

STATE OF NEW MEXICO
COUNTY OF SANTA FE
FIRST JUDICIAL DISTRICT
No. D-0101-CV-200302311

SMITH FAMILY, LLC,
Plaintiff,

vs.

CONOCOPHILLIPS 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 August 2010 and March 2015 notices that were sent to prospective class members in accordance with the orders of the First Judicial District Court.

If you elected to opt out of the class after receiving either the August 2010 or March 2015 notices, you have no right to participate in or object to this proposed settlement.

If you are a Former 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: June 6, 2017

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 ConocoPhillips Company, in its individual capacity and as managing general partner of Phillips-San Juan Partners, L.P. and Phillips-New Mexico Partners, L.P. (Phillips-San Juan Partners, L.P. and Phillips-New Mexico Partners, L.P. are collectively referred to hereinafter as "the Partnerships") (defendant ConocoPhillips Company and the Partnerships are collectively referred to hereinafter as either "COP" or "Defendant") and your rights to share in the possible settlement recovery proposed in this lawsuit.

On August 2, 2010 and March 27, 2015, a Notice of Class Action 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 were sent the Class Notice mailed on August 2, 2010 or March 27, 2015 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 Representative, 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 Defendant have agreed to settle the Class's claims against the Defendant, excluding the Reserved Claims (see below), for the payment of \$51,050,000.00 (the "Settlement Amount"). Each Current Owner and certain Former 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 (\$10) or more is eligible to receive a distribution from the Settlement Amount. As used herein, "Final Approval" means that 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, (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, or (iii) if there are no objections to the Settlement, by the District Court's entry of the Final Order.

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 representative (the "Class Representative"), Class Counsel propose to allocate the Net Settlement Funds as follows:

The following definitions apply to the Plan of Allocation:

- a. "CBM" means all natural gas, including coalbed methane and all associated hydrocarbons, produced from the Fruitland formation in the San Juan Basin in New Mexico during the Class Period. "CBM" does not include any gas or hydrocarbons produced from any formation other than the Fruitland formation or natural gas produced from the Fruitland Sands formation.
- b. "Class" means the Class that was certified by the First Judicial District Court.
- c. "Class Members" means all members of the Class identified in the August 2010 and March 2015 Notices of Class Action, the Class Settlement Notice, or to whom the Publication Notice is directed who did not opt out of the Action.
- d. "Class Period" means the period from December 22, 1997 to December 31, 2015.
- e. "Confirmation Process" means the process in which the parties engaged prior to settlement to confirm the accuracy of the actual monetary and volumetric deductions taken by COP and the Partnerships when calculating royalties paid on production of coalbed methane gas from the Fruitland formation underlying New Mexico lands in the San Juan Basin during the Class Period.
- f. "Current Owner" means a Class Member who, according to COP's accounting records, owned the Subject Royalty Interest as of May 3, 2017. In the case of wells that have been plugged and abandoned during the Class Period, however, the party transaction data ("PTD") 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.
- g. "Eligible Class Member" means any Current Owner or Former 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 Former Owner is entitled to a portion of such payment.
- h. "Net Settlement Amount" means the Settlement Amount less the cost of the settlement notice, claims administration (including any expenses of the Settlement Administrator), the Confirmation Process, Class Representative's incentive award, Class Counsel's attorneys' fees and New Mexico gross receipts taxes (as approved

by the District Court), reimbursement of Class Counsel of all actual expenses of the Action (as approved by the District Court), any other approved costs and expenses of Plaintiff and all applicable taxes, if any, assessable on the Settlement Amount or any portion thereof.

i. “Former 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.

j. “Settlement Amount” means the sum of \$51,050,000 consisting of \$50,800,000 to settle the Action plus an additional \$250,000 to reimburse Class Counsel for the Confirmation Process. The Settlement Amount is to be paid by or on behalf of COP to the Plaintiff, as contemplated under the parties’ Settlement Agreement. The Settlement Amount includes the full and complete costs of the settlement notice, claims administration, the Confirmation Process, Eligible Class Members’ compensation, the Class Representative’s incentive award, Class Counsel’s attorneys’ fees and New Mexico gross receipts taxes (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 Plaintiff and Class Counsel, expenses of settlement administration, and all applicable taxes, if any, assessable on the Settlement Amount or any portion thereof.

k. “Settlement Class” means, except for individuals specifically excluded in this subsection below, all members of the following class, for which the Parties are seeking certification solely for the purpose of settling the Action (and for no other purpose):

All former or present owners of royalty and overriding royalty interests, which have at any time between December 22, 1997 and December 31, 2015 burdened ConocoPhillips Company’s, Phillips-San Juan Partnership’s, or Phillips-New Mexico Partnership’s working interests in the units, leases, and wells which are now or have been productive of coal bed methane gas from the Fruitland coal formation underlying New Mexico lands, whether now or formerly owned or operated by ConocoPhillips Company, Phillips-San Juan Partnership, or Phillips-New Mexico Partnership.

