DISTRICT COURT, **GARFIELD COUNTY, COLORADO** 109 8th Street, Suite 104 Glenwood Springs, CO 81601	DATE FILED August 20, 2025 8:46 AM CASE NUMBER: 2025CV30027
Plaintiff: JOLLEY POTTER RANCHES ENERGY CO., LLC v. **Defendant:** TEP ROCKY MOUNTAIN LLC	▲ **COURT USE ONLY** ▲
	Case Number: 2025 CV 30027 Div.: C Ctrm.:

ORDER PRELIMINARILY APPROVING
THE PARTIES' PROPOSED CLASS SETTLEMENT AGREEMENT

This matter comes before the Court on the Joint Motion of Plaintiff Jolley Potter Ranches Energy Co., LLC ("Jolley Potter" or "Plaintiff"), on behalf of itself and a class of royalty owners defined in paragraph 7 below (together, the "Class"), and Defendant TEP Rocky Mountain LLC ("TEP") (collectively, the "Parties") for an order: (1) preliminarily approving the proposed class Settlement Agreement; (2) provisionally determining that the Class meets the requirements for certification of a C.R.C.P. 23(b)(3) class, for settlement purposes; (3) appointing Jolley Potter as the Class Representative; (4) appointing Jolley Potter's attorneys as Class Counsel; (5) approving the proposed Notice to be mailed to the Class members; (6) establishing the deadline and manner for the Class members' submission of any elections to opt out of the Class; (7) establishing the deadline and manner for the Class members to submit objections to the proposed Settlement Agreement and to Class Counsel's request for attorneys' fees and litigation expenses; (8) establishing the deadline for the Parties' submission of motions in support of final approval of the Settlement Agreement and Class Counsel's request for an award of attorneys' fees and litigation expenses; and (9) setting a hearing date to consider the motions for final approval of the proposed Settlement Agreement, and Class Counsel's attorneys' fees and litigation expenses.

The Court, having reviewed and considered the Parties' Joint Motion, the proposed class Settlement Agreement, the proposed Notice, pertinent portions of the entire record in this litigation to date, and after hearing the arguments of the Parties' attorneys at the hearing to consider the Joint Motion, finds as follows:

1. On March 5, 2025, Plaintiff filed its Complaint against TEP in the District Court of Garfield County, Colorado. Plaintiff, on behalf of itself and a putative class of similarly situated royalty owners, alleges TEP underpaid royalties when calculating royalties paid on the production and sale of natural gas from wells located in Garfield and Rio Blanco Counties, Colorado from January 2021 through December 2024. TEP has denied that Plaintiff and the putative class are entitled to relief on the claims asserted in the Complaint.

2. Jolley Potter previously sued TEP on February 19, 2019, in the United States District Court for the District of Colorado in a case styled *Jolley Potter Ranches Energy Co., LLC v. TEP Rocky Mountain LLC*, Case No. 19-cv-00495 (the "*Jolley Potter* Federal Action"). In the *Jolley Potter* Federal Action, Jolley Potter, on behalf of itself and a class of similarly situated royalty owners, alleged TEP underpaid royalties on the production and sale of natural gas and liquid hydrocarbons from August 2011 through December 2020. The Court in the *Jolley Potter* Federal Action certified Jolley Potter's claims as a class action pursuant to Fed. R. Civ. P. 23(b)(3).

3. Also on February 19, 2019, Jolley Potter sued TEP in the District Court of Garfield County, Colorado, in a case styled *Jolley Potter Ranches Energy Co., LLC v. TEP Rocky Mountain LLC*, Case No. 2019-CV-30036 (the "*Jolley Potter* 2019 State Action"). In the *Jolley Potter* 2019

State Action, Jolley Potter, on behalf of itself and a class of similarly situated royalty owners, alleged TEP underpaid royalties by deducting certain gathering costs when calculating royalties paid on the production and sale of natural gas and liquid hydrocarbons from February 2013 through December 2021. By stipulation of the parties, the Court in the *Jolley Potter* 2019 State Action certified Jolley Potter's claims as a class action pursuant to C.R.C.P. 23(b)(3).

4. In 2025, the Parties resolved both the *Jolley Potter* Federal Action and the *Jolley Potter* 2019 State Action on a class-wide basis after six years of litigation wherein they exchanged extensive discovery, retained multiple experts, conducted more than a dozen depositions, and engaged in an extensive settlement negotiation process, including a formal mediation.

5. On April 9, 2025, TEP filed an unopposed motion requesting that the Court extend its deadline to respond to the Complaint pending settlement negotiations. After the exchange of additional detailed accounting data concerning the calculation and payment of royalties on the production and sale of natural gas between January 2021 and December 2024, in addition to the data previously exchanged and work completed in the *Jolley Potter* Federal Action and the *Jolley Potter* State Action, the Parties have reached a class settlement on the terms set forth in the Settlement Agreement, attached as Exhibit 1 to the Joint Motion.

6. The definitions set forth in the Settlement Agreement are incorporated by reference. The Settlement Agreement resolves the claims of the Class against TEP for natural gas royalty underpayments from January 1, 2021, through December 31, 2024, as defined in paragraph 7(b) of the Settlement Agreement.

