

DISTRICT COURT, GARFIELD COUNTY, COLORADO

There is a Proposed Stipulation in a class action brought against TEP Rocky Mountain LLC on behalf of certain royalty owners.

You may be able to obtain benefits

A court authorized this notice. This is NOT a solicitation from an attorney.

A Proposed Stipulation (“TEP Stipulation”) has been reached in a class action lawsuit against TEP Rocky Mountain LLC (“TEP”). The lawsuit concerns the alleged breach of the class action settlement agreement approved by the Garfield County District Court in *Lindauer v. Williams Production RMT Co.*, 2006-CV-0317 (the “*Lindauer Settlement Agreement*”).

This Notice is being sent to you because you are a member, or a successor or assignee of a member, of the class of royalty and overriding royalty owners certified by the Garfield County District Court in connection with the *Lindauer Settlement Agreement*. You therefore are eligible to receive monetary benefits from the TEP Stipulation. Please read this Notice carefully.

| A SUMMARY OF YOUR RIGHTS AND CHOICES | |
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| PARTICIPATING IN TEP STIPULATION | To participate in the TEP Stipulation , you do not need to take any action. Applicable Class Members have received or will receive money from the TEP Stipulation as outlined in Section 4 of this Notice. Due Date: <u>Automatic Distribution</u> |
| OBJECT OR COMMENT ON THE PROPOSED TEP STIPULATION | If you are a Class Member, you can object to or comment on the TEP Stipulation on your own or through your attorney. <i>See Section 7 of this Notice.</i> Due Date: <u>Post-marked on or before August 12, 2020</u> |

1. WHY YOU RECEIVED THIS NOTICE.

Records show that you are a member, or a successor or assignee of a member, of the class of royalty and overriding royalty owners certified by the Garfield County District Court in connection with the *Lindauer Settlement Agreement* (the “*Lindauer Settlement Class*”). Records further show that you have received a royalty or overriding royalty payment from TEP on the production of natural gas and associated liquids in June 2019, from which TEP deducted additional processing costs for the production months of January 2015 through December 2015 (the 2019 Processing Adjustment).

This Notice is sent to you to inform you about the proposed stipulation of a dispute between TEP and the *Lindauer Class Representatives and Class Counsel*, which arises from the 2019 Processing Adjustment.

The *Lindauer* Class Representatives and Class Counsel have challenged the 2019 Processing Adjustment as inconsistent with the terms of the *Lindauer* Settlement Agreement.

The *Lindauer* Class Representatives and Class Counsel have negotiated a stipulation of their dispute concerning the 2019 Processing Adjustment (the “TEP Stipulation”). The stipulation has been preliminarily approved by the Court as being fair, reasonable and adequate. As explained below, you will receive, or have previously received, monetary benefits as a result of this stipulation.

This Notice outlines the terms of the TEP Stipulation, how TEP Stipulation monies have been paid or will be paid, and how to comment on or object to the proposed TEP Stipulation. This Notice also explains that the Court will hold a Final Fairness Hearing to decide whether to approve the TEP Stipulation on August 26, 2020, at 10:00 a.m., in Division B of the District Court of Garfield County, Colorado, 109 8th Street, Glenwood Springs, Colorado.

2. WHAT IS A CLASS ACTION?

A class action is a type of lawsuit in which a named Plaintiff brings a suit on behalf of all of the members of a similarly-situated group to recover damages and other relief for the entire group, without the necessity of each member filing an individual lawsuit, incurring expenses or appearing as an individual plaintiff. Class actions are used by the courts when the claims raise issues of law or fact that are common, making it fair to bind all class members to the orders and judgments in the case, without the necessity of multiple lawsuits involving hearing the same claims over and over.

You are receiving this notice because you are a member, or the successor or assignee of a member, of the *Lindauer* Settlement Class, which was certified by the Garfield County District Court in March 2009 and received or are receiving a refund of the 2019 Processing Adjustment.

