

STATE OF NEW MEXICO
COUNTY OF SANTA FE
FIRST JUDICIAL DISTRICT COURT

PHILLIS IDEAL, JOSE E. AND CLARA E. GOMEZ
LIVING TRUST and J. FIDEL CANDELARIA,

Plaintiffs,

Case No. D-0101-CV-2003-02309

vs.

BURLINGTON RESOURCES OIL & GAS COMPANY LP, SUCCESSOR IN
INTEREST TO BURLINGTON RESOURCES OIL AND GAS COMPANY,

Defendant.

TO: All individuals and entities owning or having owned at any point during the Class Period any royalty and overriding interests that burden Defendant's working interests in the units, leases, and wells that at any point during the Class Period produced or now produce coal seam or coalbed methane gas from formations underlying New Mexico lands in the San Juan Basin except for those individuals who elected to opt out of the Class pursuant to the February 28, 2014 notice that was sent to prospective class members pursuant to the order of the First Judicial District Court.

If you elected to opt out of the class after receiving the February 28, 2014 notice, you have no right to participate in or object to this proposed settlement.

If you are a Prior Owner of a Subject Royalty Interest now held by Current Owner during the Class Period but you are not a current owner of the Subject Royalty Interest you will be afforded a reasonable opportunity to make a claim for distribution of settlement funds attributable to the time you were an owner, even if the Current Owner of your previously held royalty or overriding royalty interest opted-out of the Class.

ADDITIONAL NOTICE OF CLASS ACTION AND PROPOSED SETTLEMENT

DATED: September 17, 2014

PLEASE READ THIS ENTIRE NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY A LAWSUIT PENDING IN THIS COURT.

A NEW MEXICO COURT AUTHORIZED THIS NOTICE. IT IS NOT A SOLICITATION FROM A LAWYER.

I. THE PURPOSE OF THIS ADDITIONAL NOTICE OF CLASS ACTION

The purpose of this Notice is to inform you of a proposed settlement of the claims against Burlington Resources Oil & Gas Company LP, a wholly owned subsidiary of ConocoPhillips Company, and as successor in interest to Burlington Resources Oil and Gas Company (collectively referred to hereinafter as either "Burlington" or "Defendant") and your rights to share in the possible settlement recovery proposed in this lawsuit.

On February 28, 2014, a Class Notice was mailed to potential members of the Class explaining that the Court had certified this case as a class action. That notice explained that each potential member of the Class could remain a member of the Class or could request to be excluded from the Class ("opt out"). Members of the Class who received the Class Notice mailed on February 28, 2014 and who **did not** request to opt out are "Class Members".

Subject to court approval, the Class and the Defendant have agreed to enter into a Settlement Agreement that will settle all claims and allegations the Class has asserted against the Defendant, with the exception of the "Reserved Claims".

The Defendant does not admit any wrongdoing or liability on its part. The settlement is a compromise of disputed claims and allegations. The settlement does not mean that the Defendant is responsible or liable for the claims the Class has asserted.

This Additional Notice of Class Action and Proposed Settlement advises you of your rights and options with regard to the settlement.

II. BASIC TERMS OF THE SETTLEMENT

The Class Representatives, Class Counsel and Defendant have now agreed to a proposed settlement of the class action.

Consideration

Subject to Final Approval after the Final Approval of Settlement Hearing (see below), the Class and the Defendants have agreed to settle the Class's claims against the Defendant, excluding the Reserved Claims (see below), for the payment of \$85,000,000.00 (the "Settlement Funds"). Each Current Owner and certain Prior Owners of the Class Members' royalties and overriding royalties for CBM from the Fruitland formation in the San Juan Basin during the Class Period who did not opt out of the Class and whose portion of the Net Settlement Amount as calculated herein is equal to ten dollars or more is eligible to receive a distribution from the Settlement Funds. As used herein, "Final Approval" means the entry by the First Judicial District Court of a final order signifying approval of Settlement Agreement, and either (i) the exhaustion of any time for a member of the Class who has properly and timely objected to the settlement to appeal the approval, with no appeal being filed, or (ii) the completion of any appeals filed by members of the Class which appeals have been resolved in favor of approval of the Settlement Agreement.

Allocation for the Settlement Funds

The Court must approve a Plan of Allocation for the Settlement Funds. However, under the Plan submitted by Class Counsel, after the deduction of court-approved costs, attorneys' fees, expenses, taxes, and incentive payments to the class representatives (the "Class Representatives"), Class Counsel propose to allocate the Net Settlement Funds as follows:

The following definitions apply to the Plan of Allocation:

