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## LOLA Energy is Back! Scoops Up Rice Acreage EQT Let Expire

June 19, 2019 | Energy Companies, EQT Corp, Greene County (PA), LOLA Energy, Pennsylvania



LOLA Energy was +  
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birthed near the end of 2015, by former EQT executives using private equity money from Denham Capital (see New Marcellus/Utica Drilling Company is Born – LOLA Energy). In July 2017, Rice

Energy (later sold to EQT) bought the assets of LOLA Energy for \$180 million, over the objections of LOLA CEO Jim Crockard (see Rice Energy Paid \$180M for LOLA Energy; CEO Didn't Want to Sell). Like a phoenix rising from the ashes, LOLA Energy and Jim Crockard are back. The company has scooped

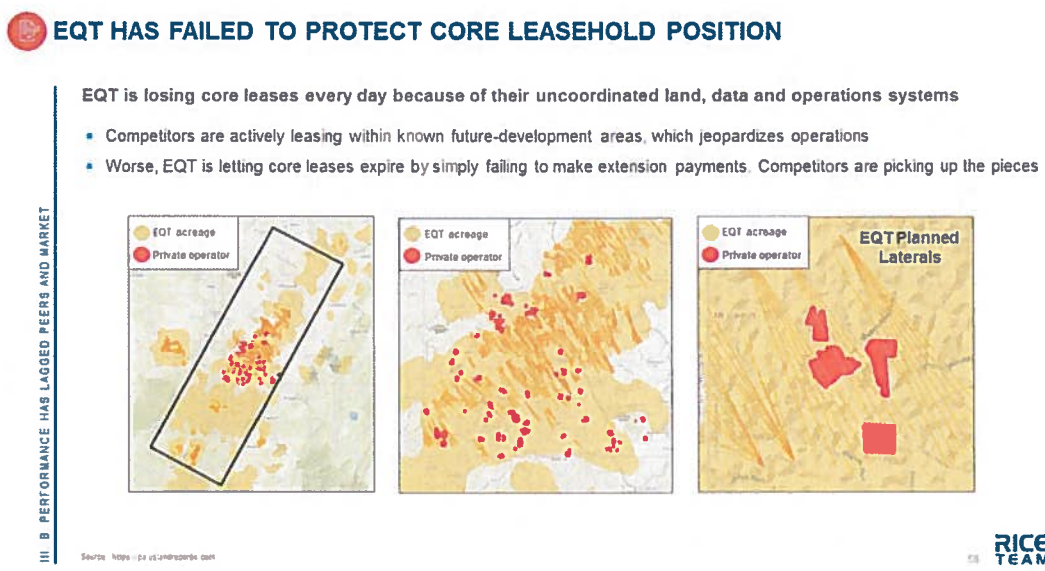


up leases that EQT inadvertently let expire, potentially blocking EQT from drilling some already-planned-and-in-the-works wells—until EQT pays LOLA.

This news is exclusively being broken by MDN, thanks to a note and heads up from Jim Crockard himself. Jim sent along an email with a note to say that the “cat is now out of the bag.” LOLA Energy II, as the newly reconstituted company is called, was trying to fly under the radar while it accumulated some of the same acreage the original company once owned.

Due to EQT’s oversight (laxness? confusion? ineptness?), LOLA recently re-leased some of their previously-owned properties that had belonged to EQT via the Rice deal. LOLA was able to re-lease because EQT let the original leases expire.

LOLA’s strategy to scoop up their previous property was revealed yesterday when Toby Rice published an investor presentation (a very long presentation) that contains the following slide:



*click for larger version*



Jim Crockard told MDN that while the slide above does not mention LOLA Energy II by name, the pink acreage called "Private operator" is, in fact, LOLA Energy II.

The third panel on the right is most telling. See those little gold lines that look like rays of sunshine? They represent the locations of wells \*already planned\* to be drilled by EQT. Those are the lateral (horizontal) locations for future wells. Notice that some of those laterals cut through the pink LOLA-owned acreage. Guess what? EQT ain't drilling any wells through LOLA acreage unless/until they cut a deal with LOLA to do so.

According to Jim's note to MDN, "LOLA Energy II is in business back in the core of the core in the Greene County corridor. We have nearly 5,000 acres under our control already and are preparing to permit our first three Marcellus wells in Greene County." Crockard was prohibited from leasing acreage in Greene County until the non-compete agreement he signed when selling the original LOLA had expired, which happened recently.

Crockard also told us: "Our financial structure with backing from Muddy Creek Energy will allow us to wait out EQT on collaborative deals (cross-participation and trades) until we get terms that we find acceptable to our investors." There's a lot in that statement to unpack. First, Muddy Creek Energy is an investment company headed by Crockard himself –Crockard wearing another hat. Second, his comment about "waiting out EQT" until LOLA gets a deal they like might better be translated this way (our interpretation): "We have EQT over

a barrel. They'll have to pay us big bucks if they want to drill some of those already-planned wells."

Crockard is a highly successful oil and gas business executive who used to work for EQT, helping to transform the company into a leading independent oil and gas producer. During his 14-year career at EQT, Crockard led more than \$2 billion of public debt and equity raises to fund EQT's horizontal development programs as Corporate Treasurer. He later served as Senior Vice President of Business Development & Land at EQT, responsible for all upstream acquisitions, divestitures, joint ventures and land operations.

LOLA means: **L**ocally **O**wned, **L**ocally **A**ccountable. In our very first post (and every time we've written about LOLA since that time) we always think of "Lola" in Barry Manilow's signature song Copacabana—"Her name was Lola, she was a showgirl..."

We can't resist. For your viewing and listening pleasure, a flash back to the '70s as our way of welcoming LOLA back:

## Barry Manilow Copacabana



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