UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF OKLAHOMA

IN RE ANADARKO BASIN OIL AND GAS LEASE ANTITRUST LITIGATION	Case No. CIV-16-209-HE JURY TRIAL DEMANDED

CONSOLIDATED AMENDED CLASS ACTION COMPLAINT

Plaintiffs Don Beadles in trust for Alva Synagogue Church of God, Edward Clark, Inc., Curtis Crandall, Amy Herzog, Mahony-Killian, Inc., Ida Powers, Cynthia Ann Schoeppel, Brian Thieme, and Michelle White (collectively, "Plaintiffs") bring this class action, on behalf of themselves and all others similarly situated, against Defendants Chesapeake Energy Corp. and Chesapeake Exploration L.L.C. (together, "Chesapeake") and Defendant Tom L. Ward ("Ward") (collectively, "Defendants") for damages and all other appropriate relief under the antitrust laws of the United States. Plaintiffs allege the following based upon information and belief, the investigation of counsel, and personal knowledge as to the allegations pertaining to themselves.

I. INTRODUCTION

1. This proposed class action arises from a conspiracy between Defendants and SandRidge Energy, Inc. and SandRidge Exploration and Production, L.L.C. (together, "SandRidge") (collectively, "The Conspirators") that constituted a *per se* violation of Section 1 of the Sherman Antitrust Act, 15 U.S.C. § 1.

2. Starting from approximately December 27, 2007, and continuing through at least April 1, 2013 (the "Class Period"), The Conspirators entered into and participated in a conspiracy to fix, stabilize, and artificially suppress prices paid to Plaintiffs and the other members of the proposed class (the "Class" or "class members") for leasehold interests and producing properties in the Mississippi Lime Play area of the Anadarko Basin Region.

3. The Conspirators effectuated and furthered the conspiracy by, among other things, agreeing on the prices paid to class members for bonus and royalty payments, rigging the bids for class members' leasehold interests and producing properties, and geographically allocating among themselves class members' leasehold interests and producing properties.

4. The conspiracy was initiated and carried out at the highest levels of Chesapeake and SandRidge. For example, the late Aubrey K. McClendon ("McClendon"), a co-founder and former CEO of Defendant Chesapeake Energy Corp., and Ward communicated directly with each other over e-mail on numerous occasions during the Class Period, including but not limited to 2008 and 2011, for the express purpose of illegally coordinating their companies' bids on leasehold interests and producing properties in various counties comprising the Mississippian Lime Play.

5. The Conspirators' conduct resulted in a March 1, 2016 criminal indictment by the United States Department of Justice ("DOJ") against McClendon for violations of Section 1 of the Sherman Act.[1]

6. In exchange for obtaining conditional leniency by the DOJ, Chesapeake has cooperated with the DOJ's investigation and admitted to criminal violations of federal antitrust laws relating to the conduct alleged herein.

7. The Conspirators' anticompetitive conduct has caused members of the Class to receive artificially depressed bonus and royalty payments for interests in the mineral rights they leased to The Conspirators, and to receive artificially depressed payments for the producing

[1] McClendon died in a single-car accident one day after the indictment was issued. Because a defendant cannot be prosecuted after his death, the DOJ moved to dismiss the indictment the following day.

properties they sold to The Conspirators, during the Class Period. This action seeks to compensate class members for the harm they suffered from the challenged conduct.

II. JURISDICTION AND VENUE

8. Plaintiffs bring this action under Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 and 26, to recover treble damages, costs of suit, reasonable attorneys' fees, and all other appropriate equitable and other relief for violations of Section 1 of the Sherman Antitrust Act, 15 U.S.C. § 1.

9. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 and 26.

10. Venue is proper in this District under 28 U.S.C. § 1391(b), (c), and (d) as well as Sections 4, 12, and 16 of the Clayton Act, 15 U.S.C. §§ 15, 22, and 26, because, during the Class Period, Defendants resided, transacted business, and were found or acted through subsidiaries or agents present in this District. Additionally, a substantial part of the interstate commerce involved and affected by the alleged violations of the antitrust laws was and is carried on in part within this District. The acts complained of have had, and will have, substantial anti-competitive effects within this District.

11. This Court has personal jurisdiction over each Defendant under 15 U.S.C. § 22 because, *inter alia*, each Defendant: (a) transacted business in this District; (b) purchased leasehold interests and interests in producing properties in this District; (c) had substantial aggregate contacts with this District; and (d) committed in this District overt acts in furtherance of an illegal price-fixing conspiracy that was directed at, and had the intended effect of, causing injury to persons and entities residing in, located in, or doing business in this District.

III. PARTIES

A. Plaintiffs

12. Plaintiff Don Beadles in trust for Alva Synagogue Church of God ("Alva Church") is located in Alva, Oklahoma. During the Class Period, Alva Church entered into one or more oil and gas leases with Defendant Chesapeake Exploration, L.L.C., in which Chesapeake Exploration, L.L.C. purchased leasehold interests in Alva Church's mineral estate in Woods County, Oklahoma. As part of the consideration for entering into such leases, Chesapeake Exploration, L.L.C. paid Alva Church a lease bonus and set a royalty percentage in amounts that were less than Alva Church otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, Alva Church has suffered an antitrust injury.

13. Plaintiff Edward Clark, Inc. ("Clark") is a Colorado corporation with its principal place of business in Colorado Springs, Colorado. During the Class Period, Clark entered into one or more oil and gas leases with Defendant Chesapeake Exploration, L.L.C., in which Chesapeake Exploration, L.L.C. purchased leasehold interests in Clark's mineral estate in Comanche, Haskell, Kay, Kingfisher, Lincoln, and Logan Counties, Oklahoma. As part of the consideration for entering into such leases, Chesapeake Exploration, L.L.C. paid Clark a lease bonus and set a royalty percentage in amounts that were less than Clark otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, Clark has suffered an antitrust injury.

14. Plaintiff Curtis Crandall ("Crandall") is a citizen and resident of Kansas. During the Class Period, Crandall entered into one or more oil and gas leases with Defendant Chesapeake Exploration, L.L.C., in which Chesapeake Exploration, L.L.C. purchased leasehold interests in Crandall's mineral estate in Rice County, Kansas. As part of the consideration for entering into such leases, Chesapeake Exploration, L.L.C. paid Crandall a lease bonus and set a

royalty percentage in amounts that were less than Crandall otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, Crandall has suffered an antitrust injury.

15. Plaintiff Amy Herzog ("Herzog") is a citizen and resident of Kansas. During the Class Period, Herzog entered into one or more oil and gas leases with Defendant Chesapeake Exploration, L.L.C., in which Chesapeake Exploration, L.L.C. purchased leasehold interests in Herzog's mineral estate in Rice County, Kansas. As part of the consideration for entering into such leases, Chesapeake Exploration, L.L.C. paid Herzog a lease bonus and set a royalty percentage in amounts that were less than Herzog otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, Herzog has suffered an antitrust injury.

16. Plaintiff Mahony-Killian, Inc. ("Mahony-Killian") is a Texas corporation with its principal place of business in Houston, Texas. During the Class Period, Mahony-Killian entered into one or more oil and gas leases with Defendant Chesapeake Exploration, L.L.C., in which Chesapeake Exploration, L.L.C. purchased leasehold interests in Mahony-Killian's mineral estate in Comanche, Haskell, Kay, Kingfisher, Lincoln, and Logan Counties, Oklahoma. As part of the consideration for entering into such leases, Chesapeake Exploration, L.L.C. paid Mahony-Killian a lease bonus and set a royalty percentage in amounts that were less than Mahony-Killian otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, Mahony-Killian has suffered an antitrust injury.

17. Plaintiff Ida Powers ("Powers") is a citizen and resident of Colorado. During the Class Period, Powers entered into one or more oil and gas leases with SandRidge Exploration and Production, L.L.C., in which SandRidge Exploration and Production, L.L.C. purchased

leasehold interests in Powers' mineral estate in Grant County, Oklahoma. As part of the consideration for entering into such leases, SandRidge Exploration and Production, L.L.C. paid Powers a lease bonus and set a royalty percentage in amounts that were less than Powers otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, Powers has suffered an antitrust injury.

18. Plaintiff Cynthia Ann Schoeppel ("Schoeppel") is a citizen and resident of Texas. During the Class Period, Schoeppel entered into one or more oil and gas leases with Defendant Chesapeake Exploration, L.L.C., in which Chesapeake Exploration, L.L.C. purchased leasehold interests in Schoeppel's mineral estate in Dewey and Major Counties, Oklahoma. As part of the consideration for entering into such leases, Chesapeake Exploration, L.L.C. paid Schoeppel a lease bonus and set a royalty percentage in amounts that were less than Schoeppel otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, Schoeppel has suffered an antitrust injury.

19. Plaintiff Brian Thieme ("Thieme") is a citizen and resident of Colorado. During the Class Period, Thieme entered into one or more oil and gas leases with Defendant Chesapeake Exploration, L.L.C., in which Chesapeake Exploration, L.L.C. purchased leasehold interests in Thieme's mineral estate in Alfalfa County, Oklahoma. As part of the consideration for entering into such leases, Chesapeake Exploration, L.L.C. paid Thieme a lease bonus and set a royalty percentage in amounts that were less than Thieme otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, Thieme has suffered an antitrust injury.