3. THE DISPUTE.

The Class Representatives, on behalf of themselves and the *Lindauer* Settlement Class, formally challenged TEP’s 2019 Processing Adjustment by demand sent to TEP on April 1, 2020. The Class Representatives sent this demand pursuant to paragraph 5 of the parties’ settlement agreement entered on March 25, 2019. The Class Representatives asserted that, based on their investigation, the 2019 Processing Adjustment exceeded the limit on deductible processing costs set forth in the *Lindauer* Settlement Agreement. The 2019 Processing Adjustment resulted in a total deduction from royalty payments to the Class of approximately \$800,000.

TEP investigated the issues surrounding the 2019 Processing Adjustment and, without admitting to any liability, has agreed to reverse the 2019 Processing Adjustment consistent with the terms of the parties’ agreement.

The Class Representatives and Class Counsel believe that the issues before the Court are complex, and there is at least some uncertainty as to the outcome of any challenge to the 2019 Processing Adjustment. TEP denies any wrongdoing or liability in connection with this enforcement action.

The Class Representatives and Class Counsel have considered both the monetary benefits of the proposed TEP Settlement and the risks of proceeding if the TEP Stipulation was rejected. Class Counsel and the Plaintiffs have concluded that the proposed TEP Stipulation provides members of the *Lindauer* Settlement Class with substantial monetary benefits, resolves disputed issues without prolonged litigation and expense, avoids the delay and expense of likely appeals, eliminates inherent risks of litigation, and is in the best interests of the *Lindauer* Settlement Class. The Class Representatives and Class Counsel have concluded that the proposed TEP Stipulation is fair, reasonable, and adequate.

4. THE STIPULATION.

TEP has agreed to reverse the 2019 Processing Adjustment to the class members from whom additional processing costs were deducted in June 2019 on the following terms:

On or before May 14, 2020, TEP paid the Class a total of 80% of the amount it deducted in the 2019 Processing Adjustment (the "Refund"). The Refund occurred in a special royalty payment check run and was distributed in the same manner as monthly royalties to the Class. The remaining 20% of the 2019 Processing Adjustment will be held by TEP until further order of the Court regarding Litigation Expenses.

Upon processing the Refund, the *Lindauer* Settlement Class members who receive a refund will release TEP from any claims arising from the 2019 Processing Adjustment, and will be barred from bringing any claim against TEP relating to the 2019 Processing Adjustment.

The expenses and attorneys' fees of the Plaintiffs and Class Counsel ("Litigation Expenses"), if approved by the Court, will be awarded from the remaining 20% of the amount TEP deducted in the 2019 Processing Adjustment. Class Counsel is seeking the remaining 20% as its Litigation Expenses. You may receive a copy of Class Counsel's Application regarding Litigation Expenses by contacting Class Counsel as identified in Section 9 of this Notice.

For more detailed information regarding the terms of the TEP Stipulation, please read the parties' Joint Motion filed on May 12, 2020, which you may review online at <http://www.dwmk.com>, or you may obtain a copy of the Joint Motion by contacting Class Counsel as identified in Section 9 of this Notice.

5. THE COURT HAS CONDITIONALLY APPROVED THE STIPULATION.

The Court has provisionally determined that the TEP Stipulation is fair, reasonable and adequate. The Court has made no final determination as to the merits of any claim arising from the 2019 Processing Adjustment, and this Notice and the proposed TEP Stipulation do not imply that TEP is liable for breach of the *Lindauer* Settlement Agreement. Furthermore, if the TEP Stipulation is not finally approved or is withdrawn, the Parties have agreed that the stipulation shall be void or of no effect.