- a. "CBM" means coal seam or coalbed methane gas produced from the Fruitland formation in the San Juan Basin in New Mexico. "CBM" shall not be construed to include natural gas produced from the Fruitland Sands formation.
- b. "Current Owner" means a Class Member who, according to Burlington's accounting records, owned the Subject Royalty Interest as of June 1, 2014. In the case of wells that have been plugged and abandoned during the Class Period, however, the royalty paydeck applicable to the final month of gas production from that well, subject to fair inquiry and correction, shall be used to identify the Current Owner. The "Class Period" means the period from July 1, 1996 to the date of Preliminary Approval.
- c. "Eligible Class Member" means any Current Owner or Prior Owner who is entitled to receive a payment from the Net Settlement Amount under the Plan of Allocation. As described further below, the Plan of Allocation assumes that any payment will be made only to the Current Owner of a Class Member's royalties and overriding royalties for CBM from the Fruitland formation in the San Juan Basin during the Class Period who did not opt out of the Class absent a determination that a Prior Owner is entitled to a portion of such payment.
- d. "Net Settlement Amount" means the amount remaining of the Settlement Amount after deduction of any court-approved costs of the settlement notice, claims administration, Class Representatives' incentive awards, Class Counsel's attorneys' fees (as approved by the First Judicial District Court) and reimbursement of Class Counsel of all actual expenses of this litigation (as approved by the First Judicial District Court), any other Court-approved costs and expenses of Plaintiffs and Class Counsel, expenses of settlement administration, and all applicable taxes, if any, assessable on the Settlement Amount or any portion thereof.
- e. "Prior Owner" means a Class Member who owned the Subject Royalty Interest prior to the Current Owner during the Class Period but who is not a Current Owner of the Subject Royalty Interest.
- f. "Section 29 entities" means ASHDLA LLC, St. John Institutional Investors Limited Partnership, Final Four, LLC, Koch Exploration Co., CBP San Juan Ltd., BHP San Juan Ltd. and Hart Canyon LLP. Burlington at times during the Class Period acted as the operator of certain properties on behalf of the Section 29 entities, and Burlington calculated royalty payments on CBM gas produced in the San Juan Basin, New Mexico on behalf of the Section 29 entities.
- g. "Settlement Amount" means the sum of \$85,000,000 to be paid by or on behalf of Burlington to the Plaintiffs, as contemplated under the parties' Settlement Agreement. The Settlement Amount includes the full and complete cost of the settlement notice, claims administration, Class Members' compensation, Class Representative's incentive awards, Class Counsel's attorneys' fees (as approved by the First Judicial District Court) and reimbursement of Class Counsel of all actual expenses of this litigation (as approved by the First Judicial District Court), any other Court-approved costs and expenses of Plaintiffs and Class Counsel, expenses of settlement administration, and all applicable taxes, if any, assessable on the Settlement Amount or any portion thereof.
- h. "Subject Royalty Interests" means royalty and overriding royalty interests of the Class Members for CBM produced from the Fruitland formation in the San Juan Basin in New Mexico during the Class Period.
- i. "Subject Royalty Obligations" means those leases, assignments or other instruments of the Class Members containing the terms of the Royalty Interests that burden oil and gas leases held by Burlington or the Section 29 entities in the San Juan Basin in New Mexico that produce CBM, including without limitation, any obligations whether express or implied relating to the calculation, disclosure, payment or remittance of royalties.

Classification and allocation of Net Settlement Amount among Eligible Class Members

In structuring the Plan of Allocation, Class Counsel have taken into account that the facts underlying the Class's claims have had different economic consequences for different Eligible Class Members. The Plan of Allocation takes into account the assessment of Class Counsel that the relative merits and aggregate value of the Class Claims are common but not identical. In terms of both applicable legal principles and relevant factual circumstances, the strengths and weaknesses of the Same-as-Fed Claims as described below differ from those of the non-Same-As-Fed claims. In addition, the Class's claims involve different ranges of possible recoveries:

- a. Certain Eligible Class Members possess overriding royalty interests subject to assignments containing express provisions stating that payments shall be made on the same basis as royalties are calculated and paid to the United States of America. Those royalty interests are referred to herein as "Same-as-Fed" or "Same-as-Fed Claims." The Eligible Class Members possessing Same-as-Fed Claims are referred to herein as "Same-as-Fed Eligible Class Members." Same-as-Fed Eligible Class Members are those Class Members identified by Burlington in 2008 as having Same-as-Fed royalty interests. The Settlement Administrator, Class Counsel and Ms. Ley may reasonably rely and have relied on Burlington's prior identification of the Class Members possessing Same-as-Fed royalty interests. Because other litigation and regulations have clarified what deductions may be taken by producers subject to the methods of calculating and paying the United States of America, Class Counsel believe the Same-as-Fed Eligible Class Members do not face the same uncertainty of outcome should this litigation have proceeded concerning the marketable condition rule as non-Same-as-Fed Eligible Class Members. *See e.g., Amoco Production Co. v. Watson*, 410 F.3d 722 (D.C. Cir. 2005).
- b. For those Eligible Class Members who possess royalty or overriding royalty interests which are not Same-as-Fed, those Eligible Class Members may have faced greater uncertainty of the outcome should this litigation have proceeded concerning the applicability of the marketable condition rule, as well as certain disputed issues of fact which the jury is required to decide.