20. Plaintiff Michelle White ("White") is a citizen and resident of Oklahoma. During the Class Period, White entered into one or more oil and gas leases with Defendant Chesapeake

Exploration, L.L.C., in which Chesapeake Exploration, L.L.C. purchased leasehold interests in White's mineral estate in Woods County, Oklahoma. As part of the consideration for entering into such leases, Chesapeake Exploration, L.L.C. paid White a lease bonus and set a royalty percentage in amounts that were less than White otherwise would have received but for the conspiracy described herein. As a result of The Conspirators' conduct, White has suffered an antitrust injury.

B. Defendants and Known Co-Conspirators

21. Defendant Chesapeake Energy Corp. is a corporation organized under Oklahoma law with its principal place of business located at 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118-1044.

22. Defendant Chesapeake Exploration, L.L.C. is a successor by merger to Chesapeake Exploration, L.P. Chesapeake Exploration, L.L.C. is a limited liability company organized under Oklahoma law. Chesapeake Exploration, L.L.C. has three members: Chesapeake Operating, L.L.C.; Chesapeake E&P Holding Corporation; and Chesapeake Appalachia, L.L.C. Chesapeake Operating, L.L.C. is a limited liability company organized under Oklahoma law with its principal place of business in Oklahoma. Chesapeake E&P Holding Corporation is a corporation organized under Oklahoma law with its principal place of business in Oklahoma. Chesapeake Appalachia, L.L.C. is a limited liability company organized under Oklahoma law with Chesapeake Energy Corp. as its sole member.

23. Unless otherwise noted, this Consolidated Amended Class Action Complaint ("Complaint") refers to Chesapeake Energy Corp. and Chesapeake Exploration, LLC, collectively as "Chesapeake."

24. Defendant Tom L. Ward is a former founder and CEO of co-conspirator SandRidge Energy, Inc. Before he founded SandRidge Energy, Inc., Ward, along with McClendon, was a co-founder of Defendant Chesapeake Energy Corp.

25. Co-conspirator SandRidge Energy, Inc. is a corporation existing and operating under the laws of the State of Delaware with its principal place of business at 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102.

26. Co-conspirator SandRidge Exploration and Production L.L.C. is a limited liability company organized under Delaware law. On information and belief, it is the leasing agent of SandRidge Energy, Inc.

27. Unless otherwise noted, the Complaint refers to SandRidge Energy, Inc. and SandRidge Exploration and Production L.L.C. collectively as "SandRidge."

28. The SandRidge entities discussed herein were originally named as defendants in Plaintiffs' previously-filed complaints in this litigation. They are no longer named as defendants in this Complaint for the sole reason that they filed for and ultimately received Chapter 11 bankruptcy protection following the initiation of this litigation. Plaintiffs are prohibited by law from pursuing damages claims and other relief against SandRidge in this forum for the conspiratorial conduct alleged herein. Nevertheless, evidence and information relevant to Plaintiffs' claims rests in the possession, custody or control of SandRidge, and Plaintiffs are permitted, and intend at the appropriate time, to take full third-party discovery of SandRidge concerning the claims and issues presented in this Complaint.

IV. AGENTS AND UNNAMED CO-CONSPIRATORS

29. The Conspirators' acts alleged in this Complaint were authorized, ordered, or done by their directors, officers, managers, agents, employees, or representatives while actively engaged in the management and operation of their businesses or affairs. Such agents include the

landmen that facilitate the purchase of the leasehold interests and interests in producing properties, discussed in Section VI.A., *infra*.

30. Various persons and entities not named as Defendants have participated as co-conspirators in the violations alleged herein and have performed acts and made statements in furtherance of the conspiracy alleged in this Complaint.

V. INTERSTATE TRADE AND COMMERCE

31. The Conspirators' conduct, as described in this Complaint, was within the flow of, was intended to, and did have a substantial effect on the interstate commerce of the United States, including in this District.

32. During the Class Period, Chesapeake's and SandRidge's purchases of leasehold interests and interests in producing properties that are the subject of this Complaint were within the continuous and uninterrupted flow of, and substantially affected, interstate trade and commerce. This conduct included:

a) Entering into and executing transactions for the purchase of leasehold interests and interests in producing properties that include purchasers and sellers from different states;

b) Transferring or causing the transfer of money or payments across state lines in connection with purchases of leasehold interests and interests in producing properties; and

c) Selling oil, natural gas, and natural gas liquids in interstate commerce.

VI. FACTUAL ALLEGATIONS

A. Oil and Gas Leaseholds

33. Land ownership may be divided into surface rights and mineral rights.

34. Landowners can allow oil and gas companies (as well as their production crews) to have access to their property as well as the minerals (including oil and gas) on their property by granting a lease to a company.

35. An oil or gas lease is essentially an agreement between a landowner (lessor) to allow an oil or gas company (lessee) to have access to the lessor's property as well as the minerals on the property in exchange for bonus payment prior to production and royalty payments post-production as described below.

36. A landowner who owns both the surface rights and the mineral rights to their land is usually approached by a landman to negotiate the leasing of the mineral rights.

37. Landmen are individuals who work for oil and gas companies, or who are contracted by them as agents, and are a vital part of the oil company's exploration team. The landman is generally responsible for interacting and negotiating directly with landowners to acquire oil and gas drilling leases on the behalf of oil and gas companies. Generally, an oil or gas lease is created by the company after the landman has studied geologic maps of the area where prospective properties are located and researched deeds and acreage at the local courthouse.

38. A "leasehold interest" in an oil or gas lease generally grants the lessee the right to develop the mineral interest in order to explore for and extract oil, natural gas, and natural gas liquids. A leasehold interest agreement typically includes the following types of payments to a lessor: (a) a royalty payment, which is a percentage of the revenues from any gross production of oil or gas from the property less certain costs; and (b) a bonus payment in an amount of dollars per acre at the time the lease is signed. Lessees typically pay bonuses because lessors otherwise would not be paid until oil or gas is produced, and a mere expectation of royalties may not provide enough incentive for a lessor to sign a lease.

39. Such leases last for a set length of time, called the primary term, as long as the lessee meets its obligation to pay bonuses and pay all agreed-upon continuing royalties based on a percentage of any revenues from drilling for oil and gas.

40. The typical oil and natural gas lease spans three to five years absent any oil and gas production.

41. The lease expires after the primary term, unless drilling or oil and gas production has started on the lease. If production is established, the lease will remain in effect past the primary term, into what is called the "secondary" term, during which time the lease is considered "held by production." This secondary term will generally continue indefinitely for as long as there is "production in paying quantities" from the leased premises. In order to gain this extension, the lessee must produce quantities sufficient to yield a return—however small—in excess of "lifting costs." Lifting costs refer to the cost of producing oil and gas after drilling is complete. A lessee can extract "production in paying quantities" even though the amount extracted is not enough to repay the initial well drilling and completion costs.

42. Because royalty payments continue while the land is in production, the rate set at the outset of the lease can affect payments for years into the future. Accordingly, the impact of the conspiracy may affect the royalties paid for years to come.

43. "Producing properties" are tracts of land with existing wells that are actively producing oil, natural gas, or natural gas liquids. Exploration and production companies also are expected to compete to purchase interests in these properties that are already producing in paying quantities. Such competition would increase the prices of these "producing properties," resulting in more money for class members. The current lessee of the interest may sell to an exploration

and production company like Chesapeake or SandRidge. This transaction typically includes the underlying leasehold estate and the drilling infrastructure, including any producing wells.

44. In the oil and gas industry, exploration and production companies are expected to compete to purchase leasehold interests. Such competition leads to fair, market-based prices and increases the bonus and royalty payments for these leasehold interests, resulting in more income for parties like Plaintiffs and the other members of the Class.

B. The Anadarko Basin Region

45. The "Anadarko Basin Region," as that term is defined in this Complaint, encompasses around 70,000 square miles and reaches into parts of northwest Oklahoma, north Texas, southeast Colorado, and Kansas.[2] It includes the Anadarko Woodford Shale Play, the South Oklahoma Woodford Shale Play, and the Mississippian Lime Play.

46. The Anadarko Basin Region is one of the deepest and most prolific hydrocarbon producing fields in the continental United States. This region contains one of the largest natural

[2] The Anadarko Basin Region is located within the following counties:

Oklahoma: Alfalfa, Atoka, Beckham, Blaine, Caddo, Canadian, Carter, Coal, Cotton, Creek, Dewey, Ellis, Garfield, Garvin, Grady, Grant, Greer, Harmon, Harper, Hughes, Jackson, Jefferson, Kay, Kingfisher, Kiowa, Lincoln, Logan, Major, McClain, McIntosh, Noble, Osage, Pawnee, Payne, Pittsburg, Roger Mills, Stephens, Tulsa, Washington, Washita, Woods, and Woodward;

Kansas: Barber, Butler, Chautauqua, Clark, Coffey, Comanche, Cowley, Custer, Dickinson, Edwards, Elk, Finney, Ford, Gove, Grant, Gray, Greeley, Greenwood, Hamilton, Harper, Harvey, Haskell, Hodgeman, Kearny, Kingman, Kiowa, Lane, Logan, Lyon, Marion, McPherson, Meade, Montgomery, Morton, Ness, Pawnee, Pratt, Reno, Rice, Rush, Saline, Scott, Sedgwick, Seward, Sheridan, Sherman, Stafford, Stanton, Stevens, Sumner, Thomas, Trego, Wallace, Wilson, Wichita, and Woodson;

Texas: Sherman, Hansford, Ochiltree, Lipscomb, Moore, Hutchinson, Roberts, Hemphill, Potter, Carson, Gray, Wheeler, Donley, and Collingsworth; and

Colorado: Baca and Prowers.