Excluded from the Settlement Class are the following:

- (a) the Defendant and its affiliates;
- (b) the United States of America;
- (c) the State of New Mexico;
- (d) all Indian Nations and Tribes;
- (e) all individual Native American or Indian lessors;
- (f) The “Florance” interests in the Heritage Conoco properties; and
- (g) The “Hagood” interests in the Heritage Phillips properties.

l. “Subject Royalty Interests” means royalty and overriding royalty interests of the Class Members in CBM produced from the Fruitland formation in the San Juan Basin in New Mexico during the Class Period.

m. “Subject Royalty Obligations” means those leases, assignments or other agreements of the Settlement Class Members containing the terms of the Subject Royalty Interests that burden oil and gas leases held by COP and/or the Partnerships in the San Juan Basin in New Mexico which produce CBM from the Fruitland formation, including without limitation any obligations, whether express, implied, or statutory, relating to the calculation, disclosure, payment or remittance of royalties. All claims relating to conventional gas and associated hydrocarbons produced from any formation other than the Fruitland formation in the San Juan Basin of New Mexico during the Class Period are excluded from the settlement and are not released. Also excluded from the settlement and not released are claims relating to natural gas produced from the Fruitland Sands formation.

Allocation of the Net Settlement Fund among 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.

a. The overwhelming majority of the Class Members were subject to deductions taken from Class Member royalty payments for gas gathering, treating, processing dehydration, compression, and other related

activities which the Class alleges were necessary to put the CBM into marketable condition as reflected in the PTD. These deductions are referred to herein as “Standard Royalty deductions.” The Plan of Allocation allocates payments to Class Members only for the amount of Standard Royalty deductions taken from Subject Royalty Interests.

b. A small portion of the Class Members own “Same-as-Fed” royalty interests. These Class Members have Subject Royalty Obligations which are to be computed on the same basis as federal royalty obligations are to be computed for the United States of America. Based on information received in the case, it appears that beginning in 1996, Defendant COP began computing and paying Same-as-Fed interests in the same manner as royalty paid to the federal government for its “Heritage Conoco” royalty interests. Heritage Conoco royalty interests are those interests attributable to Conoco royalty owners before the merger of Conoco and Phillips Petroleum Company (“Phillips”) in August 2002. Phillips completed its identification and designation of “Same-as-Fed” overriding royalty owners in approximately 2006 (after it became part of ConocoPhillips), and it began paying these “Heritage Phillips” owners using a “Same-as-Fed” methodology at that time, to the extent it was not already doing so. “Same-as-Fed” owners whose interests burdened COP prior to 2006 may qualify as Eligible Class Members for the period 1997 to 2006 to the extent that their royalty interests were reduced through deductions taken by COP for its Standard Royalty owners. If the PTD shows that a Class Member’s Subject Royalty Obligations were computed on the same basis as federal royalty obligations are to be computed for the United States of America during the entire Class Period, then that Class Member would not be eligible for a distribution from the Net Settlement Amount.

Class Counsel propose that the distribution of the Net Settlement Amount will be allocated proportionally among the Eligible Class Members based upon the dollar amount of the Standard Royalty deductions taken from the Eligible Class Members’ royalty interests.

To perform this allocation, Class Counsel and the Settlement Administrator propose that Eligible Class Members with damages based upon Standard Royalty deductions as reflected in the PTD during the Class Period will be entitled to a proportionate payment from the Net Settlement Amount based on the dollar amount of the principal amount of the Standard Royalty deductions taken from each Eligible Class Member’s royalties and overriding royalties for CBM gas alleged to make the CBM gas marketable over 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 Eligible Class Members. That ratio will then be applied to determine each Eligible Class Member’s proportionate share of the Net Settlement Amount.

