Energy Companies Settle Collusion Case

GRAND JUNCTION, Colo. (AP) — Two energy companies have agreed to pay more than $1 million to settle allegations of collusion in acquiring federal oil and gas leases in Gunnison and Delta counties.

U.S. District Court Senior Judge Richard Matsch on Monday accepted a revised settlement under which SG Interests and Gunnison Energy each will pay $275,000 to settle a civil antitrust action in the case. In addition, the companies earlier this year paid $206,250 and $245,000, respectively, to settle alleged violations of the False Claims Act in connection with the leases.

The settlement resolves allegations involving four leases covering 3,568 acres in the Ragged Mountain area. Neither company admitted wrongdoing in the case.

Two energy companies have agreed to pay a total of $1,001,250 to settle alleged collusion in acquiring federal oil and gas leases in Gunnison and Delta counties after a federal judge had rejected a settlement under which they would have paid a little more than half that amount.

In December, Matsch rejected an initial settlement with the Department of Justice in which the companies would have paid $275,000 to settle all the allegations in the case. At the time, Matsch cited the "unrepentant arrogance" of Gunnison Energy and said that for the companies to settle the case "for nothing more than the nuisance value of this litigation is not in the public interest."

Attorney Peter Hart of the Carbondale-based Wilderness Workshop criticized the revised settlement for falling short of the damages allowed by law in such cases, and for imposing no criminal penalties.

The Justice Department defended its actions.

"The settlement provides meaningful relief," Justice Department spokeswoman Gina Talamona said in a statement Tuesday.

According to a Justice Department, the total settlement money paid in the two cases will total more than 12 times the companies' original costs of acquiring the two parcels.

As part of the settlement, for the next five years each company must provide notice to the government of any joint bidding activity and related information upon request.

According to the Grand Junction Daily Sentinel [1], the companies agreed to have only SG bid on the leases, and it then assigned an interest to Gunnison Energy.

Gunnison Energy has said the arrangement was legal.

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Information from: The Daily Sentinel, http://www.gjsentinel.com [2]

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