

The Trump Administration Gave Almost-Bankrupt Chesapeake Energy Royalty Relief On 109 Leases Despite Chesapeake's Long History Of Price-Fixing, Underpaying Royalties, And Environmental Violations

Chesapeake Energy Got Royalty Relief From The Bureau Of Land Management On Over 72,000 Acres Of Land Despite Various Lawsuits Against The Company For Underpaying Royalties

The Trump Administration Has Given Chesapeake Energy Royalty Relief On 109 Leases Totalling 72,319 Acres...

Chesapeake Energy Is An Oil And Gas Company. "We are an independent exploration and production company engaged in the acquisition, exploration and development of properties to produce oil, natural gas and NGL from underground reservoirs." [SEC EDGAR - Chesapeake Energy 10-K, [02/27/20](#)]

On May 1, 2020, Chesapeake Energy Received Lease Suspensions On 40 Leases Totalling 28,016 Acres Of Land. [[COVID-19 Royalty Reduction And Lease Suspensions](#), accessed 05/28/20]

On May 14, 2020, Chesapeake Energy Received Lease Suspensions On 68 Leases Totalling 44,062 Acres Of Land. [[COVID-19 Royalty Reduction And Lease Suspensions](#), accessed 05/28/20]

On May 18, 2020, Chesapeake Energy Received A Lease Suspension On 1 Lease Totalling 240 Acres Of Land. [[COVID-19 Royalty Reduction And Lease Suspensions](#), accessed 05/28/20]

...Even Though Chesapeake Energy Had Already Been Underpaying Royalties

Chesapeake Energy Is Involved In Various Lawsuits Claiming They Underpaid Royalties, Made Improper Deductions, And Use Below-Market Prices. "We and other natural gas producers have been named in various lawsuits alleging underpayment of royalties and other shares of the proceeds of production. The lawsuits against us allege, among other things, that we used below-market prices, made improper deductions, utilized improper measurement techniques, entered into arrangements with affiliates that resulted in underpayment of amounts owed in connection with the production and sale of natural gas and NGL, or similar theories." [SEC EDGAR - Chesapeake Energy 10-K, [02/27/20](#)]

On September 30, 2014, Chesapeake Energy Was Fined \$765,000 For A "Federal Leasing Royalty Violation." [Violation Tracker Individual Record - [Chesapeake Energy Corporation](#), accessed 05/28/20]



On September 30, 2014, Chesapeake Energy Was Fined \$428,400 For A “Federal Leasing Royalty Violation.” [Violation Tracker Individual Record - [Chesapeake Energy](#), accessed 05/28/20]

On September 30, 2016, Chesapeake Energy Was Fined \$2,118,900 For A “Federal Leasing Royalty Violation.” [Violation Tracker Individual Record - [Chesapeake Energy](#), accessed 05/28/20]

Before Coronavirus Hit, Chesapeake Energy Was Already On The Verge Of Bankruptcy After Losing \$8.3B In The First Quarter Of 2020 On Top Of Billions In Debt And Millions In Losses

In December 2019, Chesapeake Energy Was Notified It Was At Risk Of Being Delisted From The New York Stock Exchange After \$308M In Net Losses...

Chesapeake Energy Had A Net Loss Of \$308 Million In 2019. [SEC EDGAR - Chesapeake Energy 10-K, [02/27/20](#)]

On December 10, 2019, Chesapeake Energy Was Informed They Were At Risk Of Being Delisted From The New York Stock Exchange Due To Consistently Low Share Prices. “On December 10, 2019, we were notified by the New York Stock Exchange (the “NYSE”) that the average closing price of our common stock, \$0.01 par value per share (the “Common Stock”), over a prior 30 consecutive trading day period was below \$1.00 per share, which is the minimum average closing price per share required to maintain listing on the NYSE under Section 802.01C of the NYSE Listed Company Manual. We have a period of six months following the receipt of the notice to regain compliance with the minimum share price requirement, with the possibility of extension at the discretion of the NYSE. [...] If the Common Stock ultimately were to be delisted for any reason, it could negatively impact us as it would likely reduce the liquidity and market price of the Common Stock; reduce the number of investors willing to hold or acquire the Common Stock; and negatively impact our ability to access equity markets and obtain financing.” [SEC EDGAR - Chesapeake Energy 10-K, [02/27/20](#)]

...And Already Had Over \$8.9B In Debt.

