



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 13, 2014

Robert D. "Doug" Lawler
President & CEO
Chesapeake Energy
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496

Dear Mr. Lawler:

As you know, for some time I have received complaints from my constituents and your leaseholders regarding practices of Chesapeake Energy which strike many as unfair and perhaps illegal. Deductions of post-production costs, in a manner which seemingly few if any other operators in Pennsylvania utilize, has caused a significant erosion of the trust and goodwill the natural gas industry has established with Pennsylvania leaseholders and local communities.

Despite communicating these concerns several times, I remain disappointed that the complaints of my constituents continue to go unheeded. It defies logic that, in some cases, leaseholders are being advised that they may actually *owe* money, rather than receive the fair and just royalty to which they are entitled.

Development of natural gas has been a tremendous economic boon to the Commonwealth, particularly at a time when our nation continues to emerge from the economic recession. We have worked hard, and collaboratively, in Pennsylvania that we develop this resource in a manner that protects our environment and natural resources, respects the rights of our citizens and communities, and allows us to maximize the economic and energy security potential of this great resource.

The Pennsylvania General Assembly is currently considering several pieces of legislation aimed at better protecting the rights of our landowners, particularly with respect to fair treatment of royalty payments. I am supporting these legislative efforts, and will work in a bipartisan manner to restore the level of equity and fair play we expect in Pennsylvania.

As a former Attorney General, I worked to protect consumer rights and raise landowner awareness of lease and contract issues. By copy of this letter, I am urging Attorney General Kane to examine this issue, and pledging the full cooperation of agencies under my jurisdiction.

As these efforts move forward, I believe it is incumbent upon Chesapeake Energy to take immediate action to restore the fair treatment of my constituents. Pennsylvania landowners deserve nothing less.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Corbett".

TOM CORBETT
Governor

cc: Attorney General Kathleen Kane