methane drilling operations; and they believe they are entitled to fair treatment and compensation for damages as owners of the surface estate, even though they may or may not be entitled to royalties from resource production.

If you would like to cosponsor this legislation, please contact my office at 783-0248 or by email at rsmith@pahouse.net.