Allocation of the Net Settlement Fund between the categories of Eligible Class Members

The Net Settlement Fund will be allocated across two categories of Eligible Class Members. The Net Settlement Amount shall be allocated between the Same-as-Fed Eligible Class Members and all other Eligible Class Members based on their respective interests in Same-as-Fed and non-Same-as-Fed CBM producing wells. An Eligible Class Member may be entitled to allocations for both Same-as-Fed and non-Same-as-Fed wells if they possess both such royalty and overriding royalty interests. To perform this allocation, Class Counsel is seeking approval by the Court of the following:

- a. Same-as-Fed. Same-as-Fed Eligible Class Members shall be entitled to payment from the Net Settlement Amount calculated on the basis of 95% of the principal amount of the deductions taken from their royalties for CBM gas in excess of the deductions that would be permitted under the Same-as-Fed methodology employed by Burlington during those periods from CBM gas alleged to make the CBM gas marketable less a proportionate share of any court-approved costs of the settlement notice, claims administration, Class Representatives' incentive awards, Class Counsel's attorneys' fees (as approved by the First Judicial District Court) and reimbursement of Class Counsel of all actual expenses of this litigation (as approved by the First Judicial District Court), any other Court-approved costs and expenses of Plaintiffs and Class Counsel, expenses of settlement administration, and all applicable taxes, if any, assessable on the Settlement Amount or any portion thereof. The total dollar amount of the Net Settlement Amount allocated to the Same-as-Fed Eligible Class members shall be known as the "Total Same-as-Fed Eligible Class Member Allocation."

- b. Non-Same-as-Fed. All other Eligible Class Members according to their decimal royalty and/or overriding royalty interest(s) as shown on Burlington's current royalty accounting records or information provided by third parties regarding wells operated by third parties for Class Wells shall be entitled to a proportionate payment from the Net Settlement Amount after deduction of the Total Same-as-Fed Eligible Class Member Allocation. The dollar amount of each Eligible Class Member's allocation for non-Same-as-Fed royalties shall be calculated as a ratio of (a) the dollar amount of the calculated (in some cases, estimated) deductions taken from each Eligible Class Member's royalties and overriding royalties for CBM gas alleged to make the CBM gas marketable divided by (b) the dollar amount of the total deductions from the royalties and overriding royalties for CBM gas alleged to make the CBM gas marketable from all non-Same-as-Fed Eligible Class Members. That ratio will then be applied to determine each Eligible Class Member's proportionate share of the Net Settlement Amount. The amount to be allocated to each non-Same-as-Fed Eligible Class Member shall be known as the "Non-Same-as-Fed Eligible Class Member Allocation." The formula shall be expressed as:

$$(A-B) \times (C/D) = E$$

Where

A = Net Settlement Amount

B = Total Same-as-Fed Eligible Class Member Allocation

C = Dollar amount of the deductions taken from each non-Same-as-Fed Eligible Class Member's royalties and overriding royalties for CBM gas alleged to make the CBM gas marketable

D = Dollar amount of the total deductions from the royalties and overriding royalties for CBM gas alleged to make the CBM gas marketable from all non-Same-as-Fed Eligible Class Members

E = Non-Same-as-Fed Eligible Class Member Allocation

Procedures for identifying Eligible Class Members and resolving potential disputes between Current Owners and Prior Owners

All Current Owners are Eligible Class Members and entitled to receive a portion of the Net Settlement Amount to the extent the amount calculated per the above calculations exceeds ten dollars. Prior Owners are not Eligible Class Members absent a determination that a Prior Owner is entitled to receive a portion of the Current Owner's payment under the Plan of Allocation. Those Class Members who are Prior Owners will be afforded a reasonable opportunity to object to the allocation of the settlement funds to the Current Owners and to present a claim as described below. In addition, Prior Owners will be afforded a reasonable opportunity to make a claim for distribution of settlement funds attributable to the time they were an owner if the Current Owner of their previously held royalty or overriding royalty interest has opted-out of the Class.

- a. The default distribution to Current Owners described above is based on the following assumptions: (a) that few sales of royalty and overriding royalty interests occurred during the Class Period, (b) that where sales did occur, the parties generally and typically intended for the buyer to receive payment for past claims, and (c) that where interests passed through inheritance, devise or intra family transfers, it was the intent that the heir, devisee or transferee receive payment for past claims. Based on the assumptions set out in clauses (a), (b) and (c), the Current Owners should be considered Eligible Class Members entitled to all settlement payments allocable to their respective Subject Royalty Interests for the entire Class Period absent a determination that a Prior Owner is entitled to receive payment under the Plan of Allocation. A Current Owner or other distributee who is not entitled to receive payments for past claims and who receives a distribution of Settlement proceeds pursuant to the Plan is Ordered by the First Judicial District Court to in turn make payment to the party entitled to receive such proceeds.
- b. Prior Owners shall have 30 days from September 17, 2014—the date that this Settlement Notice was mailed—to submit in writing to the Settlement Administrator their intention to dispute allocation of the settlement payment from a particular Subject Royalty Interest solely to the Current Owner along with information sufficient to identify the Subject Royalty Interest and the legal basis for the objection, including proof that the Prior Owner did not relinquish their right to recover royalty underpayments during their time of ownership when they passed title to their royalty interest to their successor. If no objection to allocation of the settlement payment to a Current Owner is received within that time period, then upon Final Approval, the Settlement Administrator will allocate the entire settlement payment due on the Subject Royalty Interest to the Current Owner.

If a proper and timely objection is received from a Prior Owner, the amount of the Net Settlement Amount at issue on the Subject Royalty Interest shall be kept in escrow in the Escrow Account until the claim is resolved. Unless the Prior and Current Owner negotiate a mutually-agreed resolution to any such dispute, a Special Master will be appointed by the Court to resolve allocation of payment on the Subject Royalty Interest.