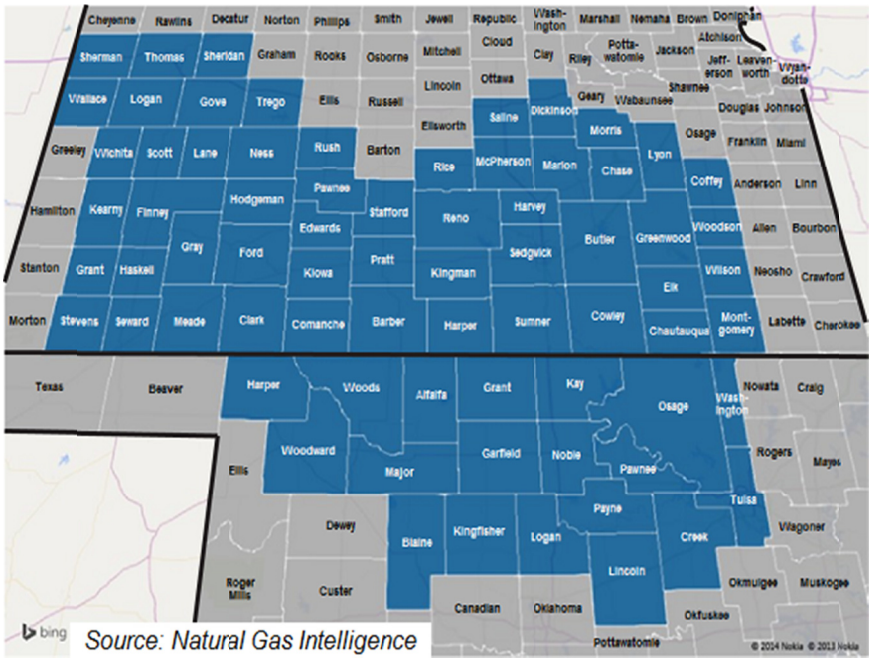
gas reserves in North America and, during the Class Period, was producing the largest amount of natural gas in the United States.

47. Oil from this area is primarily light, sweet crude, meaning it has a low density and low levels of sulfur. It can be sold for a higher price than other types of oil because it is cheaper and easier to refine into high-value products like gasoline, diesel fuel, heating oil, and jet fuel.

48. The Mississippi Lime Play—also known as the Mississippian Lime Play because it targets rock formations originating in the Mississippian Period from roughly 320 to 360 million years ago—is the largest oil and gas exploration and production zone in the Anadarko Basin Region, spanning about 17 million acres of Oklahoma and Kansas. Some estimates extend the Play to as much as 30 million acres.

49. The core area of the Play lies beneath northern Oklahoma and south-central Kansas. A northern extension trends across Kansas toward the Colorado and Nebraska borders. The Play is estimated to contain 5.4 to 5.9 billion barrels of oil equivalent in place.

50. The following map illustrates the approximate geographic reach of the Play:



51. For purposes of this suit, the Mississippi Lime Play includes the following counties:

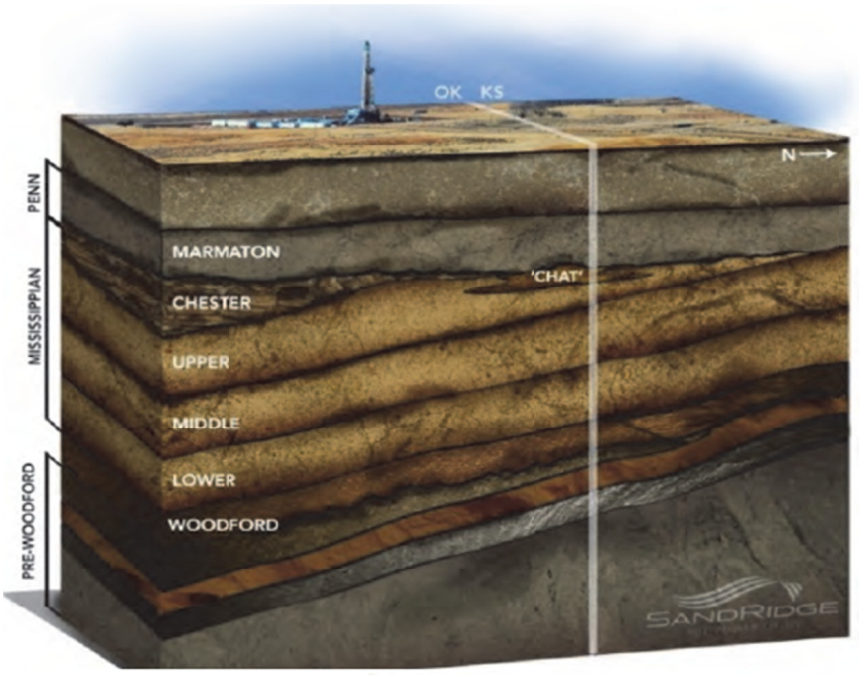
> Oklahoma: Alfalfa, Blaine, Creek, Dewey, Ellis, Garfield, Grant, Harper, Kay, Kingfisher, Logan, Lincoln, Major, Noble, Osage, Pawnee, Payne, Tulsa, Washington, Woods, and Woodward; and
>
> Kansas: Barber, Butler, Chase, Chautauqua, Cheyenne, Clark, Coffey, Comanche, Cowley, Dickinson, Edwards, Elk, Finney, Ford, Gove, Grant, Gray, Greenwood, Harper, Harvey, Haskell, Hodgeman, Kearny, Kingman, Kiowa, Lane, Logan, Lyon, Marion, McPherson, Meade, Montgomery, Morris, Ness, Pawnee, Pratt, Rawlins, Reno, Rice, Rush, Saline, Scott, Sedgwick, Seward, Sheridan, Sherman, Stafford, Stevens, Sumner, Thomas, Trego, Wallace, Wichita, Wilson, and Woodson.[3]

52. Though Mississippi Lime Play acreage tends to present several "stacked" hydrocarbon targets, oil and gas exploration companies in the Play primarily target shallow limestones that can be drilled inexpensively.

53. Because the source rock in the Mississippi Lime is relatively soft and close to the surface, wells in the Play can be drilled at a fraction of the cost of wells in other unconventional plays. According to SandRidge, an average well in the Mississippi Lime cost about $3 million to drill in 2014; in contrast, a well in the Bakken Shale of North Dakota, for example, might cost two to three times as much.

54. The following graphic displays the subterranean vertical layers of rock that comprise the Mississippian Lime Play:

[3] Additional relevant leasing and purchasing activity may have extended farther into southern and western Oklahoma, northwest Kansas, the Texas Panhandle, eastern Colorado, and southern Nebraska. Plaintiffs reserve the right to allege additional counties impacted by the misconduct alleged herein after further investigation and discovery.



Source: Sandridge Energy

55. The Mississippi Lime Play has been drilled for conventional development since the 1940s, but traditional vertical drilling recovered only a small fraction of the Play's reserves. In 2007, however, historically high oil prices (which peaked in June 2008 at nearly $145 per barrel for West Texas Intermediate Crude) and technological innovations in hydraulic fracturing, commonly known as "fracking," combined to make the drilling of horizontal wells in the Mississippi Lime profitable and therefore attractive to oil and gas companies.

C. The Long-Standing Relationship between McClendon and Ward

56. In their early twenties, Tom Ward and Aubrey McClendon got their start in the oil and gas industry by working as landmen in Texas and Louisiana. According to Ward, the two landmen, who quickly became friends, were "doing deals for scraps of land in Oklahoma, faxing each other in the middle of the night."

57. After frequently starting oil and gas leasehold bidding wars against one another, Ward and McClendon decided to work together. They continued to work together for the next 20 years or so.

58. In 1989, Ward and McClendon each contributed $50,000 of their own money to found Defendant Chesapeake Energy Corp., an oil and gas exploration and production company that would focus primarily on shale gas. McClendon was the company's Chairman and Chief Executive Officer. Ward was its Chief Operating Officer.

59. In 1993, Chesapeake Energy Corp. went public and was valued at $25 million. From 1994 through 1997, the publicly-traded shares of the company increased in value by 274%, the largest increase of any public company in the United States over that period.