7. The Settlement Agreement defines the Class as follows:

> All royalty owners under oil and gas leases (and their successors and assigns) who received royalty payments for one or more production

months during the period January 1, 2021 through December 31, 2024 (the "Class Period") from non-federal oil and gas leases in Garfield and Rio Blanco Counties, Colorado, which, as of December 31, 2020, were owned in whole or part by TEP Rocky Mountain LLC, and whose production was gathered on the Grand Valley Gathering System, except for the following:

(1) TEP, WPX Energy Rocky Mountain, LLC, Williams Production RMT Company, LLC, Williams Production RMT Company, and any of their predecessors, successors, or affiliates;

(2) NYSE or NASDAQ listed entities (together with their subsidiaries and affiliates) engaged in oil and gas exploration and production;

(3) any person or entity to the extent that their interest is derived from the following leases: (A) that certain Oil and Gas Lease, dated July 20, 2005, with Mary Anne Bosely, et al, as lessors, whose memorandum is recorded at Reception No. 680846 in the records of the Clerk and Recorder of Garfield County, Colorado; (B) that certain Oil and Gas Lease, dated May 9, 2006, with Jonathon H. Wellendorf et ux, as lessors, whose memorandum is recorded at Reception No. 697889 in such records; (C) that certain Oil and Gas Lease, dated April 14, 2002, with Theo Ertl, as Trustee for the Jann Ertl Trust, under Trust dated January 25, 1964, as lessor, whose lease is recorded at Reception No. 610354 in such records; (D) that certain Memorandum of Oil and Gas Lease, dated November 1, 2011, with The Ranch at Parachute, LLC, as lessor, which is recorded at Reception No. 811051 in such records; (E) that certain Oil and Gas Lease, dated June 7, 2006, with Pavillion Land Development, LLC, as lessor, whose lease is recorded at Reception No. 701520 in such records; (F) that certain Oil and Gas Lease, dated April 27 1998, with NationsBank of Texas, N.A., Agent for the First Church of Christ, Scientist Agency #1221900 as lessor, whose lease is recorded at Reception No. 531029 in such records; and (G) that certain Oil and Gas Lease, dated December 5, 1997, with Colorado National Bank as Trustee of the Ann F. Dickerson Irrev. T/A Family Trust as lessor, whose lease is recorded at Reception No. 517758 in such records; and

(4) Caerus Operating LLC, Caerus Piceance LLC, Grand Valley Minerals LLC, QB Energy Operating, LLC, and any of their predecessors, successors, or affiliates.

8. The Court provisionally determines that each of the requirements for certification of the C.R.C.P. 23(b)(3) Class is satisfied, as set forth below.

9. Because there are approximately 1,600 members of the defined settlement Class, the numerosity requirement of C.R.C.P. 23(a)(1) is satisfied for settlement purposes.

10. Because there is at least one question of law and fact common to the claims of the Class members, the commonality requirement of C.R.C.P. 23(a)(2) is satisfied for settlement purposes.

11. Because the claims of the named Plaintiff are typical of the claims of the other members in the Class, the typicality requirement of C.R.C.P. 23(a)(3) is satisfied for settlement purposes.

12. Because Plaintiff, acting as the Class Representative, and Class Counsel have vigorously prosecuted this litigation on behalf of the Class, because the Class Representative and Class Counsel do not have any conflicts of interest with the other members of the Class, and because Class Counsel has had extensive experience in litigating class-action royalty underpayment cases, the adequacy-of-representation requirement of C.R.C.P. 23(a)(4) is satisfied for settlement purposes.

13. Common questions of law and fact predominate over individual questions related to the Class members' claims against TEP.

14. A class action is superior to other available methods for fairly and efficiently adjudicating the Class members' claims against TEP. The Court makes no finding whether this case, if litigated as a class action, would present intractable case management problems because

the evaluation of the manageability factor is unnecessary when certification is sought only for settlement purposes.

15. Accordingly, the Court finds that the proposed Class may be provisionally certified, for settlement purposes only, under C.R.C.P. 23(a) and (b)(3) as an opt-out class.

16. The Court also finds that, upon preliminary review, the Settlement Agreement between the Class and TEP appears to be fair, reasonable, and adequate.

17. In determining that the proposed Settlement Agreement appears to be fair, reasonable and adequate, the Court has considered the following: (a) the proposed Settlement Agreement has been fairly and honestly negotiated; (b) serious questions of law and fact exist which put the ultimate outcome of a trial on the merits in doubt; (c) the proposed Settlement Amount outweighs the possibility of future relief by continuing this protracted, complex and expensive litigation; and (d) the Parties and their attorneys, who have extensive experience in class-action royalty underpayment litigation, believe that the Settlement Agreement is fair and adequate, and are requesting that the Settlement Agreement be preliminarily approved.

18. The Parties have entered into the Settlement Agreement after conducting extensive discovery and fact gathering, and with full knowledge of the relevant factual and legal issues. The Settlement Agreement is the product of non-collusive, arm's-length bargaining between the Parties and their Counsel.