The proposed resolution procedure will be as follows: Within 30 days of Final Approval of the Settlement Agreement, the Prior Owner shall submit to the Special Master and Current Owner, through the Settlement Administrator, any documentary evidence the Prior Owner intends to rely on to show entitlement to a payment from the Net Settlement Amount on the Subject Royalty Interest, along with a brief (no more than 10 pages) setting forth the Prior Owner's position. If the Current Owner has not opted out and disputes payment to the Prior Owner (and is not able to work out a negotiated resolution with the Prior Owner), then within 30 days after that, the Current Owner shall submit any documentary evidence it intends to rely upon to the Prior Owner and Special Master, through the Settlement Administrator, along with a brief (no more than 10 pages) setting forth the Current Owner's position. Within 60 days, the Special Master will recommend, based on the documentary evidence presented, whether the Prior Owner has shown by a preponderance of the evidence that he or she is an Eligible Class Member entitled to a payment from the Net Settlement Amount and, if so, the amount of such payment. Either party may appeal the determination of the Special Master to the First Judicial District Court, limited solely to the record before the Special Master. If there is such appeal, the determination of the First Judicial District Court will be final and non-appealable. The cost of the Special Master will be deducted from the proceeds of the Net Settlement Amount due on the Subject Royalty Interest at issue.

- c. If, however, the Current Owner of a Prior Owner's previously held royalty or overriding royalty interest has opted out of the Class, the Prior Owner still may make a claim for distribution of settlement funds. The list of opt-outs will be posted on the website maintained by the Settlement Administrator at www.BurlingtonCBMRoyaltySettlement.com. To make a claim, the Prior Owner must submit in writing to the Settlement Administrator his or her intention to make a claim on the settlement payments attributable to the time he or she was an owner that would have gone to the Current Owner had the Current Owner not opted-out of the Class along with information sufficient to identify the Subject Royalty Interest and the legal basis for their claim by no later than October 2, 2014. The Prior Owner must provide evidence of his or her prior ownership (including his or her prior ownership ID number, a legal description of the property or wells in which he or she held a royalty or overriding royalty interest and evidence of the period of his or her prior ownership), information identifying the Current Owner who opted-out of the Class and proof that he or she did not relinquish his or her right to recover royalty underpayments during his or her or their time of ownership when he or she passed title to his or her royalty interest to the successor.
- d. The Plan of Allocation shall be enforceable by action in the First Judicial District Court. In no event shall the Class Representatives, Class Counsel, Defendant or counsel for Defendant (i) have any obligation or liability of any nature whatsoever to the party ultimately determined to be entitled to receive such proceeds, or (ii) have any obligation or liability of any nature whatsoever to, or be a proper party to any action by, any party claiming it did not receive proceeds it was entitled to receive.

The obligations imposed by the Plan of Allocation on a person that receives a distribution to which he or she is not entitled are in addition to the indemnity obligations imposed by paragraph 1.13 of the Settlement Agreement.

Compensation to Class Members -- Method of Distribution

- a. The Settlement Agreement and this Plan of Allocation were approved by the First Judicial District Court at the Preliminary Approval Hearing. Once Final Approval occurs, the Class Counsel and the Settlement Administrator shall distribute the Net Settlement Amount among the Eligible Class Members pursuant to the calculations set forth above. The distribution shall be based on the total amount of Net Settlement Amount remaining subject to any reserve amount determined by the First Judicial District Court for the payment of future administrative expenses.
- b. All distributions made hereunder shall be by check or draft sent to the last known address of the Eligible Class Member. All such checks shall remain payable for 180 days from mailing of payment. The Settlement Administrator is entitled to rely on the address and identification information provided by Burlington in identifying Class Members, and may, but is not required to, make any additional investigation it deems prudent to identify the location to which any payment is to be sent.
- c. Each settlement check issued by the Settlement Administrator shall include a legend on the back of the check stating that:
By endorsing this Distribution Check, payee represents and warrants that the payee is or was the owner of the Released Claims hereby released, has not assigned or otherwise transferred the Released Claims to anyone else, and will indemnify the Class Representatives, Class Counsel for the Class Members and the Burlington Released Parties against a claim by anyone else as the owner of that Released Claim.
The Settlement Administrator will provide to Class Counsel and Burlington copies of the endorsements on the distribution checks.
- d. Within a reasonable period of time after making distributions, the Settlement Administrator shall provide Class Counsel, Burlington and the First Judicial District Court a report, in the form of an electronic spreadsheet, reflecting the distribution by amount paid, owner number, owner name and owner address. The Settlement Administrator shall also file with the First Judicial District Court an Affidavit of Mailing reflecting said distributions.

Future Royalties – Same as Fed.

Burlington is considering whether, after the end of the Class Period and on a going forward basis, to implement a change to calculating and paying royalties and overriding royalties to Class Members based on the Same as Fed methodology. Any decision whether or not to implement a Same as Fed or any other methodology on a going forward basis is within the sole discretion of Burlington and the Section 29 entities, as the case may be, and shall not provide a basis for any Class Member to make a claim against the Burlington Released Parties under the Settlement Agreement. The Class Members and the Class Representatives shall not be bound in any way by the decision of the Burlington Released Parties and do not waive or release any rights, claims or causes of action as to how the Burlington Released Parties calculate or pay royalties after the expiration of the Class Period. The Parties agree that any claim regarding payments occurring after the Class Period (other than payments from the Settlement Amount regarding the Released Claims) shall be a new claim that is not subject to the terms and conditions of this Settlement Agreement, including without limitation, the provisions of Section 9.3 of the Settlement Agreement.

