

Date: August 6, 2008
From: Frances M. Hack, Counsel
To: All Pennsylvania Issuing Offices

PA2008003

RE: Oil and Gas Leases

Dear Associates:

We have received an increasing number of questions about the searches for landowners who may have natural gas exploration rights on their property. While gas leases have been around for many years, the amount of money offered per acre and the prospect of large future royalties, has created a flood of activity in Pennsylvania by landmen, energy companies and speculators looking for land on which they may obtain an oil and gas lease.

Attached is a map of the area now under intense searching activity. The "Marcellus Formation" refers to the natural gas field geologists are calling the "Super Field."

In general, the standard length of search in Pennsylvania is 60 years. Therefore, the standard search would generally not disclose a severed oil or gas interest if it occurred more than 60 years ago, and our policy would insure ownership of all property rights, including rights to the natural gas and oil. However, landmen and energy companies are searching back as far as 150 years to find old oil and gas leases that they may be able to claim. These potentially conflicting interests can become a source of claims.

To reduce the potential for this type of claim, please add the following exception to all policies for property located in counties within the "Super Field" area on the attached map (see list of counties on the attached list):

"Any lease, grant, exception or reservation of oil or gas rights or minerals or mineral rights appearing in the Public Records."

If requested to remove this exception for an Owner's policy, a 150 year search of the land records is required.

Pay particular attention to following issues found in the search:

1. "Surface only" deeds;
2. Reservation or exception of minerals, oil and gas;
3. Transfer of the rights under an oil and gas lease by either landowner or gas company.
4. The lease may be devised by will upon the death of the landowner.

A written oil and gas lease cannot be abandoned by mere non-use; it must be terminated by its own terms or by a written termination. Most oil and gas leases are for a fixed or definite term with provisions that the primary term shall continue so long thereafter as oil or gas is produced.

DO NOT REMOVE THIS EXCEPTION WITHOUT WRITTEN APPROVAL FROM THE UNDERWRITING DEPARTMENT.

["Super Field" Map and List of Counties \(Click to View\)](#)

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Note: Copy and distribute this bulletin to your escrow officers, title examiners, title officers, searchers and anyone else that you feel should know about it.

References

Bulletins Replaced:

None.

Related Bulletins:

None.

Underwriting Manual:

None.

Exceptions Manual:

None.

Forms :

None.