The formula for allocation to the Eligible Class Members shall be expressed as:

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

Where

A = Net Settlement Amount

B = Dollar amount of the Standard Royalty deductions taken from each Eligible Class Member’s royalties and overriding royalties for CBM gas alleged to make the CBM gas marketable during the Class Period

C = Dollar amount of the total Standard Royalty deductions from the royalties and overriding royalties for CBM gas alleged to make the CBM gas marketable from all Eligible Class Members during the Class Period

D = Eligible Class Member’s individual allocation

Procedures for Identifying Eligible Class Members and Resolving Potential Disputes Between Current Owners and Former Owners

All Current Owners who meet the criteria set forth above 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 (\$10). Former Owners are not Eligible Class Members absent a determination that a Former Owner is entitled to receive a portion of the Current Owner’s payment under the Plan of Allocation. Those Class Members who are Former Owners will be afforded a reasonable opportunity to object to the distribution of the Net Settlement Amount to the Current Owners and to present a claim against the proposed distribution to the Current Owners. Moreover, Former Owners will be afforded a reasonable opportunity to make a claim for distribution of the Net Settlement Amount

attributable to the time they were an owner if the Current Owner of their previously held royalty or overriding royalty interest 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 Former 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 District Court to in turn make payment to the party entitled to receive such proceeds.

b. Former Owners shall have 30 days from June 6, 2017 – the date that this Settlement Notice was mailed – to submit in writing to the Settlement Administrator their intention to dispute the distribution of their own 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 they did not relinquish their right to recover royalty underpayments during their time of their ownership when they passed title to their royalty interest to their successor. If no objection to the payment to a Current Owner is received within that time period, then upon Final Approval, the Current Owner shall receive payment of the settlement amounts allocated to the Subject Royalty Interest as an Eligible Class Member.

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

The proposed dispute resolution procedure will be as follows: Within 30 days of Final Approval of the Settlement Agreement, the Former Owner shall submit to the Special Master and Current Owner, through the Settlement Administrator, any documentary evidence the Former 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 Former Owner's position. Within 30 days after that, the Current Owner shall submit any documentary evidence it intends to rely upon to the Former 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 Former 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 District Court, limited solely to the record before the Special Master. If there is such appeal, the determination of the 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. If the parties elect to use an alternative dispute resolution procedure, they will bear the costs of such alternative procedure.

c. Former Owners may make a claim for distribution of the Net Settlement Amount if the Current Owner of their previously held royalty or overriding royalty interest opted-out of the Class. The list of opt-outs will be posted on the website maintained by the Settlement Administrator at www.conocophilippssettlement.com. Such Former Owners shall have 30 days from June 6, 2017 – the date that this Settlement Notice was mailed – to submit in writing to the Settlement Administrator their intention to make a claim on their own settlement payments attributable to the time that 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, including proof that they 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.

d. The Plan of Allocation shall be enforceable by action in the District Court. In no event shall the Class Representative, Class Counsel or those working under their direction, Class Administrator, Class Counsel's damages expert, James Francis (Johnson, Miller & Co.), Defendant COP or counsel for Defendant COP or those working under their direction (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 1.14 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 COP 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, has not assigned or otherwise transferred the Released Claims to anyone else, and will indemnify the Class Representative, Class Counsel for the Settlement Class Members and the COP Released Parties against a claim by anyone else as the owner of that Released Claim.

The Settlement Administrator will provide to Class Counsel and COP 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, COP 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.

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 timely reports of the amount of such unclaimed distributions to Class Counsel and the District Court. Class Counsel and the Settlement Administrator will use their reasonable efforts to contact Class Members with unclaimed funds. Upon completion of those reasonable efforts, Class Counsel and the Settlement Administrator shall seek a further order of the District Court authorizing the distribution of unclaimed funds among the Eligible Class Members who did receive and cash their distributions. The distribution of unclaimed settlement amounts will be allocated to each Eligible Class Member by multiplying the unclaimed settlement amount by the distribution amount of each Class Member who did cash their distribution checks divided by the total distribution amounts of all Class Members who did cash their distribution checks.

If, after such supplemental distribution, any sums remain, the Settlement Administrator shall make a 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 Defendant, 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 Amount. 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, expenses and applicable taxes incurred through the Final Approval. All such litigation costs and settlement administration expenses shall be paid from the Settlement Amount. 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 funds that will be used to pay the members of the Settlement Class.

