

## **RESOLUTION NO. 2016- 4**

### **A RESOLUTION OF THE TOWNSHIP OF WILMOT, BRADFORD COUNTY PENNSYLVANIA, OPPOSING POST PRODUCTION COSTS.**

WHEREAS, The Commonwealth of Pennsylvania Legislature created a piece of legislation in 1979 commonly referred to as the "Guaranteed Minimum Royalty Act" or (Act of July 20, 1979, P.L. 183, No. 60) which states " a lease or other such agreement conveying the right to remove or recover oil, natural gas or gas of any other designation from lessor to lessee shall not be valid if such lease does not guarantee the lessor at least one-eighth royalty of all oil, natural gas or gas of other such designations removed or recovered from the subject real property.

WHEREAS, in 2010 the Commonwealth Supreme Court rendered a decision concerning the GMRA (Guaranteed Minimum Royalty Act) which included a footnote #14 "We note that the General Assembly is the branch of government best suited to weigh the public policies underlying the determination of the proper point of valuation in the deregulated gas industry. However, until the General Assembly acts to specify the point of valuation, we must interpret the statute as written, prior to deregulation".

WHEREAS, landmen soliciting landowners in an effort to get mineral leases signed many times implied that landowners (lessors) would receive regular royalty payments free of costs (see quote from company brochure) "The mineral owner bears no risk, but in return receives regular royalty payments based on the well's production revenue. The operator incurs all risks and costs associated with drilling and producing the well".

WHEREAS, many landowners/lessors are being treated as if they have what's called a "working interest" in the well. However, landowners/lessors have no say in the business decisions that can affect the revenue derived from the operation of the well.

WHEREAS, the landowners/lessors of the Township of Wilmot are being severely negatively impacted by the practice of deducting exorbitantly high "post production cost" from their royalty checks.

WHEREAS, the Township of Wilmot respectfully asks the Legislature of the Commonwealth of Pennsylvania to address this issue.

NOW, THEREFORE, BE IT RESOLVED that we demand production be discontinued from wells where landowners are having their royalty checks diminished to nothing or nearly nothing, or in some cases having their accounts accrue a negative balance due to companies deducting exorbitantly high post production costs.

RESOLVED AND ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

ATTEST:

TOWNSHIP OF WILMOT

\_\_\_\_\_  
Jane Dietz, Township Secretary

By: \_\_\_\_\_  
Frank Messersmith, Chairman

By: \_\_\_\_\_  
Mark Dietz, Member