Chesapeake Energy Has \$8.916 Billion Of Debt As Of December 31, 2019. “We have a significant amount of indebtedness. Our leverage and debt service obligations may adversely affect our financial condition, results of operations and business prospects, and we may have difficulty paying our debts as they become due. As of December 31, 2019, we had approximately \$8.916 billion in principal amount of debt outstanding (including \$301 million of current maturities and \$1.590 billion drawn under our senior secured revolving credit facility).” [SEC EDGAR - Chesapeake Energy 10-K, [02/27/20](#)]

Chesapeake Energy Continued To Lose \$8.3B In The First Quarter Of 2020, Putting It On The Verge Of Bankruptcy.



Chesapeake Energy Is Considering Filing For Bankruptcy After Losing \$8.3 Billion In The First Quarter Of 2020. “Chesapeake Energy Corp. announced in a filing it made with regulators Monday that bankruptcy is on the table after posting a net loss of about \$8.3 billion – about \$853 a share – for the first quarter of 2020.” [[USA Today](#), 05/12/20]

Despite Its Terrible Finances, Chesapeake Energy Execs Still Made Millions Plus “Incentive Compensation” While The Company Laid Off Workers

Chesapeake Energy Executives Made Over \$32.8M In 2019...

Chesapeake Energy President And CEO Robert D. Lawler Made \$15,392,109 In Total Compensation In 2019. [SEC EDGAR – Chesapeake Energy 10-K/A, [04/29/20](#)]

Chesapeake Energy Executive Vice President And CFO Domenic Dell’Osso Made \$5,456,121 In Total Compensation In 2019. [SEC EDGAR – Chesapeake Energy 10-K/A, [04/29/20](#)]

Chesapeake Energy Executive Vice President Of Exploration And Production Frank J. Patterson Made \$5,143,828 In Total Compensation In 2019. [SEC EDGAR – Chesapeake Energy 10-K/A, [04/29/20](#)]

Chesapeake Energy Executive Vice President, General Counsel, And Corporate Secretary James R. Webb Made \$4,694,719 In Total Compensation In 2019. [SEC EDGAR – Chesapeake Energy 10-K/A, [04/29/20](#)]

Chesapeake Energy Senior Vice President And Chief Accounting Officer William B. Buegler Made \$2,115,486 In Total Compensation In 2019. [SEC EDGAR – Chesapeake Energy 10-K/A, [04/29/20](#)]

...And Received \$25M In “Incentive Compensation”...

In May 2020, Chesapeake Energy Has Plans To Prepay Its Top 21 Execs \$25 Million In “Incentive Compensation.” “Chesapeake Energy Corp said it would prepay a total of \$25 million in incentive compensation to 21 top executives to ensure they are motivated, even as it prepares to file for bankruptcy protection to tackle its nearly \$9 billion debt pile.” [[Reuters](#), 05/10/20]

...After Chesapeake Energy Laid Off 200 Employees.

Oklahoma Announced Chesapeake Energy Had Laid Off 200 Employees On April 16, 2020. “Chesapeake Energy Corp, the debt-laden shale producer, has laid off 200 employees in Oklahoma, the state said on Thursday. Half of the job cuts were at the company’s Oklahoma City headquarters and half were in the oilfield, according to the Oklahoma Office of Workforce Development.” [[Reuters](#), 04/16/20]



The Trump Administration's Gift Of Royalty Relief To Chesapeake Energy Comes After The Company Spent \$2.3M On Lobbying And Donated Over \$3K To Trump Since 2016

Chesapeake Energy Has Spent Over \$2.3M On Lobbying Since 2016...

Chesapeake Energy Spent \$540,000 On Lobbying In 2016. [Client Profile - [Chesapeake Energy 2016](#), OpenSecrets, accessed 05/28/20]

Chesapeake Energy Spent \$620,000 On Lobbying In 2017. [Client Profile - [Chesapeake Energy 2016](#), OpenSecrets, accessed 05/28/20]

Chesapeake Energy Spent \$660,000 On Lobbying In 2018. [Client Profile - [Chesapeake Energy 2016](#), OpenSecrets, accessed 05/28/20]

Chesapeake Energy Spent \$430,000 On Lobbying In 2019. [Client Profile - [Chesapeake Energy 2016](#), OpenSecrets, accessed 05/28/20]

Chesapeake Energy Spent \$70,000 On Lobbying In 2020. [Client Profile - [Chesapeake Energy 2016](#), OpenSecrets, accessed 05/28/20]

...Along With Donating \$3,037 To Trump Presidential Campaign.