60. In February 2006, Ward left Chesapeake. Soon thereafter, in May 2006, he purchased a controlling stake in Texas gas producer Riata Energy. In late September 2006, Riata announced that it would change its name to SandRidge Energy, Inc. In a September 29, 2006 press release, Ward, the Chairman and CEO of the newly named company, noted that the "name change represents a new horizon for the company." In that vein, SandRidge acquired NEG Oil & Gas LLC, and its significant mineral positions in Texas and the Gulf Coast, soon thereafter in late November 2006 for approximately $1.5 billion.

61. Although Ward left Chesapeake, he and McClendon continued to maintain close personal and business relationships. In an October 2006 interview, when asked if "part of the reason [Ward] left Chesapeake had to do with a philosophical difference between [him] and Aubrey [McClendon]," Ward responded, "Not at all. I still work very closely with Aubrey on other business we're involved with. I think he runs the best oil and gas company in the world."

62. Through at least 2008, McClendon and Ward operated out of Chesapeake's headquarters the hedge fund Heritage Management Company, LLC, which they previously had co-cofounded. Heritage managed $200 million dollars in assets, consisting primarily of oil and gas interests.

63. McClendon and Ward also each had an ownership interest in the Oklahoma City Thunder National Basketball Association franchise. McClendon alone had a 20% ownership stake in the team.

64. Both McClendon and Ward continued to run their respective companies—Chesapeake and SandRidge—until April 1, 2013, when McClendon resigned from his position as CEO of Chesapeake after coming under scrutiny for mixing his personal finances and those of Chesapeake. Ward left SandRidge under similar circumstances a few months later, on June 19, 2013.

D. The Conspirators' Misconduct in the Mississippi Lime Play

1. The Land Grab

65. During the Class Period, Chesapeake and SandRidge were actual and potential competitors for the acquisition of the leasehold interests and interests in producing properties in the Mississippi Lime Play.

66. With rising oil prices and the advent of fracking technology, leasehold interests and interests in producing properties in the Mississippi Lime Play became the focus of intense interest by oil and gas exploration and production companies, particularly Chesapeake and SandRidge, starting in late 2007 and going into 2008.

67. Chesapeake and SandRidge pursued similar strategies of quickly and aggressively acquiring vast holdings of oil and gas leaseholds in the Mississippi Lime Play.

68. Chesapeake described its "land grab" strategy as follows:

> Recognizing that better horizontal drilling and completion technologies, when applied to various new unconventional plays, would likely create a unique opportunity to capture decades worth of drilling opportunities, we embarked on an aggressive lease acquisition program, which we have referred to as the "gas shale land grab" of 2006 through 2008 and the "unconventional oil land grab" of 2009 and 2010. We believed that the winner of these land grabs would enjoy competitive advantages for decades to come as other companies would be locked out of the best new unconventional resource plays in the U.S. We believe that we have executed our land acquisition strategy with particular distinction.

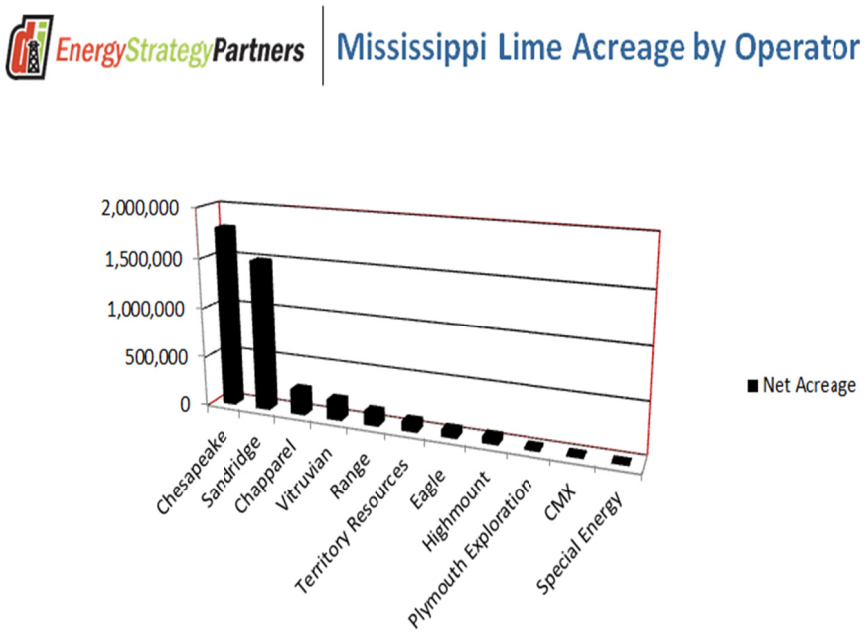
69. SandRidge similarly explained its strategy:

> While the Mississippian formation in Oklahoma and Kansas had been developed with vertically drilled wells for many decades, its potential had gone largely unnoticed and untapped until the Company quietly and inexpensively leased millions of acres, which it is now aggressively developing. As results were realized by the Company in the play, large independent producers and major integrated multinational companies turned their attention to the area and invested significant amounts of their own capital, driving up acreage costs after the Company had completed the large bulk of its planned acreage purchases.

70. In furtherance of this strategy, Chesapeake and SandRidge hired thousands of employees to review databases containing millions of property records. Using these records, they were able to identify rapidly the owners of titles to land in prime shale territories within the Mississippi Lime Play.

71. Beginning in the early part of the Class Period, both Chesapeake and SandRidge began leasing large positions in the Mississippi Lime Play.

72. As the following chart from April 2012 shows, Chesapeake and SandRidge had, by a wide margin, become the dominant oil and gas companies in the Play:



73. By early 2013, Chesapeake had amassed over 2.2 million net acres and SandRidge around 1.85 million net acres in the Mississippi Lime, out of a total of less than 5 million net acres leased in the Play.

74. Though other energy companies like Shell, Devon, Apache and Encana eventually caught wind of the play and leased acreage, their positions were dwarfed by those of Chesapeake and SandRidge. No other company had leased more than 600,000 acres in the Play—mostly in marginal acreage outside the Play's core zone—and most had leased substantially less.

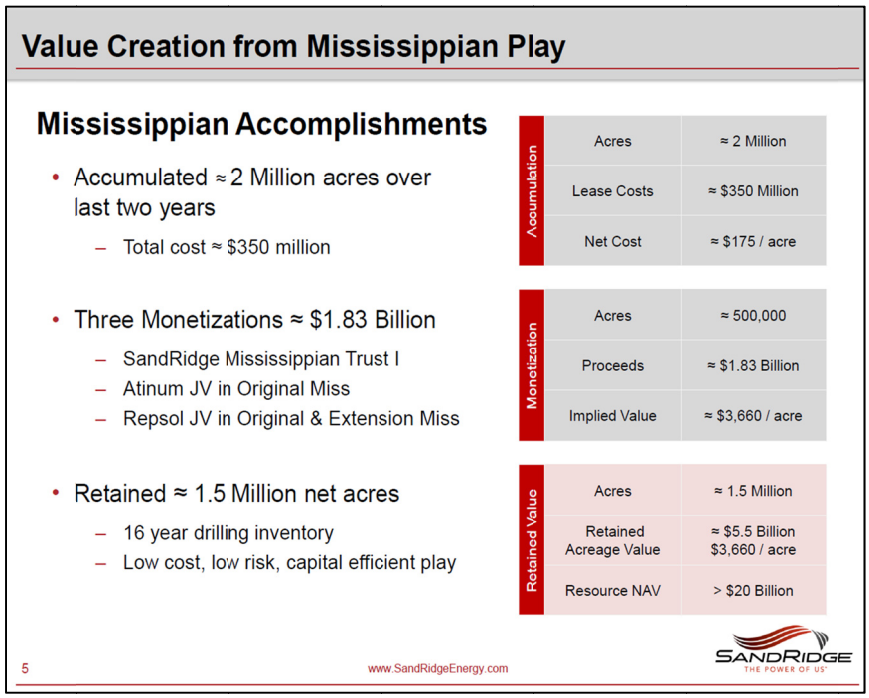
75. The bonus and royalty amounts that Chesapeake and SandRidge paid to landowners in the Mississippi Lime were significantly lower than the going rates in other shale plays in the United States around the same period.

76. One observer noted that Chesapeake's and SandRidge's "[l]andmen did a good job of keeping lease provisions favorable for the E&P companies. In most Land Grabs, the lease royalty burden will quickly approach 25%. However, in the Mississippi Lime royalties have

stayed at 20% or less. In the Northern Extension, it is not uncommon to see 1/8th [12.5%] royalties today. Similarly, average bonus rates have stayed low compared to other shale plays."

77. These companies' own valuations also reveal that they were able to lease and purchase mineral rights in the Mississippian Lime Play during the Class Period at rates that were extremely favorable—at least to them.

78. In a December 2011 investor presentation, SandRidge bragged that it had acquired about 2 million leased acres in the Mississippi Lime at an average cost of $175 per acre. After acquiring this enormous holding, SandRidge entered into several joint venture transactions with other companies to drill on portions of its leased acreage that valued these leases at $3,660 per acre—more than 20 times its acquisition costs. A portion of this investor presentation follows:



79. According to the transcript of a Chesapeake first quarter 2011 investor call, McClendon, who was the company's CEO at the time, said the company's lease cost in the Mississippian Lime was considerably less than the $1,500 per acre cost that Chesapeake was

incurring in the Utica Shale Play in the Northeastern U.S. around the same time. A little more than one year later, in February 2013, Chesapeake entered into a joint venture with Sinopec Limited, a large Chinese oil and gas company, to develop 850,000 of the Mississippian Lime acreage Chesapeake had leased; Sinopec paid Chesapeake $2,400 per acre, multiples of how much Chesapeake paid for this land soon before.

