

July 30, 2014

July 30, 2014
News + Observer

AG warns company to stop fracking offers

By JOHN MURAWSKI
jmurawski@newsobserver.com

The state's imminent legalization of fracking is spawning a new round of concerns as the state Attorney General's Office warned a Pennsylvania company this week to stop offering North Carolina landowners money in exchange for fracking rights.

The attorney general's cease-and-desist notice, sent Monday to Pittsburgh-based Crimson Holdings, alleges the company's solicitations are illegal because its land agent is not registered in North Carolina, among a host of other reasons.

Crimson's lease offers appear to

be a foretaste of rising interest in the state's energy potential in advance of the expected legalization of fracking sometime next year.



Womack

The latest drilling leases are also an example of potential abuses that fracking critics have predicted and fracking supporters hope to prevent. James Womack, the outgoing chairman of the N.C. Mining and Energy Commission, was quick to point out Tuesday that profiteering is inevitable, but it isn't limited to energy exploration.

SEE **FRACKING**, PAGE 5A

FRACKING

CONTINUED FROM PAGE 1A

"There will be all kinds of speculative activity," Womack said. "There are all sorts of unscrupulous people out there."

Crimson's regional agent listed on the lease document, Frank Sides, did not return calls or respond to emails. Crimson does not have a website, but its Pittsburgh address is home of Campbell Development, a land services solutions company whose website features a photo of Frank L. Sides Jr., director of land development.

The Attorney General's Office directed its warning letter to Sides and to Anna Campbell, a partner at Campbell Development. The letter

cites a number of concerns about Crimson's activities - lack of information about the company, to begin with.

The leases violate North Carolina law because they lack cancellation rights, lack other disclosures, and include lease terms for 12 years when state law limits leases to 10 years, the AG's letter says.

"We have serious concerns that North Carolina landowners will be unable to conduct any due diligence research or to obtain information on the ostensible company to which they are being asked to lease their oil and gas rights," special Deputy Attorney General Lynne Weaver wrote in the letter.

The Attorney General's Office demands that Crimson and Campbell

» Online

Stay informed: Find more state and local business news at nando.com/business.

stop doing business in North Carolina, that they cancel any signed leases and supply the office with a list of names of all landowners who have sold drilling rights to the Pennsylvania company.

Unusual tactics

It's not clear if anyone has sold fracking rights to Crimson at its offer price of \$5 per acre because the company appears not to have filed any leases with local registers of deeds offices. Leases that modify land ownership records are public records, but filings with local offi-

cials can lag by several months after the documents are executed.

Crimson's tactics are anything but ordinary. Rather than approaching landowners in Lee County, the epicenter of North Carolian's natural gas deposits, the Pennsylvania company is soliciting landowners in Durham County, on the periphery of the natural gas region.

Crimson is also soliciting landowners who are no fans of fracking. The company was cited in a 2010 Associated Press article for soliciting drilling rights under cemeteries.

In North Carolina, the company has pitched its leases to the Town of Chapel Hill and the Ellerbe Creek Watershed Association, seeking to frack for natural gas under the 118-acre Veasey Farm Preserve, the

83-acre Glennstone Nature Preserve and 51.6 acres of parkland near Chapel Hill's Meadowmont community.

Chapel Hill officials and the land conservancy group say they have no interest in leasing their land for shale gas drilling to Crimson Holdings or anyone else.

"That tells me they're not too serious about doing business here," said James Robinson, a research and policy associate at the Rural Advancement Foundation International-USA, a landowners rights group in Pittsboro.

"It seems they're throwing a bunch of things at the wall and seeing what sticks," Robinson said.

Murawski: 919-829-8932