

DISTRICT COURT, GARFIELD COUNTY, COLORADO

There is a Proposed Settlement 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 Settlement (“TEP Settlement”) 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 Settlement. Please read this Notice carefully.

A SUMMARY OF YOUR RIGHTS AND CHOICES	
REMAIN A TEP SETTLEMENT CLASS MEMBER	To remain a member of the TEP Settlement Class, you do not need to take any action. TEP Settlement Class Members will receive money from the TEP Settlement as outlined in Section 4 of this Notice. Due Date: <u>Automatic Distribution</u>
OBJECT OR COMMENT ON THE PROPOSED TEP SETTLEMENT	If you are a Class Member, you can object to or comment on the TEP Settlement on your own or through your attorney. <i>See</i> Section 8 of this Notice. Due Date: <u>Post-marked on or before June 7, 2019</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 produced since July 2016.

This Notice is sent to you to inform you about the proposed settlement of an enforcement action brought against TEP by the *Lindauer Class Representatives and Class Counsel* (the “*Enforcement Action*”). The *Lindauer Class Representatives and Class Counsel* initiated the *Enforcement Action* in September 2018, alleging that TEP calculated

royalties and overriding royalties since July 2016 in a manner inconsistent with the terms of the *Lindauer* Settlement Agreement.

The *Lindauer* Class Representatives and Class Counsel have negotiated a settlement of the Enforcement Action with TEP. The settlement has been preliminarily approved by the Court as being fair, reasonable and adequate. As explained below, you will be entitled to monetary benefits under this TEP Settlement if the TEP Settlement is finally approved by the Court.

This Notice outlines the terms of the TEP Settlement, how TEP Settlement monies will be paid, and how to comment on or object to the proposed TEP Settlement. This Notice also explains that the Court will hold a Final Fairness Hearing to decide whether to approve the TEP Settlement on June 21, 2019, at 3:30 p.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.

3. THE LAWSUIT AND RELATED PENDING LITIGATION.

The Class Representatives, on behalf of themselves and the *Lindauer* Settlement Class, filed a Motion to Enforce the *Lindauer* Settlement Agreement in the Garfield County District Court on September 14, 2018. The Class Representatives alleged that, since July 2016, TEP calculated royalties and overriding royalties by improperly deducting gathering, fuel and excess processing costs in breach of the *Lindauer* Settlement Agreement. The Enforcement Action was filed before the Honorable Denise K. Lynch, District Court Judge of the Garfield County District Court, which maintained continuing jurisdiction to enforce the terms of the *Lindauer* Settlement Agreement.

The Class Representatives also sought dismissal, on jurisdictional grounds, of a separate case alleging breach of the *Lindauer* Settlement which is styled *Elna Sefcovic, LLC, et al. v. TEP Rocky Mountain LLC*, Case No. 17-cv-01990-MSH, pending in the United States District Court for the District of Colorado (the “Sefcovic Case”). The settlement in the Sefcovic Case has been approved by the federal district court, and the *Lindauer* Class Representatives have appealed such approval. In addition, *Lindauer* Category 2&3 Class Members have appealed the approval of the Sefcovic Settlement.

Since filing the Enforcement Action, Class Counsel have reviewed and analyzed information and documents regarding TEP’s calculation of royalties paid to the members of the *Lindauer* Settlement Class. The Parties also have engaged in negotiations to resolve the claims alleged on behalf of the *Lindauer* Settlement Class. The TEP Settlement described in this Notice is the result of those negotiations.

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 the Enforcement Action. TEP denies any wrongdoing or liability in connection with the 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 Settlement was rejected. Class Counsel and the Plaintiffs have concluded that the proposed TEP Settlement 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 Settlement is fair, reasonable, and adequate.

4. THE SETTLEMENT.

The Firm Settlement: TEP has agreed to pay the sum of \$3,082,283.73 in order to settle the Enforcement Action (the “Firm Settlement Amount”) with those Lindauer Class Members who were not included in or who opted-out of the Sefcovic Case. The portion of the Firm Settlement Amount that will be available for distribution to each member of the *Lindauer* Settlement Class will be determined by each member’s proportionate share of the total Firm Settlement Amount allocated to in accordance with paragraph 3 of the TEP Settlement, which identifies the proportion of gathering, fuel and processing costs deducted by TEP during the production months of July, 2016 through September, 2018 from each Lindauer Royalty Instrument Category. The Court has preliminarily approved the TEP Settlement as fair, reasonable, and adequate.

The Contingent Settlement: In addition, TEP has agreed to a contingent settlement agreement that resolves claims asserted by Lindauer Class Members who are members of the proposed settlement class in the Sefcovic Case but only in the event that the proposed Sefcovic Settlement is disapproved or terminated. In such event, TEP has agreed to pay the sum of \$7,734,149.62 (the same amount as the Sefcovic Settlement) in order to settle the Enforcement Action (the “Contingent Settlement Amount”) with those Lindauer Class Members who are also members of the putative Sefcovic Class. The portion of the Contingent Settlement Amount that will be available for distribution to each member of the *Lindauer* Settlement Class will be determined by each member’s proportionate share of the total Contingent Settlement Amount allocated to in accordance with paragraph 4 of the TEP Settlement. This Contingent Settlement is ineffective unless the proposed *Sefcovic* settlement agreement is disapproved or terminated, as described in the TEP Settlement.

In order to distribute funds to royalty owners as soon as possible, the TEP Settlement provides at ¶4.b. that TEP may elect to distribute the Sefcovic Settlement Amount to its royalty owners, and that if such distribution is made that the distribution will be credited against Contingent Settlement Amounts due to each royalty owner, if any.