80. Once companies other than Chesapeake and SandRidge entered the play, the bonuses paid to landowners substantially increased, reaching roughly $1,000 per acre by 2012.

2. The Conspiracy

81. The vast mineral riches in the Mississippian Lime Play, paired with new drilling technology and high oil prices, created intense competition and a rush for the "land grab." In a competitive market, these factors should have resulted in vigorous competition between Chesapeake and SandRidge and, in turn, higher prices for leasehold and producing property interests paid to Plaintiffs and members of the Class.

82. The Conspirators understood this dynamic and, rather than competing fairly for leasehold interests and producing properties and paying the corresponding prices set by market forces, engaged in a conspiracy to reduce the prices they paid for these interests to Plaintiffs and members of the Class.

83. The Conspirators entered into and participated in a conspiracy to fix, stabilize, and artificially suppress prices paid to Plaintiffs and the other members of the Class for leasehold interests and producing properties in the Mississippian Lime Play during the Class Period.

84. The Conspirators effectuated and furthered the conspiracy by, among other things, agreeing on the prices paid to class members for bonus and royalty payments, rigging the bids for class members' leasehold interests and producing properties, and geographically allocating among themselves class members' leasehold interests and producing properties.

85. The conspiracy had the purpose and effect of artificially depressing the prices paid for leasehold interests and producing properties to class members.

86. According to the DOJ's indictment against McClendon, the conspiracy began on or about December 27, 2007 and lasted until at least as late as March 2012. The Conspirators agreed to eliminate head-to-head competition between themselves for the purchase of leaseholds and producing properties in the Mississippian Lime Play by not submitting bids for the same leaseholds and producing properties. This misconduct had the purpose and effect of keeping prices artificially suppressed.

87. The DOJ indictment further alleged that The Conspirators and their representatives discussed and agreed on which parcels of land in the Mississippian Lime Play each would bid on and lease, and at what prices. In particular, The Conspirators agreed that if one company would refrain from submitting bids for leaseholds and producing properties bid on by the other, then the company that refrained from submitting a bid would receive a share of the leaseholds and producing properties purchased by the other company at the purchasing company's cost.

88. The Conspirators furthered their conspiracy by regularly meeting and communicating with each other not only to continue allocating among themselves the various parcels of land that they would lease but also to work out agreements among themselves for the prices they would pay class members for leasehold interest bonus and royalty payments and for producing properties.

89. During the relevant period—and when they were still the top executives at Chesapeake and SandRidge, respectively—McClendon and Ward exchanged e-mails in which the two discussed coordinating bids on acreage within the Mississippian Lime Play. A person

with knowledge of these e-mails has been quoted as saying that the e-mails "are direct as they can possibly be" regarding the anticompetitive and collusive intent of the two men.

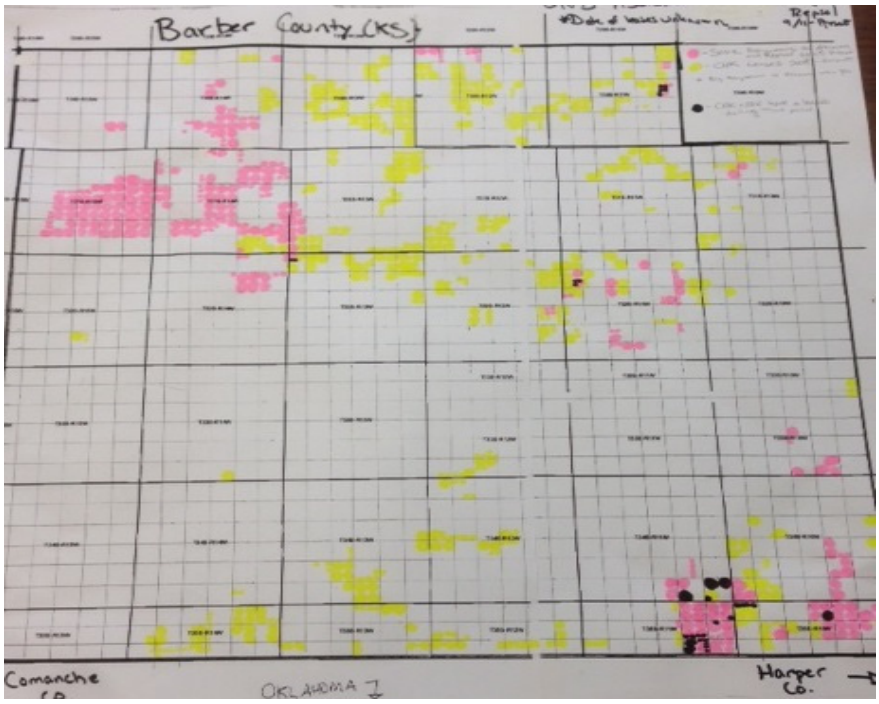
90. McClendon and Ward communicated via e-mail throughout the relevant period, including but not limited to 2008 and 2011, to coordinate illegally their respective companies' bids on various pieces of acreage in numerous counties in the Mississippian Lime Play.

91. During the relevant period, The Conspirators and their representatives also regularly participated in meetings where bonus and royalty payment prices were collusively set. For example, following Chesapeake's "Monday morning board meetings," Chesapeake and SandRidge both would make artificially suppressed bonus and royalty payments to class members and capped these payments at the same prices or withdrew previous offers that were made at higher prices. These meetings dictated the offers that these companies and their landmen would make for the given week. Senior officials of both companies, including McClendon and Ward, knew about and condoned these meetings and the bidding practices that resulted from them.

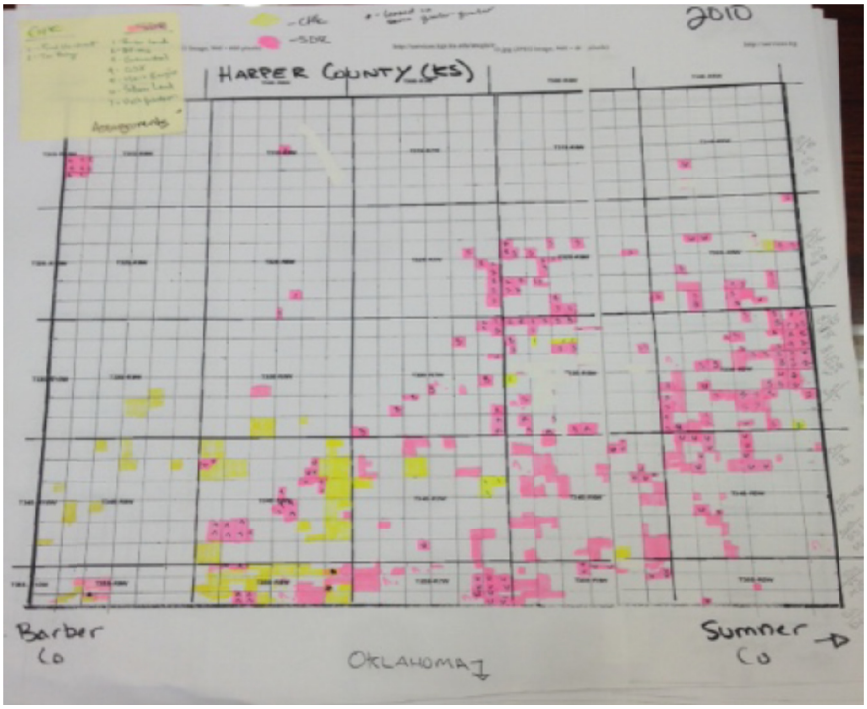
92. Chesapeake and SandRidge often purchased mineral interests in different locations within the various counties of the Mississippian Lime Play, intentionally avoiding direct competition over the same tracts and geographically allocating mineral rights leases and purchases among themselves. This conduct was done pursuant to and in furtherance of the conspiracy.

93. Maps tracking Chesapeake's and SandRidge's mineral rights acquisitions during the Class Period across certain counties comprising the Mississippian Lime Play tend to demonstrate their customer and market allocation practices.