Unclaimed Distributions

Any distribution check that is not cashed within 180 days of mailing may be deemed unclaimed by the Settlement Administrator of the Funds. The Settlement Administrator shall make a timely report of the amount of such unclaimed distributions to Class Counsel and the First Judicial District Court. Subject to further order of the First Judicial District Court, the Settlement Administrator shall, no later than 240 days after mailing of the initial distribution checks, distribute unclaimed funds among the Non-Same-as Fed Eligible Class Members who did receive and cash their distributions. The distribution of unclaimed settlement amounts will be equal to the same proportionate percentage of the Net Settlement Fund to which he was entitled as an Eligible Class Member.

If, after such supplemental distribution, any sums remain, the Settlement Administrator shall make report to the First Judicial District Court and Class Counsel and seek further direction, including the cy pres of the remaining funds.

Compensation to Class Counsel -- Method of Distribution

In connection with the Final Approval of Settlement Hearing, Class Counsel will apply to the Court for an award of attorneys' fees incurred in prosecuting the Class Claims against the Defendants, including all services rendered through the Final Approval of Settlement Hearing. Any award of attorneys' fees for Class Counsel shall be paid out of the Settlement Funds. Class Counsel's fees shall not exceed thirty-three and one-third percent (33 1/3%) of the Settlement Funds, plus applicable New Mexico gross receipts taxes thereon. In addition to attorneys' fees, Class Counsel may apply to the Court for the reimbursement of their reasonable out-of-pocket litigation costs and expenses incurred through the Final Approval. All such litigation costs and settlement administration expenses shall be paid from the Settlement Funds. All fees and expenses paid to Class Counsel must be approved by the Court.

The amount of attorneys' fees and reimbursement of the expenses advanced by Class Counsel will be decided by the Court. This amount shall reduce the settlement fund that will be used to pay the members of the Settlement Class.

Class Representatives Incentive Awards -- Method of Distribution

At the Final Approval of Settlement Hearing, Class Counsel may apply to the Court for a fee not to exceed \$85,000 to be paid from the Settlement Funds to each of the Class Representatives, Phillis Ideal, Jose E. and Clara E. Gomez Living Trust and J. Fidel Candelaria. The incentive awards must be approved by the Court.

Releases

In exchange for receipt of the Settlement Funds and the other provisions contained in the Settlement Agreement, and subject to the other terms of the Settlement Agreement, the Class and each of its members, shall be conclusively deemed to have fully, finally and forever released and discharged the Burlington Released Parties from liability on and for all of the Released Claims. Such release will be effective as of the date of Final Approval. The Parties acknowledge and agree that the claims against Burlington and the Section 29 entities (see below) are several not joint, and the consideration provided by Burlington relates only to and constitutes value to Class Members for release of only the Released Claims alleged against Burlington and the Section 29 entities.

"Burlington Released Parties" means Burlington and the Section 29 entities, their respective current and former parents (excepting ConocoPhillips Company only as set forth in definition of "Reserved Claims" below), their predecessors, affiliates, assigns, successors, subsidiaries, insurance carriers, attorneys, and their respective members, partners, officers, directors, agents, representatives, and employees. Burlington has acted during the Class Period as the operator on behalf of ASHDLA LLC, St. John Institutional Investors Limited Partnership, Final Four, LLC, Koch Exploration Co., CBP San Juan Ltd., BHP San Juan Ltd., and Hart Canyon LLP. Those entities are defined as the "Section 29 entities."

"Released Claims" means all claims, that were asserted in the Action or could have been asserted in the Action by the Class Members, whether arising from contract, tort, statute or in law or equity, related to, directly or indirectly, the Subject Royalty Obligations burdening production of CBM from the Fruitland formation in the San Juan Basin in New Mexico during the Class Period, other than the Reserved Claims, including acts, omissions, or failures to act related to the Action. Reserved Claims are excluded from the Released Claims.

“Reserved Claims” means:

- A. Any claims against the Released Burlington Parties insofar as they apply to non-CBM (conventional) natural gas produced from non-Fruitland formations in the San Juan Basin in northwestern New Mexico, as more specifically provided for in the First Judicial District Court’s Order Granting Motion To Approve Plan To Coordinate, Bifurcate And Stay Class Claims Related To Conventional Natural Gas (dated July 9, 2013), a copy of which is attached as Exhibit E to the Settlement Agreement. All claims concerning conventional, non-CBM gas are specifically excluded from the Released Claims and are not released.
- B. Any claims against ConocoPhillips Company, including but not limited to those claims asserted in the Smith Litigation, other than claims relating to the Subject Royalty Obligations.
- C. Any claims arising out of ordinary course of business mistakes and corrections of mathematical errors by Burlington for which Burlington may make prior period adjustments as may be necessary and appropriate in the ordinary course of business.
- D. Any claims involving Class Members who have entered into special arrangements or separate Special Overriding Royalty Agreements with Burlington, where the negotiated payment calculation is more favorable to the Class Member than the Same as Fed method.
- E. Any claims arising from Subject Royalty Obligations burdening production of CBM from the Fruitland formation in the San Juan Basin after the Class Period.
- F. Any claims arising out of the enforcement of the Settlement Agreement.
- G. Any claims by Class Members regarding royalty or overriding royalty interests that burden oil and gas leases held by Burlington and producing CBM, but whose interests are operated and paid by third-parties (other than the Section 29 entities) for which Burlington has not provided complete and accurate information sufficient to identify those Class Members, including their names, addresses, current decimal ownership percentages, and information from which the Settlement Administrator and Class Counsel may make an allocation pursuant to the Plan of Allocation. For the avoidance of doubt, Burlington has provided the foregoing complete and accurate information for the owners and properties identified in Exhibit F to the Settlement Agreement. Such identified owners are Class Members whose claims with respect to royalty or overriding royalty interests operated and paid by third-parties are not Reserved Claims and are covered by and included in this Settlement Agreement.