Chesapeake Energy Donated \$2,942 To Donald Trump's Presidential Campaign In 2016. [Chesapeake Energy Donation Recipients 2016, [OpenSecrets](#), accessed 05/28/20]

Chesapeake Energy Donated \$95 To Donald Trump's Presidential Campaign In 2020. [Chesapeake Energy Donation Recipients 2020, [OpenSecrets](#), accessed 05/28/20]

Chesapeake Energy Has Incurred Nearly \$14M In Environmental Violation Including Fines For Polluting Waterways And Causing Earthquakes

Chesapeake Energy Has Incurred Almost \$14M In Fine For Environmental Violations.

Chesapeake Energy Has Been Fined \$13,889,964 In Environmental Violations From 2002 To 2016. [[Violation Tracker](#), accessed 05/28/20]

Environmental Violations Levied Against Chesapeake Energy Include One Of The Largest Fines From The Federal Government For Polluting Waterways...

Chesapeake Energy Was Fined \$3.2 Million For Violating The Clean Water Act After The "Unauthorized Discharge Of Fill Materials Into Streams And Wetlands." "The Department of Justice and the U.S. Environmental Protection Agency (EPA) announced today that Chesapeake



Appalachia LLC, a subsidiary of Chesapeake Energy, the nation's second largest natural gas producer, will spend an EPA-estimated \$6.5 million to restore 27 sites damaged by unauthorized discharges of fill material into streams and wetlands and to implement a comprehensive plan to comply with federal and state water protection laws at the company's natural gas extraction sites in West Virginia, many of which involve hydraulic fracturing operations. The company will also pay a civil penalty of \$3.2 million, one of the largest ever levied by the federal government for violations of Section 404 of the Clean Water Act (CWA), which prohibits the filling or damming of wetlands, rivers, streams, and other waters of the United States without a federal permit." [[Department Of Justice](#), 12/19/13]

...And A \$1.4M Fine For Chesapeake Energy's Role In A 2011 Landslide.

Chesapeake Energy Paid \$1.4 Million For Their Role In A 2011 Landslide That Affected Several Waterways. "A unit of Chesapeake Energy Corp. will pay a \$1.4 million fine in Pennsylvania for a 2011 landslide from a well pad that affected several tributaries to a stream. Pennsylvania's Department of Environmental Protection announced Monday that Chesapeake Appalachia LLC agreed to the consent order and fine. The company will restore waterways affected by the slide from the Stringer 8H natural gas well pad in Greene County on Sept. 15, 2011." [[The Oklahoman](#), 11/24/15]

Chesapeake Energy Is Also Involved In Various Lawsuits In Oklahoma For Causing Earthquakes.

Chesapeake Energy Is Involved In Numerous Lawsuits For Compensation From Earthquake The Company Has Helped Cause. "We are named as a defendant in numerous lawsuits in Oklahoma alleging that we and other companies have engaged in activities that have caused earthquakes. These lawsuits seek compensation for injury to real and personal property, diminution of property value, economic losses due to business interruption, interference with the use and enjoyment of property, annoyance and inconvenience, personal injury and emotional distress. In addition, they seek the reimbursement of insurance premiums and the award of punitive damages, attorneys' fees, costs, expenses and interest." [SEC EDGAR - Chesapeake Energy 10-K, [02/27/20](#)]

Chesapeake Energy Was Fined \$25M in 2015 For Colluding With Another Energy Company To Keep Oil And Gas Prices Low For Themselves

Chesapeake Energy And Encana Corp Were Charged For Conspiring With Each Other To Keep Oil And Gas Prices Artificially Low In Michigan

Chesapeake Energy Paid \$25 Million For Price-Fixing And Anti-Competitive Practices On April 24, 2015. "Chesapeake Energy Corp. agreed to pay \$25 million to a victims compensation fund in settlement of allegations it conspired with Encana Oil & Gas to avoid bidding wars for Michigan oil and gas leases. It also pleaded guilty to one count of attempted antitrust violations, a misdemeanor, and one count of false pretenses, a misdemeanor. Criminal sentencing was



suspended on condition of abiding by settlement terms. Encana settled the allegations against it in 2014" [Violation Tracker – [Chesapeake Energy Corp](#), accessed 05/28/20]

Chesapeake Energy’s Fine Came After They And Encana Corp Were Charged With “Colluding To Keep Oil And Gas Lease Prices Artificially Low” In Michigan. “Oil and gas giants Chesapeake Energy and Encana Corp were charged on Wednesday with colluding to keep oil and gas lease prices artificially low in Michigan, state Attorney General Bill Schuette said. [...] The criminal charges follow a lengthy investigation by Schuette’s office into whether the firms – the biggest land leasers during a speculative oil and gas leasing boom in Michigan’s Collingwood Shale region during 2010 – colluded to keep prices from rising as they acquired land leases from landowners. Michigan began looking into the companies’ activities in 2012 after a Reuters investigation found that executives from the two firms discussed proposals to divide bidding responsibilities in the state for nine private landowners and counties in Michigan.” [[Reuters](#), 03/05/14]