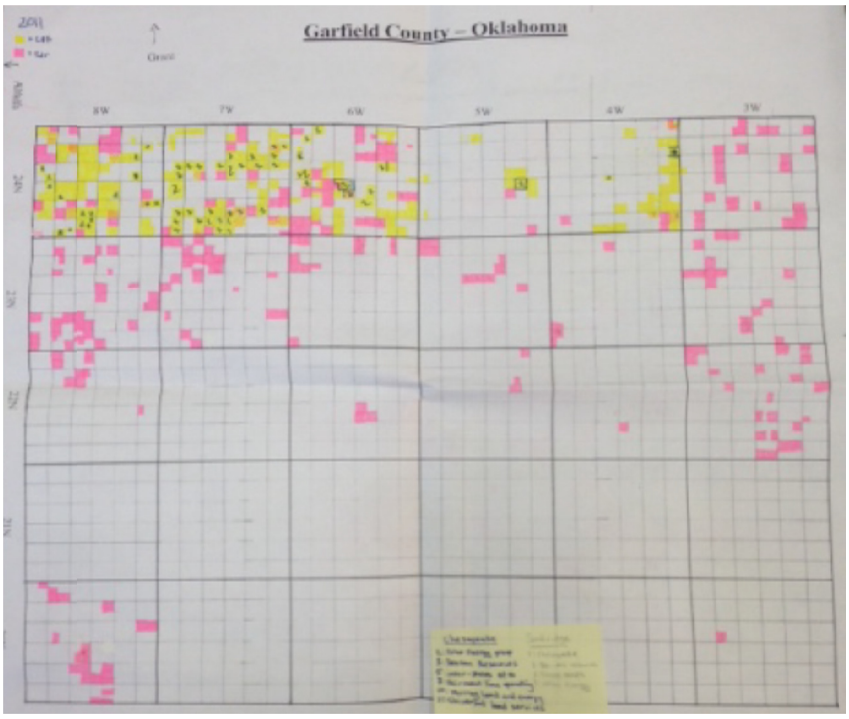
94. The following map charts mineral rights purchased by these companies during the Class Period for Barber County, Kansas (with pink parcels representing SandRidge purchases and yellow parcels representing Chesapeake purchases):



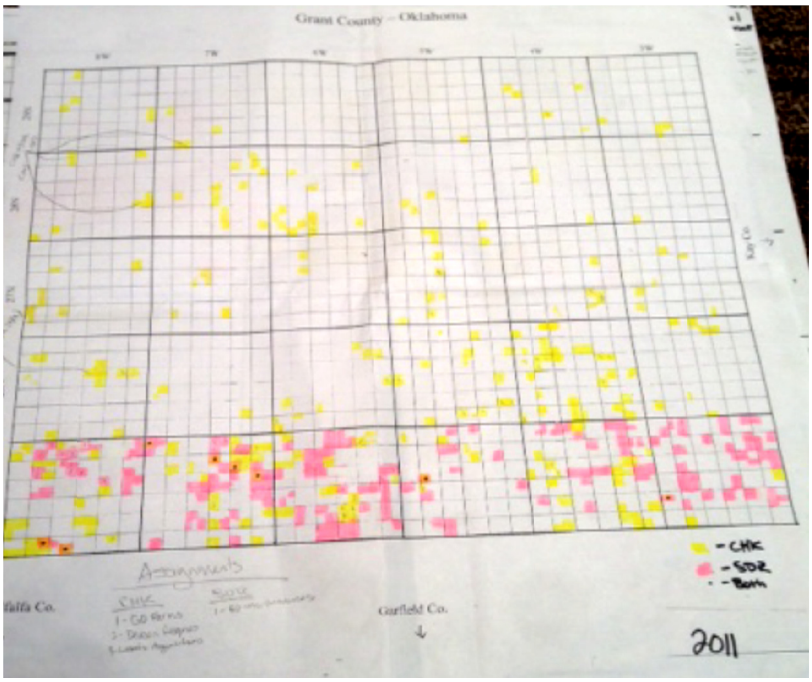
95. The following map tracks mineral rights purchased by these companies in 2010 for Harper County, Kansas (with, again, pink parcels representing SandRidge purchases and yellow parcels representing Chesapeake purchases):



96. The following map tracks mineral rights purchased by these companies in 2010 for Garfield County, Oklahoma (with the pink parcels representing SandRidge purchases and the yellow parcels representing Chesapeake purchases):



97. And the following map charts mineral rights purchased by these companies in 2011 for Grant County, Oklahoma (with the pink parcels representing SandRidge purchases and the yellow parcels representing Chesapeake purchases):



98. By allocating among themselves which company would bid on and purchase which acreage, The Conspirators were further able to avoid head-to-head competition and artificially suppress the prices they paid to Plaintiffs and members of the Class.

3. The Effects of the Conspiracy

99. The impact of the conspiracy was to artificially suppress the prices, including bonus and royalty payments, paid to class members for leasehold interests and producing properties in the Mississippian Lime Play during the Class Period.

100. Long after Chesapeake and SandRidge first began acquiring mineral interests in the Play, royalty rates in this region—the subject of the most active land grab in the nation at the time—generally stayed at 20% or below. In many other similar shale play "land grabs," royalty rates often exceeded 25%. In a similar vein, bonus payments made by these two companies

during the Class Period in this play were substantially below the bonus rates being paid in other similar shale play "land grabs."

101. Chesapeake and SandRidge reaped considerable financial benefits from the conspiracy at the expense of class members.

102. Near the end of 2012, Ward noted that the Mississippian Lime formation offered "some of the highest rates of return for horizontal drilling in the U.S. today." SandRidge entered into three joint ventures in 2011, at the height of the play's frenzied period, in which SandRidge sold an interest in roughly 500,000 leased acres of Mississippian Lime for a payment of $1.83 billion, suggesting an implied per-acre value of $3,660.

103. In 2013, Chesapeake, desperate for liquid cash, sold a 50% stake in 850,000 leased acres of its Mississippi Lime holdings for $1.02 billion to Sinopec, for an implied price of about $2,400 per acre. These sales turned Chesapeake's and SandRidge's artificially-depressed collusive purchases into enormous profits.

104. McClendon and Ward also personally benefited from the conspiracy.

105. McClendon participated in Chesapeake's "Founder Well Participation Program" ("FWPP"), which permitted McClendon to acquire a maximum 2.5% interest in all new oil and natural gas wells drilled in which Chesapeake held a minimum 12.5% interest. Through this program, McClendon retained a working interest in any new oil and natural gas wells drilled by Chesapeake during each calendar year he was employed at Chesapeake. Therefore, above and beyond the benefits he received from Chesapeake's artificially inflated profits, McClendon personally benefitted from any collusion that resulted in Chesapeake's paying lower prices for leases and producing properties.

106. Ward participated in a similar program at SandRidge. This program, called the "SandRidge Executive Well Participation Program," enabled Ward to obtain up to a 3% interest in all of the wells spudded (*i.e.* where drilling operations had begun) by or on behalf of SandRidge throughout the Class Period. Ward used this program to participate in wells drilled during his tenure, thereby obtaining personal benefits from the conspiracy above and beyond the benefits he received from SandRidge's artificially inflated profits.

107. In addition, Ward benefited extensively from the conspiracy through his participation in a large-scale pattern of conflicted related-party transactions. TPG-Axon, a hedge fund that was SandRidge's third-largest shareholder holding nearly 7% of its stock, released reports in January and February, 2013 revealing that almost 200 entities controlled by Ward substantially benefited from SandRidge's leasing activity in the Mississippian Lime Play.

108. One of these Ward-controlled entities, WCT Resources, acquired mineral interests in 475,000 acres in 22 counties in the Mississippian Lime Play, making it the fifth largest oil and gas exploration and production company in the area. WCT Resources' land acquisitions were often adjacent to and were concluded within weeks or months of SandRidge's acquisitions.

109. Much of this behavior was not disclosed by SandRidge to the United States Securities and Exchange Commission and its shareholders. In part because of these conflicted transactions, Ward was eventually fired as SandRidge's CEO (but not before receiving a $90 million golden parachute), and SandRidge later agreed to pay a $38 million settlement in October 2015 to a class of investors who sued as a result of these tainted deals.

E. Government Indictments and Investigations

110. On March 1, 2016, a federal grand jury indicted McClendon on the charge of engaging in conduct that amounted to an "unreasonable restraint of interstate commerce in violation of Section 1 of the Sherman Act (15 U.S.C. § 1)." *United States v. Aubrey K.*

McClendon, No. CR-16-043 (W.D. Okla. Mar. 1, 2016). The conduct giving rise to this charge, discussed in detail at Section VI.D.2, *supra*, was described by the DOJ as "a combination and conspiracy to suppress and eliminate competition by rigging bids for certain leasehold interests and producing properties" that had the effect of "keep[ing] prices down" for those leasehold interests and producing properties.[4]

111. Chesapeake stated publicly that it has been "actively cooperating [with the Department of Justice] for some time" under the Antitrust Division's Conditional Leniency Program, shielding it from criminal antitrust charges, fines and penalties. As a result, Chesapeake has received a letter from the Division confirming its acceptance into the program.

112. The significance of receiving a conditional leniency letter of the type Chesapeake has obtained was explained in November 19, 2008 by Scott D. Hammond, the then-Deputy Assistant Attorney General for Criminal Enforcement:

> **Does a leniency applicant have to admit to a criminal violation of the antitrust laws before receiving a conditional leniency letter?**
>
> **Yes.** The Division's leniency policies were established for corporations and individuals "reporting their illegal antitrust activity," and the policies protect leniency recipients from criminal conviction. Thus, **the applicant must admit its participation in a criminal antitrust violation involving price fixing, bid rigging, capacity restriction, or allocation of markets, customers, or sales or production volumes before it will receive a conditional leniency letter.** Applicants that have not engaged in criminal violations of the antitrust laws have no need to receive leniency protection from a criminal violation and will receive no benefit from the leniency program.
>
> When the model corporate conditional leniency letter was first drafted, the Division did not employ a marker system. Thus,

[4] In light of McClendon's death on March 2, 2016—one day after the indictment was handed down—the DOJ promptly dismissed the indictment.