Dismissal With Prejudice

Pursuant to the Settlement, if approved, the Class will dismiss all Released Claims (but not the Reserved Claims) in the Action with respect to the Burlington Released Parties with prejudice, and such Order of Dismissal will extinguish any liability of the Burlington Released Parties with respect to such Released Claims.

III. YOUR OPTIONS

Each Class Member has three options:

1. You Can Do Nothing. If you choose this option, you don’t need to do anything. If you are a Current Owner you will receive a portion of the Net Settlement Amount as calculated above unless a Prior Owner timely disputes distribution of the payment as described above, at which time you will be provided with a procedure for resolving any dispute with the Prior Owner. If you are a Prior Owner and do nothing you will not receive any payment.
2. If You Are a Prior Owner, You Can Dispute Allocation of a Settlement Payment Solely to the Current Owner(s). This option applies only to Prior Owners. If you are a Prior Owner, you can object to allocation of a settlement payment solely to the Current Owner(s). Your instructions for disputing allocation of a settlement payment solely to the Current Owner(s) are explained in detail below. Objecting to allocation of a settlement payment will not constitute an objection to the Settlement itself.
3. You Can Object to the Settlement. You may file an objection to the Settlement. The instructions for filing an objection to the Settlement are explained in detail below. Your objection will not affect your entitlement to a portion of the Net Settlement Amount as calculated above.

Each Class Member **who did not receive** the February 28, 2014 Class Notice has the additional option to opt out of this Class.

1. This option applies only to members of the Class who did **not** receive a copy of the Class Notice of class certification mailed on February 28, 2014. If you did not receive that notice (and Class Counsel’s records do not show that you were mailed the Class Notice), and wish to be excluded from the Class and the Settlement, you may submit a request to opt out of the Class and the Settlement. If you request to be excluded, you will have no right to object to the settlement or to distribution of Settlement Funds to Current Owners.
2. If you did **not** receive a copy of the Class Notice of class certification mailed on February 28, 2014 and want to be excluded from the Class, you must inform Class Counsel (see below) of that fact by written letter or postcard postmarked no later than October 2, 2014. You must specify the name and address of the Class Member that elects to be excluded from the Class and certify that you did not receive the First Notice. However, if Class Counsel’s records show that you were mailed the Class Notice sent on February 28, 2014, your request to opt out will not be valid.

If you are a Prior Owner, and the Current Owner of your previously held royalty or overriding royalty interest opted-out of the class, you have an additional option.

1. You can make a claim for distribution of the settlement funds attributable to the time you were an owner. The list of opt-outs is posted on the website maintained by the Settlement Administrator at www.BurlingtonCBMRoyaltySettlement.com.
2. Your instructions for making a claim for distribution of a settlement payment where the Current Owner(s) has opted-out of the Class are explained in detail below.

IV. FINAL APPROVAL OF SETTLEMENT HEARING

A Final Fairness Hearing will be held at **2:00 p.m. on October 17, 2014**, before the Honorable Raymond Ortiz, in his courtroom at the First Judicial District Court, Santa Fe County, New Mexico, which is located at 225 Montezuma Ave., Santa Fe, New Mexico 87501. The purpose of the hearing is to determine:

- (1) Whether the Settlement is fair, adequate and reasonable and whether the Settlement Agreement will be approved;
- (2) Whether the Court should enter a Final Order approving the Settlement, dismissing with prejudice and on the merits the Released Claims against the Defendants, and releasing the Released Claims against the Burlington Released Parties;
- (3) Whether the Court should approve the applications of Class Counsel for payment of attorneys’ fees, costs, and expenses;
- (4) Whether the Court should approve the applications of Class Representatives for payment of an incentive fee for serving as Class Representatives; and
- (5) Any other matters raised or addressed by the Court.

Objections to the Settlement by members of the Class will be considered by the Court, but only if such Objections follow the “Instructions for Objecting to the Settlement” set forth below.

Attendance at the hearing is not necessary; however, members of the Class wishing to be heard orally in opposition to the Settlement must appear and must indicate in their written Objections their intention to appear at the hearing to be heard orally. See Instructions for Objecting to Settlement, below.

Class Members who want to share in the benefits of the Settlement do not need to appear at the hearing or take any other action to indicate their approval of the Settlement.

The Final Approval of Settlement Hearing may be postponed or adjourned by the Court, without further notice to the Class.

At the conclusion of the Final Fairness Hearing on the Settlement, the Court may approve the Settlement, decline to approve the Settlement, or approve the Settlement with changes that the Class and Burlington must then agree upon, but without further notice to the Class.