Chesapeake Energy Has Faced Additional Antitrust Charges Of Bid-Rigging In Oklahoma

In 2016, Chesapeake Energy Was Charged With Conspiring With Other Energy Companies To Control The Cost Of Bids For Leases In Oklahoma

In 2016, Chesapeake Energy’s Former CEO Aubrey McClendon Was Charged With Rigging Bids For Oil And Gas Leases In Oklahoma After A 4-Year Antitrust Probe. “Aubrey McClendon, former chief executive officer of Chesapeake Energy Corp (CHK.N) and a legend in the U.S. energy industry, was charged on Tuesday with conspiring to rig bids to buy oil and natural gas leases in Oklahoma, the Justice Department said. [...] The indictment follows a nearly four-year federal antitrust probe that began after a 2012 Reuters investigation found that Chesapeake had discussed with a rival how to suppress land lease prices in Michigan during a shale-drilling boom. Although the Michigan case was subsequently closed, investigators uncovered evidence of alleged bid-rigging in Oklahoma.” [[Reuters](#), 03/01/16]

The Indictment Claimed Aubrey McClendon Colluded With 2 Energy Companies To Not Bid Against Each Other From 2007 To 2012. “The seven-page indictment alleges that McClendon set up a conspiracy of two energy companies which agreed not to bid against each other in purchasing oil and natural gas leases in northwest Oklahoma from 2007 to 2012. The indictment did not name either company.” [[Reuters](#), 03/01/16]

Chesapeake Energy’s Shady Practices Have Additionally Led To A Lawsuit Over The Oil And Gas Company Artificially Depressing Lease Prices In Kansas

In 2016, Chesapeake Energy Was Sued For Conspiring To Lower The Cost For Oil And Gas Leases In Kansas.

Chesapeake Energy Was Sued In 2016 For “Conspiring To Depress The Market” For Oil And Gas Leases In Kansas And Other States. “Investors who sold oil and natural gas land leases to

Chesapeake Energy Corp and now-bankrupt SandRidge Energy Corp sued Chesapeake and Tom Ward, SandRidge's former CEO, alleging that they conspired to depress the market for those leases. [...] Chisholm alleged Chesapeake and SandRidge divided the area covering the Anadarko Basin in Kansas and other states and agreed not to compete, which drove down prices for the leases." [[Reuters](#), 07/19/16]

- **SandRidge's Former CEO Who Also Faced Charges In This Case Was A Cofounder Of Chesapeake Energy** "Chisholm said in the complaint that many believe the other unnamed co-conspirators were Chesapeake, SandRidge and Ward. Before Ward founded SandRidge in 2006, he co-founded Chesapeake with McClendon in 1989." [[Reuters](#), 07/19/16]

Along With Price Fixing And Environmental Fines, Chesapeake Energy Has Been Fined \$312,627 For Safety, Labor, And Consumer Protection Violations

Chesapeake Energy Was Fined \$30,000 For Labor Relations Violations...

On January 12, 2007, Chesapeake Energy Was Fined \$30,000 For A "Labor Relations Violation." [Violation Tracker Individual Record - [Chesapeake Energy](#), accessed 05/28/20]

...\$250,000 For Consumer Protection Violations...

On June 14, 2012, Chesapeake Energy Subsidiary Chesapeake Appalachia LLC Was Fined \$250,000 For A "Consumer-Protection-Related Violation." [Violation Tracker Individual Record - [Chesapeake Appalachia LLC](#), accessed 05/28/20]

...And \$32,627 In Workplace Safety Or Health Violations.

On February 24, 2011, Chesapeake Energy Subsidiary Chesapeake Operating Inc Was Fined \$12,000 For A "Workplace Safety Or Health Violation." [Violation Tracker Individual Record - [Chesapeake Operating Inc](#), accessed 05/28/20]

On November 16, 2011, Chesapeake Energy Subsidiary Chesapeake Operating Inc Was Fined \$7,000 For A "Workplace Safety Or Health Violation." [Violation Tracker Individual Record - [Chesapeake Operating Inc](#), accessed 05/28/20]

On January 31, 2013, Chesapeake Energy Subsidiary Chesapeake Operating Inc Was Fined \$13,627 For A "Workplace Safety Or Health Violation." [Violation Tracker Individual Record - [Chesapeake Operating Inc](#), accessed 05/28/20]