Class Representative Incentive Award – Method of Distribution

At the Final Approval of Settlement Hearing, Class Counsel may apply to the Court for a fee not to exceed \$120,000 to be paid from the Settlement Funds to the Class Representative, Smith Family, LLC. The incentive award 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, the Class Representative and each Settlement Class Member shall be conclusively deemed to have fully, finally, completely, irrevocably, unconditionally and forever released and discharged the COP Released Parties from liability on and for all of the Released Claims. Such release will be effective as of the date of Final Approval.

“COP Released Parties” means ConocoPhillips Company, Phillips-San Juan Partners, L.P., and Phillips-New Mexico Partners, L.P., and each and all of them, jointly and severally, their respective current and former parents (excepting only COP as set forth in the Reserved Claims), their predecessors, affiliates, assigns, successors, subsidiaries, insurance carriers, attorneys, and their respective members, general and limited partners, officers, directors, agents, representatives, and employees.

“Released Claims” means all claims, that were asserted in the Action or could have been asserted in the Action against COP or the Partnerships by the Settlement Class Members, whether arising from contract, tort, statute or in law or equity, or arising from express or implied duty, 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, including facts, omissions, or failures to act related to the Action, excepting only the Reserved Claims. Released claims expressly include claims assertable by Settlement Class Members who were members of the settlement class in *Dichter et al. v. BP America Prod. Co. and ConocoPhillips Company*, Case No. D-0101-CV-200001620 (“the *Dichter* Case”), except to the extent such claims do not relate to the production of CBM from the Fruitland formation in the San Juan Basin in New Mexico, such as claims relating to the production of natural gas from formations other than the Fruitland formation. Reserved Claims are excluded from the Released Claims.

“Reserved Claims” means:

A. Any claims against COP arising out of ordinary course of business mistakes and corrections of mathematical errors by COP or the Partnerships for which COP or the Partnerships may make prior period adjustments as may be necessary and appropriate in the ordinary course of business.

B. Any claims arising from Subject Royalty Obligations burdening production of CBM from the Fruitland formation in the San Juan Basin after the Class Period. All claims concerning conventional gas or hydrocarbons other than coalbed methane natural gas and all associated hydrocarbons produced from the Fruitland formation are specifically excluded from this settlement and are not released.

C. Any claims arising out of the enforcement of this Settlement Agreement.

D. Any claims arising from Subject Royalty Obligations where the lease, assignment or other agreement of the Settlement Class Member provide for calculation of royalty or overriding royalty payments at the same time and in the same manner used to calculate royalty paid to the federal government (“Same-as-Fed Provision”).

E. Any claims by Settlement Class Members regarding royalty or overriding royalty interests that burden oil and gas leases held by COP and producing CBM for which COP has not provided, with respect to such interests, names, addresses, tax identification numbers, and volumes of CBM attributable thereto, and information reasonably necessary in order for the Settlement Administrator and Class Counsel to make an allocation to such interests pursuant to the Plan of Allocation. For the avoidance of doubt, “Reserved Claims” also include any claim of Settlement Class

Members against COP or third-parties unrelated to COP (a) where such third-party (i) operates a well in which COP owns a working interest burdened by a Subject Royalty Interest and (ii) directly remits royalty payments to Class Members on the Subject Royalty Interest, and (b) COP fails to provide the information reasonably necessary to make an allocation to such Subject Royalty Interest pursuant to the Plan of Allocation, including information described above and information regarding volumes, divisions of interest, and deductions taken.

F. Any claims by Settlement Class Members based on Subject Royalty Obligations relating to pricing of gas and associated hydrocarbons downstream of the plant tailgates in the San Juan Basin, and only downstream of such plant tailgates, such as that COP allegedly made improper non-arms-length affiliate sales, allegedly failed to obtain the best price reasonably available, or allegedly used an improper or inadequate weighted average sales price methodology.

Important Information for Class Members Holding Same-As-Fed Royalty Interests

As noted above, the Subject Royalty Interests which are being settled do not include claims arising from 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, i.e., “Same-as-Fed” royalty obligations. If you possess “Same-as-Fed” royalty interests and have claims based on an alleged failure by COP to pay you royalties on the same basis as royalties are calculated and paid to the United States of America, those claims are not a part of this settlement and you will not be receiving compensation from the Net Settlement Amount. You will need to pursue such claims against COP separately and independently of the Action.

