

December 20, 2017 | Topic: [Criminal](#)

AG Shapiro: “Landowners have a right not to be subjected to unfair and deceptive conduct when leasing their land.”

HARRISBURG — Attorney General Josh Shapiro today announced a significant step towards economic justice for Pennsylvania landowners in his lawsuit against Chesapeake Energy, Inc. and Anadarko Petroleum Company. Chesapeake Energy is the second largest producer of natural gas in the country.

Bradford County Common Pleas Court issued an opinion and order denying preliminary objections raised by the defendant companies. The Office of Attorney General’s lawsuit seeks to recover for thousands of Pennsylvania landowners the money wrongfully deducted from fracking royalty checks by Chesapeake Energy and Anadarko Petroleum – in violation of the Unfair Trade Practices and Consumer Protection Law.

The Attorney General’s complaint alleges that landowners who entered into leases with the defendants believed they would receive royalties from the sale of natural gas without post-production costs — but were charged deductions for refinement, transportation and other costs associated with processing the natural gas.

“Our case against these gas companies is about fighting for landowners, who have a right not to be subjected to unfair and deceptive conduct when leasing their land,” Attorney General Josh Shapiro said. “As Attorney General, I’m standing up for Pennsylvanians and ensuring businesses operating in our Commonwealth are obeying the law. Our case now moves forward.”

The Bradford County court held:

- 1) Chesapeake Energy and Anadarko Petroleum are subject to the Pennsylvania Unfair Trade Practices and Consumer Protection Law;
- 2) The lawsuit filed by the Office of Attorney General Shapiro is in the public interest; and
- 3) The defendants’ oil and gas leasing practices are also subject to the Unfair Trade Practices law.

The court held the Office of Attorney General is “invested with the broad responsibility for policing the marketplace and protecting the people of Pennsylvania from unfair and deceptive business practices.”

The lawsuit alleges that landowners were denied the benefit of competition for leases in the form of higher royalty rates and signing bonuses when Chesapeake Energy and Anadarko Petroleum agreed not to compete against each other in securing oil and gas leases from landowners.

The impact of the unfair and deceptive practices is not limited to the Marcellus Shale, but applies also to Utica Shale and any deeper natural gas formations or layers under Marcellus and Utica Shale.

Senior Deputy Attorney General Joseph Betsko of the Antitrust Section led the opposition to the energy company’s preliminary objections. Chief Deputy Attorney General Tracy Wertz and Senior Deputy Attorney General Norman Marden of the Antitrust Section are also working on the case.

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Contact the Press Office

Mailing Address:

PA Office of Attorney General / Press Office
16th Floor, Strawberry Square