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Attorney General Henry, Federal Trade Commission File to Prevent Anti-Competitive Energy Deal Between EQT, Quantum

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HARRISBURG — Attorney General Michelle Henry and the Federal Trade Commission took action to resolve antitrust concerns surrounding a \$5.2 billion cash-and-stock deal between private equity firm, Quantum Energy Partners, and natural gas producer, EQT Corporation, by approving a settlement agreement that prevents entanglements between the two companies and the exchange of confidential, competitively sensitive information.

Quantum and EQT are direct competitors in the production and sale of natural gas in the Appalachian Basin, including the Commonwealth of Pennsylvania. The Appalachian Basin is the largest natural gas-producing region in the United States. The proposed acquisition would make Quantum one of EQT's largest shareholders and provide Quantum – an active investor in natural gas production in the region – a seat on EQT's board of directors, violating the antitrust laws and harming competition in this industry.

"This work is critically important to ensure Pennsylvanians and all Americans have affordable energy costs," Attorney General Henry said. "Deals like this eliminate competition in the marketplace which drives affordable prices for consumers. We are grateful for our partnership with the FTC in analyzing and evaluating this acquisition."

The final [consent judgment](#) delivers structural relief that prohibits Quantum from occupying an EQT board seat, requires Quantum to divest its EQT shares, prevents anti-competitive information exchange, unwinds a separate anticompetitive joint venture between the two entities, and imposes additional restraints to protect competition.

Under the proposed deal, EQT, the nation's largest natural gas producer, would acquire Quantum Energy's THQ Appalachia I, LLC, also known as Tug Hill, the eleventh largest Appalachian Basin natural gas producer. In addition, EQT would acquire Quantum Energy's THQ-XcL Holdings I, LLC, also known as XcL Midstream, which transports and processes Tug Hill's natural gas production.

In return, Quantum would acquire up to 55 million shares of EQT stock and become one of EQT's largest shareholders. The proposed transaction, as originally structured, also granted Quantum the right to an EQT board seat, to be held by Quantum's CEO or another Quantum designee. As the Office of Attorney General's [complaint](#) states, this arrangement would create an illegal interlocking directorate in violation of Section 8 of the Clayton Act and would result in an unfair method of competition in violation of Section 3 of the Pennsylvania Unfair Trade Practices and Consumer Protection Law.

The complaint also alleges that, by making Quantum one of EQT's largest shareholders, the deal would give Quantum the ability to sway EQT's competitive decision-making and access EQT's confidential and competitively sensitive information. By enabling Quantum to communicate directly with EQT, access and exchange confidential business information, and influence or direct EQT's competitive actions or strategies, this arrangement would create an unfair method of competition in violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law, according to the Office of Attorney General's complaint.

The proposed final consent judgment resolves the concerns raised by the Office of Attorney General and the FTC while also clearly signaling the antitrust risks of excessive entanglements and anticompetitive information exchange.

Specifically, the final consent judgment would resolve the competition concerns through provisions that: