

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF WEST VIRGINIA  
AT CLARKSBURG**

**LESLIE TODD MEINIG and  
LINDA MEINIG, individually  
and on behalf of all others similarly situated,**

**Plaintiffs,**

**v.**

**ANTERO RESOURCES, INC., and  
ANTERO RESOURCES APPALACHIAN  
CORP.,**

**Defendants.**

**Civil Action No.** 1:16-CV-222  
**Judge** Keeley

ELECTRONICALLY FILED Nov 18 2016 U.S. DISTRICT COURT Northern District of WV
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**COMPLAINT**

Plaintiffs for their Complaint against the Defendants allege and aver as follows:

1. Plaintiffs, Leslie Todd Meinig and Linda Meinig (collectively “Plaintiffs”), are co-owners by succession of partial interests in certain oil and natural gas mineral interests lying and being in Harrison County, West Virginia, said interests described generally in a lease dated the 14<sup>th</sup> day of April, 1909, and recorded in the Office of the Clerk of the County Commission of Harrison County, West Virginia at Deed Book 179, Page 474 (“Lease”), as amended and modified in an agreement dated the 2<sup>nd</sup><sup>th</sup> day of March, 2011 and referred to by Defendants as Antero Lease No. 052915 (“Amended Lease”).

2. Defendants Antero Resources, Inc. and Antero Resources Appalachian Corp. (collectively "Antero" or “Defendants”) conducts its business through Antero Resources Appalachian Corp (“Production”).

3. This Court has jurisdiction over this case pursuant to 28 U.S.C. § 1332 in that Plaintiffs are citizens of the State of West Virginia and the Defendants are Delaware

Corporations with their principal places of business in Denver, Colorado. Furthermore, the amount in controversy is met for diversity jurisdiction as the total of Plaintiffs' claims for compensatory and punitive damages exceed the sum of \$75,000 for each Plaintiff and for each putative class member.

4. At all times complained of herein, Defendants are and were corporations doing business in this county and state.

5. Antero, by and through their predecessors, subsidiaries and/or partners, leased properties and acquired the leases of properties in West Virginia and prior to and during the times complained of herein said corporations acquired the leases and rights as lessee of Plaintiffs' mineral interests in oil and gas on the property as described above.

6. The terms of Plaintiffs' Lease provide that Defendants, as successors, are required to pay Plaintiffs "\$75.00 Dollars each three months in advance for the gas for each and every gas well drilled on such premises..." The \$75.00 royalty payment provided in the Lease does not vary based on the amount of gas produced. This type of royalty provision is known in the industry as a flat-rate lease.

7. In 1982, the West Virginia Legislature enacted the "flat-rate statute" which is set forth in West Virginia Code § 22-6-8 ("the Act").

8. Under the terms of the Act, no permit for the new drilling or for the reworking of existing wells may be issued unless a copy of the lease or a suitable abstract thereof accompanies the permit application. Where such lease or abstract discloses an underlying flat-rate compensation agreement, the Act requires that the drilling permit be withheld unless the applicant files an affidavit which certifies that the owner of the working interest in the well agrees to tender to the owner of the oil or gas in place "not less than one eighth of the total

amount paid to or received by or allowed to the owner of the working interest at the wellhead for the oil or gas so extracted, produced or marketed before deducting the amount to be paid to or set aside for the owner of the oil or gas in place.” W.Va. Code § 22-6-8(e).

9. On May 26, 2011, Antero wrote Plaintiffs’ predecessors to provide them notice that Antero intended to seek a permit from the West Virginia Department of Environmental Protection (“WVDEP”) to drill new gas wells on their property for the purpose of taking natural gas from the Marcellus Shale formation beneath the property covered by the Amended Lease.

10. Included with the notice was a copy of the permit with an attached affidavit in the form required by the Act.

11. Thereafter, the permit was approved, and wells were drilled by or on behalf of Antero on the property subject to the Lease and the Amended Lease.