> companies received conditional leniency letters far earlier in the process, often before the company had an opportunity to conduct an internal investigation. However, the Division's practice has changed over time. The Division now employs a marker system, and the Division provides the company with an opportunity to investigate thoroughly its own conduct. While the applicant may not be able to confirm that it committed a criminal antitrust violation when it seeks and receives a marker, by the end of the marker process, **before it is provided with a conditional leniency letter, it should be in a position to admit to its participation in a criminal violation of the Sherman Act.** The Division may also insist on interviews with key executives of the applicant who were involved in the violation before issuing the conditional leniency letter. A company that argues that an agreement to fix prices, rig bids, restrict capacity, or allocate markets might be inferred from its conduct but that cannot produce any employees who will admit that the company entered into such an agreement generally has not made a sufficient admission of criminal antitrust violation to be eligible for leniency. **A company that, for whatever reason, is not able or willing to admit to its participation in a criminal antitrust conspiracy is not eligible for leniency.** Previously the model conditional leniency letters referred to the conduct being reported as "possible […price fixing, bid rigging, market allocation] or other conduct violative of Section 1 of the Sherman Act."

http://www.usdoj.gov/atr/public/criminal/239583.htm (last visited Apr. 3, 2017) (emphasis added).

113. SandRidge also disclosed in regulatory filings that it had been contacted in connection with a federal antitrust probe that occurred during Ward's tenure.

114. SandRidge disclosed in its May 7, 2015 quarterly report (Form 10-Q) filed with the SEC that it was a "target" of a criminal grand jury antitrust investigation then pending in the Western District of Oklahoma:

> As previously disclosed, on December 18, 2013, the Company received a subpoena duces tecum from the U.S. Department of Justice in connection with an ongoing investigation of possible violations of antitrust laws in connection with the purchase or lease of land, oil or natural gas rights. The transactions that have been the subject of the inquiry date from 2012 and prior years. On April 7, 2015, the U.S. Department of Justice notified the Company that

> it is a target of a grand jury investigation in the Western District of Oklahoma concerning violations of federal antitrust law.

(Emphasis added).

115. The basis of the government's McClendon indictment and SandRidge investigation was that McClendon, The Conspirators, and other unknown co-conspirators colluded to suppress and eliminate competition in the relevant area by rigging bids for leasehold interests and interests in producing properties.

116. According to the indictment, the conspiracy began on or about December 27, 2007, when McClendon contacted a competitor and proposed eliminating head-to-head competition between the companies for the purchase of certain leaseholds and producing properties by agreeing not to submit competing bids for these leaseholds and producing properties. McClendon and the competitor agreed that the competitor would refrain from submitting bids for certain leaseholds and producing properties. In exchange, the competitor would receive, at cost, a share of the leaseholds and producing properties purchased by Chesapeake.

117. The indictment detailed the manner in which McClendon and The Conspirators carried out the conspiracy. According to the indictment, they did so by:

> a) engaging in communications concerning certain leasehold interests and producing properties, and the prices for them, in the Western District of Oklahoma;
>
> b) agreeing during those communications that [Chesapeake and SandRidge] would not compete against one another for certain leasehold interests and producing properties in the Western District of Oklahoma either by one company not submitting offers or bids to certain owners of leasehold interests and producing properties, or by one company withdrawing previously submitted offers or bids to certain owners of leasehold interests and producing properties in exchange for a share or a subset of the leasehold interests and/or producing properties purchased by the other company at the acquisition cost;

c) submitting offers or bids, withholding offers or bids, or acting to withdraw previously submitted offers or bids, to owners of certain leasehold interests and producing properties in the Western District of Oklahoma in accordance with the agreement reached;

d) acquiring certain leasehold interests and producing properties in the Western District of Oklahoma at collusive and noncompetitive prices and then providing the non-acquiring co-conspirator a share or a subset of the leasehold interests and/or producing properties at the acquiring co-conspirator's cost; and

e) employing measures to keep their conduct secret, including, but not limited to, agreeing not to reveal their anticompetitive agreement to the owners of the leasehold interests and producing properties at issue in the indictment, and instructing their subordinates to do the same.

118. The indictment alleged that this collusion continued until at least as late as March 2012.

119. This conspiracy artificially depressed prices for leasehold interests and producing properties, including bonus and royalty payments, that Chesapeake and SandRidge purchased in the Mississippi Lime Play by eliminating competition between Chesapeake and SandRidge for the purchase of such leasehold interests and interests in producing properties.

F. Contemporaneous Anticompetitive Conduct in Michigan

120. McClendon and Chesapeake have a history of involvement in similar anticompetitive schemes in the oil and gas industry.

121. In March 2014, the State of Michigan brought criminal antitrust charges against Chesapeake for conspiring with non-parties Encana Corporation and Encana Oil & Gas USA Inc. (collectively "Encana") to rig bids in a 2010 state auction for oil and gas rights in Michigan. In June 2014, the State added felony racketeering and fraud charges for its systematic practice of swindling individual landowners. In April 2015, Chesapeake paid $25 million to settle both sets

of charges and pleaded no contest to misdemeanor charges of attempted antitrust and false pretenses. Encana paid a $5 million fine.

122. The Chesapeake/Encana conspiracy began in early 2010 when, based on reports of a successful exploratory well in Missaukee County, Michigan, northern Michigan's Utica/Collingwood shale formation began to draw the attention of the oil and gas industry. In May 2010, the State of Michigan auctioned off roughly 120,000 acres of mineral leases for state-owned land. Chesapeake and Encana competed vigorously at this auction, and lease prices averaged $1,510 per acre.

123. After that auction, McClendon and Encana USA CEO Jeff Wojahn communicated by telephone and e-mail to suppress competition for state leases. Chesapeake and Encana divided the State of Michigan up by counties, allocating bidding rights for each potentially productive county between themselves. They agreed not to bid on leases in each other's allocated counties. Chesapeake and Encana exchanged written proposals detailing this illegal agreement.

124. In October 2010, when Michigan again auctioned leases for mineral rights, neither company bid in counties allocated to the other. The average price of leases sold at the October 2010 auction was only $29 per acre. The precipitous drop in the price of leases due to the unlawful collusion between Chesapeake and Encana harmed over 700 leaseholders.

125. Chesapeake's unlawful collusion did not begin and end with state auctions, however. According to a 2012 civil complaint filed in the United States District Court for the Western District of Michigan, Chesapeake's and Encana's agreement to not bid against each other within each other's respective territories extended to private lands. The complaint in that case quotes e-mail traffic between vice presidents of Chesapeake and Encana dividing up

bidding responsibility among northern Michigan counties. It also quotes e-mails from McClendon himself asking other Chesapeake and Encana executives to "decide who should handle" (*i.e.*, which company should bid on) a private sale. McClendon personally forwarded e-mail traffic between Chesapeake and Encana VPs to Encana USA and Encana Corp.'s CEOs, noting that the illegal agreement not to compete would "save us both some money." McClendon instructed one VP to "smoke a peace pipe with [Encana]" to avoid "bidding each other up"; the VP responded that he had contacted Encana "to discuss how they want to handle the entities we are both working with to avoid us bidding each other up." McClendon responded, "Thanks."

126. While Chesapeake and Encana illegally divided up the State of Michigan between themselves, Chesapeake's agents set about systemically defrauding individual landowners. According to the State of Michigan's June 2014 felony complaint, Chesapeake's land agents "falsely told the landowners that mortgages were 'no problem' on the leased land and offered to handle subordinating those mortgages. Later when competition from competitors had stopped and Chesapeake decided that Michigan's oil and gas prospects were not as lucrative as it liked, Chesapeake ordered mass lease cancellations based on the existence of those mortgages, as well as other pretextual reasons. The massive, orchestrated nature of the scheme indicates that Chesapeake entered into those leases knowing that it would cancel them if Chesapeake so chose." Chesapeake settled those charges.

VII. CLASS ALLEGATIONS

127. Plaintiffs bring this action on behalf of themselves and as a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the following class (the "Class"):

> All persons and entities who (1) sold to Chesapeake or SandRidge, or any of their respective predecessors, subsidiaries, agents (such as landmen) or affiliates, leasehold or working interests on lands

> within the Mississippi Lime Play with no producing oil and gas wells or (2) owned tracts of land within the Mississippi Lime Play with producing oil and gas wells where Chesapeake or SandRidge, or any of their respective predecessors, subsidiaries, agents (such as landmen) or affiliates, purchased such land's leasehold and working interests, at any time between December 27, 2007 and April 1, 2013. Excluded from the class are Chesapeake, SandRidge, any parent, subsidiary, agent or affiliate thereof, their officers, directors, employees, and immediate families, and federal and state governmental entities and instrumentalities of federal and state governments.