However, as discussed above, if you are a Same-as-Fed Eligible Class Member who was treated like non-Same-as-Fed (“Standard Royalty”) royalty interest Class Members before 2006, as described below, you may be eligible to receive a settlement distribution.

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 COP Released Parties with prejudice, and such Order of Dismissal will extinguish any liability of the COP 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 Former 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 Former Owner. If you are a Former Owner and do nothing you will not receive any payment.
2. If You Are a Former Owner, You Can Dispute Allocation of a Settlement Payment Solely to the Current Owner(s). This option applies only to Former Owners. If you are a Former 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 August 2, 2010 or March 27, 2015 Notice of Class Action 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 Notice of Class Action mailed on August 2, 2010 or March 27, 2015. If you did not receive either of those notices (and Class Counsel’s records do not show that you were mailed the Notice of Class Action), 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 Notice of Class Action mailed on August 2, 2010 or March 27, 2015 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 August 16, 2017. 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 Notice of Class Action. However, if Class Counsel's records show that you were mailed the Notice of Class Action sent on August 2, 2010 or March 27, 2015, your request to opt out will not be valid.

If you are a Former 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.conocophillippssettlement.com.
2. Your instructions for making a claim for distribution 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 Approval of Settlement Hearing will be held at **9:00 a.m.** on **August 31, 2017**, before the Honorable Francis Mathew, 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 87504. 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 of the Released Claims against the Defendants, and releasing the Released Claims against the COP 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 application of Class Representative for payment of an incentive fee for serving as Class Representative; 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 COP 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) You 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 August 16, 2017 to:

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

Note: If your objection is not postmarked on or before August 16, 2017 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 COP's Counsel at the above addresses no later than August 16, 2017.

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 August 16, 2017 and must be served on Class Counsel and COP's Counsel at the addresses set forth below, postmarked no later than August 16, 2017. 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 COP's Counsel at the below addresses no later than August 16, 2017.

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 Former 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 Former 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, June 6, 2017, 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 Former 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 July 6, 2017 to:

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

Note: If your notice is not postmarked on or before July 6, 2017 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 Notice of Class Action mailed on August 2, 2010 or March 27, 2015, 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 August 16, 2017 to Peifer, Hanson & Mullins, P.A., *Attn:* COP 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 Notice of Class Action sent on August 2, 2010 or March 27, 2015, 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 Former 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.conocophillipssettlement.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 July 6, 2017. 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 Former 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 July 6, 2017 to:
 - (4) The Settlement Administrator, KCC Class Action Services, LLC, P.O. Box 43034, Providence, RI 02940-3034
 - (5) Class Counsel, Peifer, Hanson & Mullins, P.A., *Attn:* COP Settlement, P.O. Box 25245, Albuquerque, New Mexico 87125; and
 - (6) COP's Counsel, Robert J. Sutphin, Jr., Holland & Hart LLP, *Attn:* COP Settlement, P.O. Box 2208, Santa Fe, New Mexico 87504.

Note: If your notice is not postmarked on or before July 6, 2017 it may not be considered.

Addresses of the Court and Counsel

The pertinent addresses of the Court, Class Counsel, and COP'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.
P.O. Box 35670
Albuquerque, NM 87176
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.
P.O. Box 1945
Albuquerque, NM 87103
Telephone: (505) 883-2500

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

COP'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
P.O. Box 2208
Santa Fe, NM 87504
Telephone: (505) 988-4421

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.conocophillipssettlement.com (note that this address is case sensitive), which has links to the proposed settlement documents, or call the settlement administrator at 1-866-680-6120. You may also contact Class Counsel at Peifer, Hanson & Mullins, P.C., P.O. Box 25245, Albuquerque, NM 87125-5245.

PLEASE DO NOT CONTACT THE COURT OR COP OR COP'S COUNSEL FOR INFORMATION. COP'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, Judge Steve Herrera Judicial Complex, 225 Montezuma Street, Santa Fe, NM 87501. Please do not contact the Clerk of the Court for any purpose 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: May 10, 2017
BY ORDER OF THE COURT

[Signature on Order dated May 10, 2017]

THE HONORABLE FRANCIS MATHEW
DISTRICT COURT JUDGE