12. Prior to commencement of production, Plaintiffs’ predecessors transferred a one-fifth interest in the right to receive royalties to Plaintiff Todd Meinig and a one-fifth interest to Plaintiff Linda Meinig. Plaintiff Linda Meinig subsequently inherited a one-tenth interest and now owns a three-tenths interest.

13. After the well commenced production of gas, Defendants began to pay Plaintiffs their purported share of royalties based on the one-eighth rate required by both the Act and their promises to Plaintiffs’ predecessors and the WVDEP. Notwithstanding the requirement to pay one-eighth royalties, Defendants made unauthorized deductions from the royalties and reduced Plaintiffs’ royalty payments.

14. The unauthorized deductions were significant and were in excess of forty-percent of the amount Plaintiffs were entitled to receive from Antero. The deductions appear on



Plaintiffs' royalty statements without any explanation of what the deductions are for and why the amounts are being deducted.

15. The unauthorized deductions included deductions for certain alleged "post-production" expenses, which include the estimated costs of gathering and of transportation of the natural gas to the interstate pipeline and the value of gas that is either lost or used in the transporting of the gas to the interstate pipeline.

16. Upon information and belief, Defendants have and continue to report to the West Virginia State Tax Department moneys for royalties which Plaintiffs have not received, thereby wrongfully increasing Plaintiffs' taxes on moneys actually deducted and kept by Defendants.

17. These deductions downstream from the physical wellhead are prohibited by the Act, which specifically decrees that the royalties to be paid to Plaintiffs are to be no less than one-eighth the amount allowed to the owner of the working interest "at the wellhead" which sums are to be paid without deduction of any kind.

18. Defendants had an affirmative duty to pay to Plaintiffs the true and correct royalty due them, either by virtue of the lease agreement, by virtue of W. Va. Code Ann. § 22-6-8, and/or by virtue of the contractual duty of good faith and fair dealing in all contracts, and by virtue of the fiduciary duty and responsibility of the lessee in any oil and gas lease who assumes the duty of handling the sales and accounting functions of the parties.

19. As part of the legal responsibilities of Defendants, they agreed to and/or had the duty to account for all of the sales of gas from said wells and to accurately account for said wells and to act as a fiduciary for Plaintiffs' moneys owed to Plaintiffs as a result of royalties due to Plaintiffs.

20. Defendants violated said fiduciary responsibility.

21. Defendants intentionally violated their contractual duty to Plaintiffs.

22. Defendants concealed, suppressed, and omitted material facts with intent that Plaintiffs would rely upon same in connection with the bases for charging Plaintiffs for specific services for marketing, transporting and processing and for other service charges associated with the calculation of Plaintiffs' royalties and deductions therefrom.

23. Plaintiffs relied upon Defendants to truly, accurately, and properly carry out its contractual and fiduciary duties and responsibilities and to account to Plaintiffs for payments due to Plaintiffs.

24. As a result of the aforesaid conduct of Defendants, Plaintiffs were damaged in that they were deprived of and are owed royalty payments from Defendants and are owed interest from said deficiencies in said royalty payments.

25. The acts and conduct of Defendants were willful and wanton and in utter disregard of Plaintiffs' rights.

26. At all times complained of herein, Defendants were acting for and on their own behalf and as agents, ostensible agents, servants and/or employees of others in the course and scope of their employment, agency and/or ostensible agency.

27. At all times complained of herein, Defendants were acting as conspirators with unnamed persons, firms, and corporations in common goals, schemes, and designs for the goals and purposes as herein alleged and complained of.

28. At all times complained of herein, Defendants entered into a joint venture with others and with unnamed persons, firms and corporations for the goals and purposes as herein alleged and complained.

29. As a proximate result of Defendants' and each of their acts and omissions complained of herein, Plaintiffs were damaged as follows:

- a. Defendants failed to pay them the amount of money due and owed them at the time due.
- b. Plaintiffs lost the use of the money due and owing them pursuant to the Defendants' conduct.
- c. Plaintiffs have been annoyed, inconvenienced and incurred unnecessary costs, expenses and taxation as a consequence of Defendants' acts and conduct.

