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## LOLA Energy Sues EQT for Trespass, Drilling Wells Under LOLA Land

July 8, 2019 | [Energy Companies](#), [EQT Corp](#), [Industrywide Issues](#), [Litigation](#), [LOLA Energy](#), [Rice Energy](#)



In another MDN  
exclusive, **last Friday**

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LOLA Energy filed a lawsuit in Greene County, PA against EQT for allegedly drilling shale wells under property EQT formerly leased, property for which the leases had lapsed and

were subsequently scooped up by LOLA Energy (see LOLA Energy is Back! Scoops Up Rice Acreage EQT Let Expire). LOLA says they are now the owners of those leases and that EQT has drilled under some of their properties. LOLA tried to broker a deal for compensation but those talks broke down



and hence a lawsuit was filed.

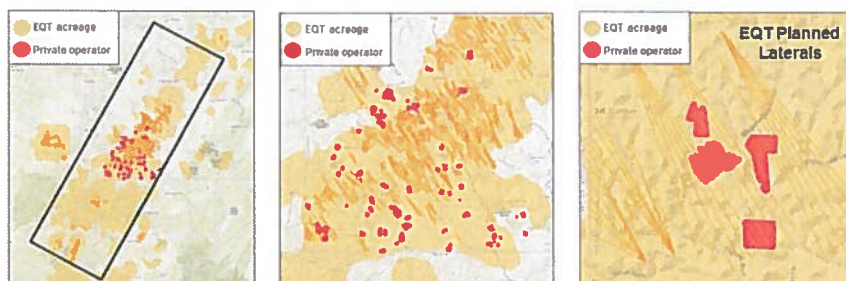
**Some quick background.** The original LOLA Energy, founded in 2015 by former EQT executives including LOLA CEO Jim Crockard, sold itself to Rice Energy in 2017. Rice subsequently sold itself to EQT later in 2017. Crockard and other LOLA employees had a non-compete agreement that expired last year when they formed LOLA Energy II and leased acreage in Greene County, PA that was once owned by EQT (or Rice Energy, or Vantage Energy, both now part of EQT), scooping up leases that had been allowed by EQT to expire. Some of the leased acreage by the new LOLA is smack dab in the middle of other acreage owned by EQT, acreage where EQT had planned to drill wells.

As you know by now, EQT management is locked in a battle with Toby and Derek Rice for control of the company. EQT's lapsed lease *faux pas* was exposed by the Rice boys in a detailed presentation just a few weeks ago. Here's a slide from the Rice presentation showing LOLA's acreage (the red blobs) obstructing EQT's plans to drill wells (the straight lines you see in panel #3 below):

### **EQT HAS FAILED TO PROTECT CORE LEASEHOLD POSITION**

EQT is losing core leases every day because of their uncoordinated land, data and operations systems

- Competitors are actively leasing within known future-development areas, which jeopardizes operations
- Worse, EQT is letting core leases expire by simply failing to make extension payments. Competitors are picking up the pieces



*click for larger version*

We have several comments from Jim Crockard below on this situation. But first up is a copy of the lawsuit filed on Friday. If you bother to read through the full document, at the very end you'll discover that EQT had sent an email to the mineral rights owners listed in the lawsuit declaring, last August, that the EQT lease expired and that EQT had decided "not to extend or renew this lease." That email, according to LOLA, is the smoking gun. Later after sending the August email, the lawsuit alleges EQT tried to backdate a unit declaration to argue they still held the old lease anyway, contradicting the statement made in the email they no longer held the lease. According to the LOLA lawsuit, such is not the case. The lease expired, LOLA cut a deal, and now (says LOLA), the lease is owned by someone else—LOLA. You can't simply drill through someone else's leased property without permission.

...

Crockard told MDN that this situation, "seems fairly symptomatic of the dysfunction there at EQT these days."

In an email to MDN, Crockard also said:

Our post-complaint investigative work through today reveals that we now believe that this lawsuit involves as many as 4 or 5 wells that EQT has drilled or planned to drill (one may be a redrill where they somehow messed up and lost a complete well bore investment that had to be drilled as a second separate well).

We also believe there are another 3 or 4 similarly situated drilled or planned wells just to the south of these tracts that infringe on one or more of our other leases that we are considering a second complaint to rectify as all discussions we were having with EQT have obviously broken down.

And yes, given the results of our post-complaint investigation we are now undertaking a review of our entire lease portfolio to see if EQT has ignored any of our other leased tracts and moved forward with drilling operations impacting them anyway, so we can get those situations into court and stop them. We suspect there will be more.

Needless to say, this embarrassing situation comes to light at a critical time for EQT's existing management, just days before the annual meeting where a proxy vote will be taken to elect a board that will control the future of the company moving forward.

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