19. If the Settlement Agreement is finally approved, the Class will benefit from the Settlement Agreement because TEP has agreed to pay $6,140,607.00 to settle the Class members' claims in this litigation.

20. The benefits provided to the Class under the terms of the Settlement Agreement provide a reasonable resolution of the claims of the Class, considering the risk of litigation, likelihood of protracted and expensive litigation in the absence of the Settlement Agreement, and the Parties' various claims and defenses.

21. TEP also benefits from the Settlement Agreement through the avoidance of protracted and expensive litigation, the elimination of risk of an adverse judgment, the final resolution of disputes with the Class members, and the promotion of a mutually productive business relationship with the Class members.

22. The proposed form of Notice of the Settlement Agreement to be mailed to the members of the Class, which is attached to the Settlement Agreement as Exhibit C, and attached to the Joint Motion as Exhibit 2, adequately informs the Class members of the following: (1) the nature of this class-action lawsuit; (2) the definition of the proposed Class; (3) the nature of Class members' claims, the issues, and TEP's denial of the Class members' claims; (4) that the Court will exclude from the Class any member who requests exclusion; (5) the deadline and manner for requesting exclusion; (6) a description of the terms of the Settlement Agreement, including posting of the Settlement Agreement, the preliminary distribution schedule and other information on Class Counsel's website and the Class members' right to obtain a copy of the Settlement Agreement from Class Counsel; (7) Class Counsel's request for reimbursement of expenses and for one-third of the Settlement Amount as attorneys' fees; (8) the right of any Class member to object to the proposed Settlement Agreement, or Class Counsel's request for reimbursement of expenses and for attorneys' fees, and the deadline for any such objections; (9) the Class members' right to appear at the fairness hearing and the deadline for any such notices of intent to appear; (10) the binding

effect of the Settlement Agreement on Class members who do not elect to be excluded from the Class; and (11) the date and time set for the fairness hearing.

ORDER

In light of the Court's findings and conclusions, and pending further consideration at a final fairness hearing, IT IS HEREBY ORDERED THAT:

23. The Settlement Agreement is preliminarily approved as being fair, adequate, and reasonable.

24. The named Plaintiff is appointed as the Class Representative.

25. Plaintiff's counsel, Nathan A. Keever and G.R. Miller, are appointed as Class Counsel.

26. The Court provisionally determines that each of the requirements for certification of a C.R.C.P. 23(b)(3) settlement class is satisfied.

27. TEP has deposited the settlement payment of $6,140,607.00 into the Escrow Account established pursuant to the Escrow Agreement, as provided for in paragraph 3(a) of the Settlement Agreement, and subject to the conditions set forth in the Settlement Agreement.

28. The Court approves the form and content of the Notice attached to the Settlement Agreement as Exhibit C, and attached to the Joint Motion as Exhibit 2.

29. Class Counsel shall be responsible for mailing the Notice, by First-Class United States Mail, to the Class members within fourteen (14) days after the date of this Order preliminarily approving the Settlement Agreement.

30. Any member of the Class who wishes to request exclusion (to opt out) from the Class must submit a written opt-out election, which must be postmarked on or before the date

which is thirty (30) days after the postmark date on which Class Counsel mails the Notice to the proposed Class members by First-Class United States Mail, which date must be specified in the Notice. In accordance with the procedures set forth in the Notice, any such opt-out election must be in writing and must be mailed to Class Counsel at the address provided in the Notice. If a Class member submits an opt-out election and later desires to revoke their election, the Class member must mail a written signed statement that they request to revoke their election to Class Counsel.

31. On or before the date which is twenty-one (21) days before the scheduled date for the final fairness hearing, the Parties shall file motions in support of final approval of the Settlement Agreement, and Class Counsel shall file their request for attorneys' fees and expense reimbursements.

32. Any member of the Class who wishes to make objections to, or comment on, the proposed Settlement Agreement, or Class Counsel's request for attorneys' fees and expense reimbursements, shall postmark and mail such objections or comments on or before the date which is fourteen (14) days before the scheduled date for the final fairness hearing. In accordance with the procedures set forth in the Mailed Notice, any such objections or comments must be mailed to Class Counsel, TEP's counsel, and the Court.

33. Any Class member who wishes to appear and be heard at the final approval hearing must file a notice of such intention with the Court at least seven (7) days before the scheduled date for the final fairness hearing.

34. At least seven (7) days before the scheduled date for the final fairness hearing, Class Counsel and TEP may file a response to any Class member's objections or comments. A copy of

such response shall be mailed to all Class members who have submitted timely objections or comments.

35. The Court will conduct a hearing to consider final approval of the proposed Class Settlement, Class Counsel's request for attorneys' fees and expense reimbursements, beginning at 10:00 a.m., on December 5,, 2025, in Courtroom TBD of this Court, such date being no earlier than 90 days following the date of this Order.

36. All pending response and case deadlines in this action are stayed until further order of this Court.

IT IS SO ORDERED.

Dated this 20th day of August, 2025.

BY THE COURT:

ELISE VICTORIA MYER
DISTRICT COURT JUDGE

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