V. INSTRUCTIONS FOR OBJECTING TO THE SETTLEMENT

If you want to object to the Settlement, here is what you **must** do:

(A) Prepare a written objection. The objection **must** contain:

- (1) Your full name, address, and daytime telephone number;
- (2) A detailed statement of your objection, including any legal or factual grounds you want the Court to consider; a copy of any document or other evidence you want the Court to consider with regard to the objection; if you want the Court to consider the opinion or testimony of any witnesses, you must include the name, address, and telephone number of the witness and a summary of his or her anticipated opinion or testimony;
- (3) A statement that you have not elected to opt out of the Class; and
- (4) Your Signature.

(B) Mail your objection, postmarked no later than October 2, 2014 to:

- (1) Class Counsel, Peifer, Hanson & Mullins, P.A., *Attn:* Burlington Settlement, P.O. Box 25245, Albuquerque, New Mexico 87125; and
- (2) Burlington’s Counsel, Robert J. Sutphin, Jr., Holland & Hart LLP, *Attn:* Burlington Settlement, P.O. Box 2208, Santa Fe, New Mexico 87504.

Note: If your objection is not postmarked on or before October 2, 2014 it may not be considered by the Court.

If you are not represented by a lawyer and want to appear and address the Court at the Final Fairness Hearing on the Settlement, you must file with the Clerk of the Court a “Notice of Intent to Appear” and mail a copy to Class Counsel and Burlington’s Counsel at the above addresses no later than October 2, 2014.

You do not have to hire a lawyer to object, but you can if you want to. If you hire a lawyer, you are responsible for paying your lawyer. Your lawyer must file a notice of appearance with your objection, in compliance with this section. Your lawyer’s notice of appearance must be filed with the Clerk of the Court no later than October 2, 2014 and must be served on Class Counsel and Burlington’s Counsel at the addresses set forth below, postmarked no later than October 2, 2014. If you are not represented by a lawyer and want to appear and address the Court at the Final Fairness Hearing, you must file with the Court a Notice of Intent to Appear and serve Class Counsel and Burlington’s Counsel at the below addresses no later than October 2, 2014.

If you or your lawyer intends to enter an appearance and address the Court, you and your lawyer are required to comply with all applicable New Mexico Court Rules. A Notice of Intent to Appear filed by you or your lawyer must include a copy of your objection.

VI. INSTRUCTIONS FOR DISPUTING ALLOCATION OF A SETTLEMENT PAYMENT SOLELY TO CURRENT OWNER(S)

This applies only to Prior Owners. If you want to dispute allocation of a settlement payment to a Current Owner on a Subject Royalty Interest for which you are a Prior Owner, here is what you **must** do:

(A) Send a notice of intention to dispute allocation of a settlement payment solely to the Current Owner(s) within 30 days from the date that this Settlement Notice is mailed, September 17, 2014, to submit in writing to the Settlement Administrator. The notice must include:

- (1) Your full name, address, and daytime telephone number;
- (2) Documents or other evidence sufficient to identify the Subject Royalty Interest as to which you were a Prior Owner, the dates of your prior ownership, the past royalty or overriding royalty to which you assert you are entitled, and the legal basis for the objection, including proof that you did not relinquish your right to recover royalty underpayments during your time of ownership when you passed title to your royalty interest to your successor; and
- (3) Your Signature.

(B) Mail your notice, postmarked no later than October 17, 2014 to:

- (1) The Settlement Administrator: *Ideal v. Burlington Resources* Settlement Administrator, P.O. Box 43034, Providence, RI 02940-3034.
- (2) Class Counsel, Peifer, Hanson & Mullins, P.A., *Attn:* Burlington Settlement, P.O. Box 25245, Albuquerque, New Mexico 87125; and
- (3) Burlington’s Counsel, Robert J. Sutphin, Jr., Holland & Hart LLP, *Attn:* Burlington Settlement, P.O. Box 2208, Santa Fe, New Mexico 87504.

Note: If your notice is not postmarked on or before October 17, 2014 it may not be considered.

The Settlement Administrator will then send you and the relevant Current Owner(s) (if the Current Owner has not opted out) instructions for filing documents in support of or opposition to the objection. You must comply with the deadlines in the instructions (which are also set forth above). Neither you nor the Current Owner at issue need to hire a lawyer, but you can if you want to. If you hire a lawyer, you are responsible for paying your lawyer. If a Current Owner hires a lawyer, they are responsible for paying their lawyer.

VII. INSTRUCTIONS FOR OPTING OUT OF THE CLASS ACTION AND SETTLEMENT IF YOU DID NOT RECEIVE A COPY OF THE CLASS NOTICE OF CLASS CERTIFICATION MAILED ON FEBRUARY 28, 2014.

If you did **not** receive a copy of the Class Notice of class certification mailed on February 28, 2014, and want to be excluded from the Class, you must inform Class Counsel of that fact by written letter or postcard postmarked no later than October 2, 2014 to Peifer, Hanson & Mullins, P.A., *Attn:* Burlington Settlement, P.O. Box 25245, Albuquerque, New Mexico 87125. You must specify the name and address of the Class Member that elects to be excluded from the Class and certify that you did not receive the First Notice. However, if Class Counsel’s records show that you were mailed the Class Notice sent on February 28, 2014, your request to opt out will not be valid.

VIII. INSTRUCTIONS FOR MAKING A CLAIM IF YOU ARE A PRIOR OWNER, AND THE CURRENT OWNER OF YOUR PREVIOUSLY HELD ROYALTY OR OVERRIDING ROYALTY INTEREST OPTED-OUT OF THE CLASS.