128. Plaintiffs do not know the exact number of members of the Class because such information is in the exclusive control of The Conspirators. On information and belief, the Class contains hundreds, if not thousands, of geographically dispersed individuals and entities, making joinder of all Class members impracticable.

129. Plaintiffs' claims are typical of the claims of the members of the Class because Plaintiffs and all Class members share the same injury, as they were all damaged by The Conspirators' actions, which caused them to be underpaid for their mineral rights.

130. Plaintiffs will fairly and adequately assert and protect the interests of the Class. Plaintiffs' interests are coincident with, and not antagonistic to, those of the other members of the Class.

131. Plaintiffs are represented by experienced and respected counsel in the prosecution of antitrust and class action litigation.

132. There are questions of law and fact which are common to the claims of Plaintiffs and the Class, including but not limited to:

a) Whether The Conspirators engaged in a combination or conspiracy fix, stabilize, and artificially suppress prices paid to Plaintiffs and the other members of the class for leasehold interests and interests in producing properties;

b) Whether The Conspirators agreed to and did pay artificially suppressed prices for bonus and royalty payments paid to Plaintiffs and the other class members;

c) Whether The Conspirators agreed to and did rig bids for the purchase of leasehold interests and interests in producing properties from Plaintiffs and the other class members;

d) Whether The Conspirators agreed to and did allocate customers and markets for the purchase of leasehold interests and interests in producing properties from Plaintiffs and the other class members;

e) Whether the purpose or effect of the acts and omissions alleged herein was to restrain trade, or to affect, fix, or depress the price of leasehold interests and interests in producing properties;

f) Whether this conspiracy constituted a *per se* violation Section 1 of the Sherman Act;

g) Whether The Conspirators' agents, officers, employees, or representatives participated in communications, correspondence and meetings in furtherance of the illegal conspiracy alleged herein, and, if so, whether such agents, officers, employees, or representatives were acting within the scope of their authority and in furtherance of The Conspirators' business interests;

h) The duration and extent of the conspiracy;

i) Whether, and to what extent, the conduct of The Conspirators caused injury to Plaintiffs and members of the Class; and

k) The appropriate measure and amount of damages.

133. The questions of law and fact common to the members of the Class predominate over any questions affecting only individual members.

134. A class action is superior to other available methods for the fair and efficient adjudication of this controversy because:

a) The Class is readily definable and one for which records should exist in the files of The Conspirators;

b) Treatment as a class action will permit a large number of similarly situated persons to adjudicate their common claims in a single forum simultaneously,

efficiently, and without the duplication of effort and expense that numerous individual actions would require;

c) A class action will remove the risk of inconsistent or varying adjudications that could result from that the prosecution of separate actions by individual members of the Class; and

d) Class treatment will permit the adjudication of relatively small claims by many class members who otherwise could not afford to litigate an antitrust claim such as is asserted in this complaint on an individual basis.

135. This class action presents no difficulties of management that would preclude its maintenance as a class action.

VIII. TOLLING OF THE STATUTE OF LIMITATIONS

136. Plaintiffs had neither actual nor constructive knowledge of the facts constituting their claim for relief.

137. Plaintiffs and members of the Class did not discover, and could not have discovered through the exercise of reasonable diligence, the existence of the conspiracy alleged herein until on or about March 1, 2016, the date on which the indictment of McClendon and the unnamed co-conspirators became public.

138. The Conspirators engaged in a secret conspiracy that did not reveal facts that would put Plaintiffs or the Class on inquiry notice that there was a conspiracy to fix prices for leasehold interests and interests in producing properties.

139. Accordingly, Plaintiffs could not have had either actual or constructive knowledge of the conspiracy until McClendon and the unnamed co-conspirators indictment became public.

140. Furthermore, The Conspirators took active steps to conceal the conspiracy and prevent Plaintiffs and the members of the Class from discovering its existence until the indictment was issued. For example, The Conspirators kept their bidding arrangements,

including their agreements to step back from bids in exchange for the winning bidder giving its co-conspirator an interest in the leasehold, secret from class members. The Conspirators, by the same token, failed to disclose these arrangements in any of the relevant leasing contracts or otherwise disclose them to class members.

141. Because The Conspirators' agreement, understanding and conspiracy was kept secret, Plaintiffs and members of the Class were unaware of The Conspirators' unlawful conduct alleged herein and did not know that the prices for which they sold their leasehold interests or interests in producing properties were artificially depressed during the Class Period.

IX. CLAIM FOR RELIEF

COUNT I
Violation of Section 1 of the Sherman Act (15 U.S.C. § 1)

142. Plaintiffs incorporate by reference the preceding paragraphs as if fully set forth herein.

143. The Conspirators and their co-conspirators engaged in a continuing combination and conspiracy to fix, stabilize, and artificially suppress prices of leasehold interests and interests in producing properties within the Mississippi Lime Play area of the Anadarko Basin Region that constituted a *per se* violation of Section 1 of the Sherman Act (15 U.S.C. § 1).

144. The Conspirators and their co-conspirators agreed to, and did, restrain trade or commerce pursuant to this conspiracy by unlawfully depressing the prices for leasehold interests and interests in producing properties below competitive levels.

145. In formulating and effectuating their combination or conspiracy, The Conspirators and their co-conspirators engaged in price-fixing, bid rigging, customer and market allocation, and other anticompetitive activities, the purpose and effect of which were to artificially depress the price of leasehold interests and interests in producing properties.

146. The illegal combination and conspiracy alleged herein had the following effects, among others:

a) The prices Chesapeake and SandRidge paid Plaintiffs and members of the Class for leasehold interest and interests in producing properties were artificially depressed below competitive levels;

b) Plaintiffs and members of the Class have been deprived of free and open competition in sales of their leasehold interests and interests in producing properties;

c) Plaintiffs and members of the Class have sold their leasehold interests and interests in producing properties for less than they would have had they sold in a competitive marketplace where The Conspirators' combination and conspiracy was absent; and

d) Competition for the purchase of leasehold interests and interests in producing properties has been unlawfully restrained.

147. As a direct and proximate result of The Conspirators' conduct, Plaintiffs and members of the Class have been injured and damaged in their business and property in an amount to be determined according to proof.

X. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand judgment against Defendants as follows:

A. Declaring this action to be a proper class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class as defined above;

B. That the contract, combination, or conspiracy, and the acts done in furtherance thereof by Defendants be adjudged to have *per se* violated Section 1 of the Sherman Act, 15 U.S.C. § 1;

C. That judgment be entered for Plaintiffs and class members against Defendants jointly and severally;

D. That the Court award three times the amount of damages sustained by Plaintiffs and the Class as allowed by law;

E. That Plaintiffs and the Class recover pre-judgment and post-judgment interest as permitted by law;

F. That Plaintiffs and the Class recover their costs of the suit, including reasonable attorneys' fees, as provided by law; and

G. For such other and further relief as is just and proper under the circumstances.

XI. DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs demand a jury trial as to all issues triable by a jury.

April 10, 2017

Respectfully submitted,

/s/ Larry D. Lahman
Larry D. Lahman (OBA No. 5166)
Michael E. Kelly (OBA No. 21978)
Carol Hambrick Lahman (OBA No. 11330)
Roger L. Ediger (OBA No. 19449)
MITCHELL DECLERCK
202 West Broadway Avenue
Enid, Oklahoma 73701
Tel: (800) 287-5144
larry.lahman@sbcglobal.net

Interim Liaison Counsel for the Proposed Class

/s/ Warren T. Burns
Warren T. Burns
Daniel H. Charest
Will Thompson
BURNS CHAREST LLP
900 Jackson Street, Suite 500
Dallas, Texas 75201
Tel: (469) 904-4550
wburns@burnscharest.com

/s/ Terrell W. Oxford
Terrell W. Oxford
SUSMAN GODFREY LLP
1000 Louisiana, Suite 5100
Houston, Texas 77002-5096
Tel: (713) 651-9366
toxford@susmangodfrey.com

dcharest@burnscharest.com
wthompson@burnscharest.com

/s/ Christopher J. Cormier
Christopher J. Cormier
COHEN MILSTEIN SELLERS & TOLL, PLLC
5290 Denver Tech Center Parkway
Greenwood Village, Colorado 80111
Tel: (720) 630-2092
ccormier@cohenmilstein.com

Richard A. Koffman
Robert W. Cobbs
COHEN MILSTEIN SELLERS & TOLL, PLLC
1100 New York Avenue, NW, Suite 500
Washington, D.C. 20005
Tel: (202) 408-4600
rkoffman@cohenmilstein.com
rcobbs@cohenmilstein.com

William C. Carmody
Arun Subramanian
SUSMAN GODFREY LLP
560 Lexington Avenue, 5th Floor
New York, NY 1002-6828
Tel: (212) 336-8330
bcarmody@susmangodfrey.com
asubramanian@susmangodfrey.com

/s/ Todd M. Schneider
Todd M. Schneider
Jason Kim
SCHNEIDER WALLACE COTTRELL
KONECKY WOTKYNS, LLP
2000 Powell Street, Suite 1400
Emeryville, California 94608
Tel: (415) 421-7100
TSchneider@schneiderwallace.com
jkim@schneiderwallace.com

Interim Co-Lead Counsel for the Proposed Class