

IN THE DISTRICT COURT OF TEXAS COUNTY, OKLAHOMA

Shelly Nash Fitzgerald, as Trustee of the
Nash Family Mineral Trust UTA dated
October 27, 1992, on behalf of themselves
and all others similarly situated,

Plaintiffs,

v.

Lime Rock Resources II-A, L.P.,

Defendant.

Case No. CJ-2017-31
Judge Jon K. Parsley

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

**THIS IS AN OFFICIAL NOTICE SENT TO YOU UNDER COURT ORDER
FROM THE HONORABLE JON K. PARSLEY,
DISTRICT COURT JUDGE TO:**

All royalty owners in Beaver, Texas, Harper, Ellis, Woods, and Woodward County Oklahoma wells marketed by and paid by Lime Rock Resources II-A, L.P. that have produced gas (including gas constituents such as residue gas, natural gas liquids, or helium) from January 1, 2014 to December 31, 2018.

Excluded from the class are: (1) Office of Natural Resources Revenue f/k/a the Mineral Management Service (Indian tribes and the United States); (2) Defendant, its affiliates, and its employees, officers, and directors; (3) Any oil and gas exploration and production entities, and their affiliates; and, (4) leases that contain clear and express language authorizing the deduction from royalty of “the cost incurred in processing, gathering, treating, compressing, dehydrating, transporting, and marketing, or otherwise making such gas or other substances ready for sale or use,” “the cost incurred in delivering, processing, compressing or otherwise making such gas merchantable,” or similar clear and express language.

More information can be found on the website established for communications about this settlement: www.nashtrustlimerock.com. The website includes a list of Class Wells that are affected by, and subject to, this Settlement as well as the entire Settlement Agreement with its exhibits (the “Settlement Agreement”).

This Notice is given pursuant to the District Court for Texas County, Oklahoma (the “Court”) in accordance with 12 O.S. § 2023. The purpose of this Notice is to advise you:

- (a) This lawsuit has been conditionally certified for settlement as a class action by the Court.
- (b) The Class Representative, Class Counsel, and Defendant Lime Rock Resources II-A, L.P. (“Lime Rock”) have entered into a Settlement Agreement that shall become effective only after a Court Order approving the Settlement becomes final and not subject to appeal. The Settlement Agreement provides that Lime Rock shall pay the Settlement Class \$1,700,000.00, subject to the conditions and qualifications set forth in the Settlement Agreement, including the provisions decreasing such amount for the return to Lime Rock of any Monies Payable to Opt-Outs (the “Settlement Proceeds”). The Settlement Proceeds is a gross amount before deduction of court approved attorneys’ fees and expenses, class representative incentive award, and Settlement Administration Expenses.
- (c) The Court will conduct a hearing to determine whether to finally approve the Settlement (the “Settlement Fairness Hearing” is defined in the Settlement Agreement).

TO OBTAIN THE BENEFITS OF THIS PROPOSED SETTLEMENT, YOU DO NOT HAVE TO DO ANYTHING.

IT IS IMPORTANT THAT YOU READ THIS NOTICE CAREFULLY IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LAWSUIT.

I. SUMMARY OF THE CLASS ACTION LITIGATION

This Class Action Litigation was filed in the District Court of Texas County, Oklahoma. The Class Representative on behalf of itself and similarly situated royalty owners asserted that Lime Rock underpaid royalties by taking deductions for fees and expenses, including fuel used, relating to the midstream post-production costs of gathering, compression, dehydration, treatment, processing, and marketing from January 1, 2014 through December 31, 2018. The Released Claims (as defined in Paragraph 1.18 of the Settlement Agreement) include all claims that were or could have been asserted for underpayment of royalties on gas and gas constituents in connection with this Class Lawsuit. Lime Rock continues to deny all of the allegations of liability and damages and has asserted various defenses to the Class Representative’s Claims and to the certification of the Class. If the Settlement is approved, the Class Lawsuit will be dismissed with prejudice.

By giving this Notice, the Court is not expressing any opinion regarding the merits of either the Class Representative’s claims or Lime Rock’s defenses. Nothing contained in this Notice should be construed as suggesting the Court’s view as to which side might prevail should this matter proceed to class certification and trial on the merits.

II. CLASS CERTIFICATION

The Court has entered two orders: (1) Order Preliminarily Approving Class Settlement; and (2) Order on Class Certification for Settlement Purposes. Both Orders are available on the website for this Settlement.