This applies only to Prior Owners where the Current Owner of your previously held royalty or overriding royalty interest opted-out of the class. The list of opt-outs is posted on the website maintained by the Settlement Administrator at www.BurlingtonCBMRoyaltySettlement.com.

To make a claim for distribution of the settlement funds attributable to the time you were an owner, here is what you **must** do:

- (A) Send a notice that you intend to make a claim on the settlement payments attributable to the time you were an owner that would have gone to the Current Owner had the Current Owner not opted-out by no later than October 2, 2014. The notice **must** include:
- (1) Your full name, address, and daytime telephone number;
 - (2) Documents or other evidence sufficient to identify the Subject Royalty Interest as to which you were a Prior Owner, evidence of your prior ownership (including your prior ownership ID number, a legal description of the property or wells in which you held a royalty or overriding royalty interest and evidence of the period of your prior ownership), information identifying the Current Owner who opted-out of the Class and proof that you did not relinquish your right to recover royalty underpayments during your time of ownership when you passed title to your royalty interest to your successor; and
 - (3) Your Signature.
- (B) Mail your notice, postmarked no later than October 2, 2014 to:
- (1) The Settlement Administrator: *Ideal v. Burlington Resources* Settlement Administrator, P.O. Box 43034, Providence, RI 02940-3034.
 - (2) Class Counsel, Peifer, Hanson & Mullins, P.A., *Attn:* Burlington Settlement, P.O. Box 25245, Albuquerque, New Mexico 87125; and
 - (3) Burlington's Counsel, Robert J. Sutphin, Jr., Holland & Hart LLP, *Attn:* Burlington Settlement, P.O. Box 2208, Santa Fe, New Mexico 87504.

Note: If your notice is not postmarked on or before October 2, 2014 it may not be considered.

Addresses of the Court and Counsel

The pertinent addresses of the Court, Class Counsel, and Burlington's counsel are as follows:

Clerk of the Court

Clerk of the District Court for
the First Judicial District Court
Judge Steve Herrera Judicial Complex
225 Montezuma Ave.
Santa Fe, NM 87501

Class Counsel

John M. Eaves
The Eaves Law Firm, P.A.
6565 Americas Parkway NE, Suite 200
Albuquerque, NM 87110
Telephone: (505) 888-4300

Charles Peifer
Robert Hanson
Matthew Hoyt
Peifer, Hanson & Mullins, P.A.
P.O. Box 24245
Albuquerque, NM 87125
Telephone: (505) 247-4800

Derek V. Larson
Sutin, Thayer & Browne, P.C.
6565 Americas Parkway, Suite 1000
Albuquerque, NM 87110
Telephone: (505) 883-2500

Mary E. Walta
Mary E. Walta P.C.
P.O. Box 32958
Santa Fe, NM 87594
Telephone: (505) 983-6269

Burlington's Counsel

Michael Campbell
Campbell Trial Law, LLC
110 North Guadalupe, Suite 6
Santa Fe, NM 87501
Telephone: (505) 820-9959

Robert J. Sutphin, Jr.
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, NM 87504
Telephone: (505) 988-4421

Kristina Martinez
Rothstein, Donatelli, Hughes, Dahlstrom,
Schoenburg & Bienvenu, LLP
1215 Paseo de Peralta
P. O. Box 8180
Santa Fe, NM 87504-8180
Telephone: (505) 988-8004

IX. WHAT IF I HAVE QUESTIONS?

If you have any questions or if you would like additional information about the case, please visit the website: www.BurlingtonCBMRoyaltySettlement.com, which has links to the proposed settlement documents, or call the settlement administrator at 1-877-450-8790. You may also contact Class Counsel at either The Eaves Law Firm, P.A., 6565 Americas Parkway, NE, Suite 200, Albuquerque, NM 87110, or Peifer, Hanson & Mullins, P.C., P.O. Box 25245, Albuquerque, NM 87125-5245.

PLEASE DO NOT CONTACT THE COURT OR BURLINGTON OR BURLINGTON'S COUNSEL FOR INFORMATION.

BURLINGTON'S COUNSEL, EMPLOYEES AND REPRESENTATIVES ARE NOT AUTHORIZED TO PROVIDE ANY INFORMATION ABOUT THE PROPOSED SETTLEMENT.

X. WHERE CAN I GET ADDITIONAL INFORMATION?

The Settlement Agreement, pleadings and other records in this case may be examined and copied at any time during the regular office hours of the Clerk of the First Judicial District Court, 225 Montezuma Street, Santa Fe, NM 87501. Please do not contact the Clerk of the Court for any purpose in relation to this lawsuit, other than examination or copying of the record.

Any questions you have concerning the matters contained in this Notice (and any corrections or changes to your name or address) should not be directed to the Court, but should be directed in writing to any one of the Class Counsel at the addresses listed above. You may also telephone Class Counsel at (505) 247-4800. Please do not write or telephone the Clerk of the Court.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK FOR MORE INFORMATION ABOUT THE SETTLEMENT OR THIS LAWSUIT.

DATED: September 17, 2014
BY ORDER OF THE COURT

Signature on Order dated August 29, 2014

THE HONORABLE RAYMOND ORTIZ
CHIEF DISTRICT COURT JUDGE