

SNIVELY ROYALTY ANALYSIS

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Snively Royalty Helps Group of Texas Leaseholders Recover \$518,000 from Chesapeake Energy

Chesapeake Energy Company paid a group of leaseholders \$518,000 from Tarrant and Johnson Counties in Texas who were grossly underpaid for their natural gas leases. Snively Royalty Analysis drove the process for this group's lawsuit and it is the largest group settlement Snively has facilitated to date.

Victoria Snively, owner, said, "Working with our clients, who are royalty owners, we were able to recover years of underpaid royalties and correct how these royalties are paid in the future. Unfortunately, we find the underpayment of natural gas royalties to be a common occurrence and we work to correct this for our clients' past and future royalties."

Snively has been reviewing natural gas leases for the past six years for hundreds of clients and thousands of wells. She provides thorough reviews of her clients' royalties with many different operators and gas companies, as well as their differing methods of payment, so that she can find errors and work with the gas companies to recover money.

Among this group of leaseholders that had agreements with Chesapeake is Elton Hyder. Hyder said, "We were pleased with the results of the Chesapeake settlement facilitated by Snively Royalty Analysis. Victoria worked closely with the legal team and was always available to answer questions about the process."

Now, Hyder and the other royalty owners will continue receiving the benefit of increased monthly checks beyond the lump sum of the settlement. Their royalty payments are now increased every month because of Snively's determination.

Snively discovered the underpayment issues while completing an analysis of how her clients had been paid over time by Chesapeake. Each of these royalty owners has language in their lease, which disallows certain deductions. After questioning Chesapeake on how they were paying, requesting corrections, and not reaching an acceptable resolution, Snively organized a group lawsuit to demand that corrections be made to how Chesapeake was paying these specific royalties because of their lease requirements.

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Since the summer of 2013 Snively has been in negotiations with Chesapeake regarding this lawsuit and the group settlement was settled and finalized at the end of 2014. This is that latest of many wins spanning over years.

Royalty payment errors are often difficult to detect but can be large and frequent. Snively Royalty strongly encourages the leaseholder to educate themselves on how to read their specific royalty checks to verify that they are being paid correctly month to month and that all of their lease terms are being met.

Snively said, “We know that it can be extremely difficult for an individual leaseholder to understand the royalty information provided to them monthly by the gas companies and that not all gas companies will provide an explanation of how someone is being paid in terms that a lay-person can understand. We have found that the monthly check details provided simply do not provide enough information to determine if a leaseholder is being paid correctly.”

She added, “We review the check details and leases and then ask the gas companies for additional information to back up what is shown on the monthly details. This information, along with other information that is reported to the state, will typically give us a good idea if someone is being paid correctly or whether corrections are due. We follow up with the gas company until all questions are answered or the royalties are paid correctly.”

Defining what is and what is not allowed is part of a good lease agreement. In this case, Chesapeake’s mistake was the result of \$518,000 of back pay to these Tarrant and Johnson County leaseholders. This is just one of the thousands of cases that may go undetected without the service of companies like Snively Royalty Analysis, who also work in the Marcellus shale gas area of Ohio, Pennsylvania and West Virginia in addition to Texas.

Snively Royalty Analysis provides a complete analysis of natural gas royalties to verify that all payment calculations are correct and that royalty owner clients’ lease terms are being met. Since 2008, Snively has specialized in natural gas royalty payments. By using a comprehensive, cross-functional analysis Snively is able to recover royalties for their clients. If Snively’s proven approach finds no errors have been made and that royalties have been paid correctly, their services are free of charge and there are no upfront costs. For more information, call 800-910-7487 or visit www.sniveyroyalty.com.