In the Orders, the Court defined the Settlement Class as described above and designated Shelly Nash Fitzgerald, as Trustee of the Nash Family Mineral Trust UTA dated October 27, 1992 as the Class Representative of the Settlement Class and appointed as Settlement Class Counsel:

REX A. SHARP OBA No. 011990
Barbara C. Frankland OBA No. 33102
Ryan C. Hudson OBA No. 33104
Rex. A. Sharp, P.A
5301 W. 75th Street
Prairie Village, KS 66208

BRYAN L. WRIGHT OBA No. 9903
Wright & Dale
P. O. Box 591
Guymon, OK 73942

III. THE PROPOSED CLASS SETTLEMENT

After a thorough analysis of all claims and defenses by Class Counsel and experts and extensive settlement negotiations spanning several months, the Class Representative on behalf of itself and the Settlement Class, Settlement Class Counsel, and Lime Rock have agreed to settle the Released Claims, subject only to Lime Rock's limited right to terminate the Settlement Agreement and final approval by the Court. The Court has preliminarily approved the Settlement for the purpose of giving this Notice and setting a Settlement Fairness Hearing.

The basic terms of the Settlement Agreement between the Settlement Class and Lime Rock are as follows:

1. Lime Rock, as that term is defined in the Settlement Agreement, will pay the sum of \$1,700,000.00 (subject to adjustments set forth in the Settlement Agreement) to the Settlement Class as a full, complete, and final settlement of all Released Claims as to all Released Parties during the Released Period, as those terms are more specifically defined in the Settlement Agreement. In addition, Lime Rock has agreed to stop taking any and all deductions (monetary or in-kind) from royalties for gas produced from Class Wells beginning on January 19, 2019 production and continuing thereafter for as long as Lime Rock (or its affiliate) owns or operates the leases and Class Wells. This benefit averages to an additional estimated \$37,000 per month in royalties being paid to Class Members. Lime Rock shall not be liable to the Settlement Class, the Class Representative, or Settlement Class Counsel for any other costs, expenses or fees.
2. Lime Rock and the Class Representative agree that the Settlement Proceeds, subject to adjustments for opt-outs and exclusions from the Class, shall be for the benefit of the Settlement Class, subject only to the court approved Class Counsel Fees and Expenses and Administration Expenses.

3. When Lime Rock deposits the Settlement Proceeds into the Nash Trust Settlement Account, the Settlement Class and Class Representative shall be deemed to have fully, finally, and forever released, relinquished and discharged Lime Rock and the Released Parties for all Released Claims, again as those terms are defined in the Settlement Agreement.
4. Lime Rock has asserted and continues to assert many defenses to the Class Representative's and Settlement Class' claims and contentions. Lime Rock expressly asserts its defenses have merit and that it has no liability to the Settlement Class or the Class Representative.

IV. DISTRIBUTION OF NET SETTLEMENT AMOUNT TO CLASS MEMBERS

Settlement Class Counsel has requested that the Court (i) award Settlement Class Counsel an attorney's fee in an amount to be determined by the Court but not to exceed forty percent of the Settlement Proceeds; (ii) award the Class Representative a fee in an amount to be determined by the Court but not to exceed two (2) percent of the Settlement Proceeds; and (iii) reimburse Class Counsel from the Settlement Proceeds for all litigation expenses paid by Settlement Class Counsel, including expert and consulting fees and other litigation expenses in amounts to be determined by the Court, and Settlement Administration Expenses advanced before the Settlement is finally approved. If the Court approves this request, said amounts will be deducted from the Settlement Proceeds before the Net Settlement Amount is calculated and Distribution Checks are mailed to the Class Members.

Generally, the allocation of the Net Settlement Amount (as set forth in the "Plan of Allocation") shall be proportionately allocated among Class Members based upon the size of the royalty owner's interest, lease language, and volume of Lime Rock's gas produced from the owner's well from September 1, 2012–December 31, 2018. The Plan of Allocation is subject to Court approval. A draft of that the Plan of Allocation is attached to the Settlement Agreement as Exhibit A.

The distribution to Class Members described above is based on the following assumptions: (a) that very few sales of royalty interests have occurred during the specified time period; (b) that, where sales did occur, the parties intended for the buyer to receive payment for past claims; and (c) that, where royalty interests passed through inheritance, devise or interfamily transfers, it was the intent that the heir, devisee or transferee receive the right to receive payment for claims based on past production. To the extent these assumptions are not correct in relation to particular transfers of interests, the Court will be asked to order that the Class Member who receives payment shall in turn make payment to the proper party.