#### **CLASS ACTION ALLEGATIONS**

Plaintiffs incorporate all allegations above, the same as if fully restated and re-alleged and Plaintiffs further allege as follows:

30. This civil action is an appropriate case to be brought and prosecuted as a class action by Plaintiffs against Defendants pursuant to Federal Rule of Civil Procedure 23.

31. There exists a class of individuals like Plaintiffs, that do not receive the total royalty payments due to them due to unauthorized post-production deductions from the one-eighth royalties required to be paid by the Act.

32. The claims of Plaintiffs are typical of the claims of the class, and Plaintiffs will fairly and adequately protect the interests of the class with respect to the appropriate common issues of fact and law and have hired counsel competent to prosecute said action for and on behalf of Plaintiffs and the class.

33. The prosecution of this civil action by the class members in separate actions would create a risk of varying adjudications with respect to individual members of the class, could be dispositive of interests of other members of the class not parties and/or they may impair



or impede their ability to protect their interests and/or Defendants have acted or refused to act on grounds generally applicable to the class making declaratory or injunctive relief appropriate for the whole class.

34. The class includes hundreds of persons and entities and is, therefore, so numerous that joinder of all members is impracticable.

35. There are questions of law and fact common to the class.

36. The interest of members of the class as to common questions of law and fact in individually controlling the prosecution of separate actions does not outweigh the benefits of a class action as to those issues.

37. The difficulties in management of this case as a class action are outweighed by the benefits it has with respect to disposing of common issues of law and fact as to the large number of litigants, and it is desirable to concentrate the litigation in one forum for the management of this civil action due to the number of cases filed, pending and to be filed.

38. The questions of law and facts common to the members predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of this civil action.

39. Jurisdiction and venue are proper in this Court.

40. The individually named Plaintiffs are members of the class they seek to represent.

41. The class which Plaintiffs seek is defined as all owners of mineral interests for property in West Virginia where Antero or its predecessors have agreed, pursuant to the Act, to pay one-eighth royalties who are not receiving the full one-eighth royalty due to Antero taking post-production deductions. Specifically excluded from this class, however, are (a) all currently serving justices, judges and magistrate judges of the United States and the state in which this

action is brought, and their current spouses; (b) all persons (and their current spouses) within the third degree of relationship to such justices, judges, magistrate judges and spouses; (c) all employees, agents, officers, directors, and affiliates of Defendants; and, (d) all persons excluded under the rules of procedure of this court or excluded under the laws of this state.

### **COUNT I**

Plaintiffs incorporate all allegations above, the same as if fully restated and alleged herein.

42. Defendants violated and breached their contractual duties and responsibilities to Plaintiffs, and Plaintiffs were damaged as set out above.

43. Plaintiffs are entitled to recover all the rents and royalties and other damages which they have been deprived by Defendants' breach of contract.

### **COUNT II**

Plaintiffs incorporate all allegations above, the same as if fully restated and alleged herein.

44. Defendants violated their fiduciary duties and responsibilities to Plaintiffs as aforesaid, and Plaintiffs were damaged as aforesaid.

45. Plaintiffs are entitled to be paid their rents and royalties and other damages as described above.

### **COUNT III**

Plaintiffs incorporate all allegations above, the same as if fully restated and alleged herein.

46. Defendants misrepresented to Plaintiffs that Defendants were entitled to take deductions from Plaintiffs' royalty, take the amount of deductions they took, reduced Plaintiffs' royalty payments, overcharged Plaintiffs for services, and/or wrongfully claimed Plaintiffs' royalty due was less than the amount actually due, thereby denying Plaintiffs the rents and royalties to which they were due.



47. Plaintiffs were damaged by Defendants' misrepresentations and fraudulent misconduct in that they were denied rents and royalties under the terms of their leases or as required by law.

#### **COUNT IV**

Plaintiffs incorporate all allegations above, the same as if fully restated and alleged herein.

48. The actions of Defendants named in this "Complaint" as set forth herein above were done intentionally and with a reckless disregard for the rights of the Plaintiffs, entitling the Plaintiffs to punitive damages for all causes of action alleged herein.