The expenses and attorneys’ fees of the Plaintiffs and Class Counsel (“Litigation Expenses”), as approved by the Court, will be subtracted from the Settlement Amount to determine the amount available for distribution to the members of the TEP Settlement Class. Class Counsel will request that the Court award its costs and administrative expenses, as well as attorneys’ fees equal to 25% of the Settlement Amount. The Contingent Settlement Amount shall be burdened by Litigation Expenses only if the proposed Sefcovic Settlement Agreement is disapproved or terminated. You may receive a copy of Class Counsel’s Application regarding Litigation Expenses by contacting Class Counsel as identified in Section 10 of this Notice.

Upon final Court approval, all members of the TEP Settlement Class will receive the monetary benefits of the TEP Settlement and will be bound by the resulting Order in the Enforcement Action, barring them from bringing any claim against TEP related to royalty calculations that are covered by the TEP Settlement (“Actually Settled Claims” defined in ¶9 of the TEP Settlement). For more detailed information regarding the terms of the TEP Settlement, please read the TEP Settlement, which you may review online at <http://www.dwmk.com>, or you may obtain a copy of the TEP Settlement Agreement by contacting Class Counsel as identified in Section 10 of this Notice. In addition, the Preliminary Distribution Schedule will be posted on the website on or before approximately 40 days prior to the Fairness Hearing. Individual distributions will be referenced by TEP owner number which is set out on your monthly check stub.

5. FUTURE ENFORCEMENT OF THE LINDAUER SETTLEMENT AND TEP SETTLEMENT.

The District Court in and for Garfield County Colorado will retain continuing and exclusive jurisdiction to administer, implement and enforce the TEP Settlement. Any future dispute concerning the Lindauer Settlement will

be decided in the Garfield County District Court, unless such dispute concerns the administration, implementation, or enforcement of the Sefcovic Settlement.

Paragraph 5 of the TEP Settlement provides that any Lindauer Class Member seeking to enforce the Lindauer Settlement or the TEP Settlement shall first provide written notice to TEP specifying the alleged breach, and TEP shall then have thirty (30) days to cure the alleged breach. TEP will also timely provide each such notice to Lindauer Class Counsel.

6. THE COURT HAS CONDITIONALLY APPROVED THE SETTLEMENT.

The Court has provisionally determined that the TEP Settlement is fair, reasonable and adequate. The Court has made no final determination as to the merits of the Enforcement Action, and this Notice and the proposed TEP Settlement do not imply that TEP is liable to the *Lindauer* Settlement Agreement. Furthermore, if the TEP Settlement is not finally approved or is withdrawn, the Parties have agreed that the settlement shall be void or of no effect. In any such event, the Enforcement Action would proceed.

7. REMAINING A MEMBER OF THE SETTLEMENT CLASS.

To receive the benefits of the TEP Settlement, 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 from the Settlement Fund that are approved by the Court. You may enter an appearance in the Enforcement Action by yourself or through your attorney, at your own expense. You will be bound by the judgment and final disposition of the Enforcement Action, and you should receive a distribution check for your share of the Settlement Amount approximately 14 days after the Effective Date specified in the TEP Settlement. If the TEP Settlement is approved, you will be barred from bringing any further legal action against TEP, its affiliates, and its predecessors.

Should you remain in the TEP Settlement Class, and the TEP Settlement is approved, you will:

- 1) Receive your allocated share of the Settlement Amount.
- 2) Release all Actually Settled Claims, as described in the TEP Settlement at ¶9 (limited to those gathering, fuel and excess processing costs due pursuant to Sections 4.1 and 4.4 of the Lindauer Settlement for which each Lindauer Royalty Instrument Category is actually compensated in the TEP Settlement).

Actually Settled Claims shall not include the claims addressed in the Contingent Settlement unless the Sefcovic Settlement is disallowed or terminated and distribution of the Contingent Settlement Amount is made by TEP hereunder.

8. RIGHT TO OBJECT TO THE TEP SETTLEMENT.

You may object to the proposed TEP Settlement and/or Class Counsel's Application for Litigation Expenses. **All objections shall be in writing and must be filed on or before June 7, 2019**, 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 June 7, 2019:

Class Counsel

Nathan A. Keever, #24630
DUFFORD, WALDECK, MILBURN
& KROHN, L.L.P.
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 June 7, 2019.** 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.

9. FINAL FAIRNESS HEARING.

A Final Fairness Hearing will be held on June 21, 2019, at 3:30 p.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 Settlement 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 Settlement is approved, each member of the *Lindauer* Settlement Class will be bound by the TEP Settlement. Additionally, the respective heirs, executors, administrators, representatives, agents, successors, and assigns of the *Lindauer* Settlement Class members will be deemed bound by the TEP Settlement as to that member's interests. Likewise, the TEP Settlement will bind TEP and its successors and assigns.

10. ATTORNEYS FOR THE PARTIES.

Class Counsel

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ANY QUESTIONS CONCERNING THE SETTLEMENT 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.

11. IF YOU WANT TO INSPECT THE COURT FILE.

The complaints, answers, pleadings, court orders, and other documents, including the TEP Settlement Agreement, 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 Settlement. Please address any questions regarding this Notice or the proposed TEP Settlement in writing to Class Counsel, at the address identified in Section 10 of this Notice, or by telephone to Class Counsel, at the telephone number identified in Section 10 of this Notice.

DO NOT CALL THE COURT OR THE COURT CLERK