V. CLASS SETTLEMENT FAIRNESS HEARING

The Settlement Fairness Hearing will be held on April 24, 2019 beginning at 11 a.m., in the District Court for Texas County, Oklahoma, 319 N. Main Street, Guymon, OK 73942-4843.

A CLASS MEMBER WHO DOES NOT OPT OUT DOES NOT NEED TO APPEAR AT THE SETTLEMENT FAIRNESS HEARING OR TAKE ANY OTHER ACTION TO PARTICIPATE IN THE SETTLEMENT.

VI. WHAT ARE YOUR OPTIONS AS A CLASS MEMBER?

A. You Can Participate in the Proposed Class Settlement by Doing Nothing.

By taking no action, your interests will be represented by the Class Representative and Settlement Class Counsel. As a Class Member, you will be bound by the outcome of the Settlement, if finally approved by the Court. The Class Representative and Settlement Class Counsel believe that the Settlement is in the best interest of the Class, and, therefore, they intend to support the proposed Settlement at the Settlement Fairness Hearing.

B. You May Opt Out of the Settlement Class.

If you do not wish to be a member of the Settlement Class, then you may opt out of the Class as set forth in paragraph 10.3 of the Settlement Agreement and summarized below. On or before 5:00 p.m. CST on April 1, 2019 your opt-out must be filed with the District Court for Texas County, Oklahoma.

Your opt-out must state the following:

- (a) I do not want to be a member of the Settlement Class in *Shelly Nash Fitzgerald, as Trustee of the Nash Family Mineral Trust UTA dated October 27, 1992 v. Lime Rock Resources II-A, L.P.*, No. CJ-2017-31, pending in the District Court of Texas County, Oklahoma. I understand it will be my responsibility to pursue any claims I may have, if I so desire, on my own and at my expense;
- (b) My Lime Rock royalty identification number is #_____. I own royalty interest in the following Class Wells: [identify each Class Well by Well name]; and
- (c) The opt-out member's signature acknowledged by a Notary Public.

C. You May Remain a Member of the Settlement Class but Object to the Proposed Settlement.

You have the right to remain a member of the Settlement Class but still object to the proposed Settlement and any terms thereof under paragraph 10.3 of the Settlement Agreement. To object to the Settlement, on or before 5:00 p.m. CST on April 1, 2019, you must file with the Clerk of the Court for the District Court of Texas County, Oklahoma, 319 N. Main St., Guymon, OK 73942-4843, a written objection that contains the following information:

- (a) A heading referring to *Shelly Nash Fitzgerald, as Trustee of the Nash Family Mineral Trust UTA dated October 27, 1992 v. Lime Rock Resources II-A, L.P.*, No. CJ-2017-31, pending in the District Court of Texas County, Oklahoma;
- (b) A reasonably detailed statement of each objection;
- (c) The objector's current address and telephone number;
- (d) The objector's owner identification number with Lime Rock and the identification by Well name for each Class Well in which objector owns a royalty interest;
- (e) The objector's signature.

Any Class Member who fails to timely file such written statement or fails to provide the required information will be treated as if the objection was not filed at all. Any appeal by a valid and timely objector must comply with the Settlement Agreement.

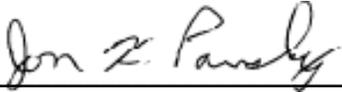
VII. CONDITIONS AND CONSEQUENCES OF NON-APPROVAL

If the Court or an appellate court does not enter an Order approving the Settlement, then the Settlement shall become null and void and the case will proceed as though the Settlement Agreement was never entered into.

VIII. SCOPE OF NOTICE AND ADDITIONAL INFORMATION

This Notice contains only a summary of the Class Lawsuit and the proposed Settlement Agreement. The pleadings and other papers filed in this Action are available in the Office of the Clerk of the Court for the District Court of Texas County, Oklahoma, 319 N. Main St., Guymon, OK 73942-4843. You also may obtain a copy of the Petition and Settlement Agreement, as well as any status updates on this case, from the following website: www.nashtrustlimerock.com.

PLEASE DO NOT CALL OR WRITE THE JUDGE OR THE CLERK ASKING FOR INFORMATION.



JON K. PARSLEY, DISTRICT COURT JUDGE