#### **PRAYER**

WHEREFORE, Plaintiffs and the class they seek to represent demand that they be awarded damages and equitable and affirmative relief against Defendants, jointly and/or severally, as follows:

- a. Compensatory damages and punitive damages in an amount to be determined by the Court and jury;
- b. An award for Plaintiffs' and class members' undue and unreasonable harassment, oppression, abuse, aggravation, annoyance, and inconvenience damages;
- c. The costs and disbursements of this action, including attorney fees;
- d. Prejudgment and post-judgment interest;
- e. Equitable and injunctive relief, including requiring an accounting and order requiring Plaintiffs and the class to be properly paid;
- f. That the Court finds that this is an appropriate action to be prosecuted as a class action pursuant to Federal Rule of Civil Procedure 23, and that the Court finds that Plaintiffs, and their counsel, are appropriate representatives and appropriate counsel for the class, and that

this action shall proceed as a class action on the common issues of law and fact, all as this Court deems just and proper; and

h. For such other further and general relief, compensatory, punitive, equitable, or injunctive, as the Court deems just and proper.

**PLAINTIFFS DEMAND A TRIAL BY JURY.**

LESLIE TODD MEINIG and  
LINDA MEINIG, individually  
and on behalf of all others similarly situated,

By Counsel,

s/Anthony J. Majestro  
Anthony J. Majestro (WVSB 5165)  
amajestro@powellmajestro.com  
Powell & Majestro, PLLC  
405 Capitol Street, Suite P1200  
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(304) 346-2889; Fax: (304) 346-2895

## CIVIL COVER SHEET

1:16-CV-222

Received: 11/18/2016

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

**I. (a) PLAINTIFFS**

LESLIE TODD MEINIG and  
LINDA MEINIG, individually  
and on behalf of all others similarly situated

(b) County of Residence of First Listed Plaintiff Harrison Co., W.Va.  
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Anthony J. Majestro, Esquire WVSB #5165, Powell & Majestro, PLLC  
405 Capitol Street, Suite P-1200, Charleston, WV 25301, 304-346-2889

**DEFENDANTS**

ANTERO RESOURCES, INC., and  
ANTERO RESOURCES APPALACHIAN  
CORP.,

County of Residence of First Listed Defendant State of Delaware  
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF  
THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

**II. BASIS OF JURISDICTION** (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☐ 2 U.S. Government Defendant
- ☐ 3 Federal Question  
(U.S. Government Not a Party)
- ☒ 4 Diversity  
(Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES** (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- |   | PTF                                   | DEF                                   |   | PTF                        | DEF                        |
|---|---------------------------------------|---------------------------------------|---|----------------------------|----------------------------|
| Citizen of This State                   | <input checked="" type="checkbox"/> 1 | <input type="checkbox"/> 1            | Incorporated or Principal Place of Business In This State     | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State                | <input type="checkbox"/> 2            | <input checked="" type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3            | <input type="checkbox"/> 3            | Foreign Nation  | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

**IV. NATURE OF SUIT** (Place an "X" in One Box Only)

Click here for: [Nature of Suit Code Descriptions.](#)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice <b>PERSONAL INJURY</b> <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other <b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act <b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS		
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input checked="" type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	<b>Habeas Corpus:</b> <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <b>Other:</b> <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement		

**V. ORIGIN** (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation - Transfer
- ☐ 8 Multidistrict Litigation - Direct File

**VI. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):  
28 USC § 1332

Brief description of cause:

Defendant shorted statutory royalties and breached fiduciary contract obligations to Plaintiffs & class.

**VII. REQUESTED IN COMPLAINT:**

☐ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

**VIII. RELATED CASE(S) IF ANY**

(See instructions):

JUDGE

DOCKET NUMBER

DATE

11/18/2016

SIGNATURE OF ATTORNEY OF RECORD

s/Anthony J. Majestro

FOR OFFICE USE ONLY

RECEIPT #

AMOUNT

APPLYING IFP

JUDGE

MAG. JUDGE



# ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Antero Resources Inc. Facing Class Action over Lease Agreement](#)

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