6. PAYMENT TO MEMBERS OF THE SETTLEMENT CLASS.

To receive the benefits of the TEP Stipulation, you do not need to take any action whatsoever. The Class Representatives and Class Counsel will represent your interests as a member of the *Lindauer* Settlement Class. You will not be charged for their services or any expenses other than the payment of Litigation Expenses if approved by the Court. You may enter an appearance in the *Lindauer* action by yourself or through your attorney, at your own expense. You will be bound by the judgment and final disposition of the action, and you should have received a distribution for your share of the refund on or before May 14, 2020. If the TEP Stipulation is approved, you will be barred from bringing any further legal action against TEP, its affiliates, and its predecessors arising from the 2019 Processing Adjustment.

7. RIGHT TO OBJECT TO THE TEP STIPULATION.

You may object to the proposed TEP Stipulation and/or Class Counsel's Application for Litigation Expenses. **All objections shall be in writing and must be filed on or before August 12, 2020**, with the Court at the address of the District Court Clerk as it appears below. Your objection must set forth your full name, current address, and telephone number. In addition, your objection must include **a written statement of the position that you wish to assert**. Your objection also must be mailed to each of the following and postmarked on or before August 12, 2020:

Class Counsel

Nathan A. Keever, #24630
DUFFORD WALDECK
744 Horizon Court, Suite 300
Grand Junction, CO 81506

Counsel for TEP

John F. Shepherd, P.C.
Christopher A. Chrisman
HOLLAND & HART LLP
555 Seventeenth Street, Suite 3200
Denver, CO 80201-8749

You or your attorney may appear at the Final Fairness Hearing, but are not required to do so. **In order to be heard at the Final Fairness Hearing you must file a Notice of Intent to Appear at the Final Fairness Hearing with the Court on or before August 12, 2020.** Any *Lindauer* Settlement Class member who does not file a notice of intent to appear at the Final Fairness Hearing may be prohibited from participating at that Hearing.

8. FINAL FAIRNESS HEARING.

A Final Fairness Hearing will be held on August 26, 2020, at 10:00 a.m. in Division B of the Garfield County District Court, located at 109 8th Street, Glenwood Springs, Colorado. The purpose of the Hearing will be to finally determine whether the proposed TEP Settlement is fair, reasonable, and adequate, and whether a final judgment approving the TEP Stipulation should be entered. The amount of the Litigation Expenses to be paid from the Settlement Amount to Class Counsel will also be considered at the Final Fairness Hearing. The Hearing may be continued or adjourned without further notice to the *Lindauer* Settlement Class.

If the TEP Stipulation is approved, each member of the *Lindauer* Settlement Class will be bound by the TEP Stipulation. Additionally, the respective heirs, executors, administrators, representatives, agents, successors, and assigns of the *Lindauer* Settlement Class members will be deemed bound by the TEP Stipulation as to that member's interests. Likewise, the TEP Stipulation will bind TEP and its successors and assigns.

9. ATTORNEYS FOR THE PARTIES.

Class Counsel

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ANY QUESTIONS CONCERNING THE STIPULATION SHOULD BE DIRECTED TO CLASS COUNSEL.

In any written correspondence with the attorneys or submissions to the Court, it is important that the envelope and any documents inside contain the following case name and identifying number:

Lindauer v. TEP Rocky Mountain LLC f/k/a Williams Production RMT Co.
Civil Action No. 2006-CV-0317

In addition, you must include your full name, address, and telephone number.

10. IF YOU WANT TO INSPECT THE COURT FILE.

The complaints, answers, pleadings, court orders, and other documents, including the TEP Stipulation, are available online at www.dwmk.com. In addition, all pleadings are on file in this case and may be inspected at the following address:

Garfield County District Court
109 8th Street
Glenwood Springs, Colorado

DO NOT WRITE OR TELEPHONE THE CLERK'S OFFICE if you have any questions about this Notice or the TEP Stipulation. Please address any questions regarding this Notice or the proposed TEP Stipulation in writing to Class Counsel, at the address identified in Section 9 of this Notice, or by telephone to Class Counsel, at the telephone number identified in Section 9 of this Notice.

DO NOT CALL THE COURT OR THE COURT CLERK

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