

**IN THE UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF OKLAHOMA**

MARY KATHERINE HARRIS, on)	
behalf of herself and all persons or)	
entities similarly situated,)	
)	
Plaintiff,)	
)	
vs.)	Case No. 6:19-cv-00355-SPS
)	
CHEVRON U.S.A., INC., ET AL.,)	
)	
Defendants.)	

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

THIS IS AN OFFICIAL NOTICE SENT TO YOU UNDER COURT ORDER FROM THE HONORABLE STEVEN P. SHREDER, UNITED STATES DISTRICT MAGISTRATE JUDGE FOR THE EASTERN DISTRICT OF OKLAHOMA, TO:

All persons who are or were royalty owners in Oklahoma wells where Defendants (Chevron U.S.A. Inc., Pure Partners, L.P., Union Oil Company of California, Chevron Midcontinent, L.P., Four Star Oil & Gas Co., and McFarland Energy, Inc. (including their affiliated predecessors and affiliated successors) are or were the operator (or a working interest owner who marketed its share of gas and directly paid royalties to the royalty owners) from December 1, 2009 production to the date judgment is signed. The Class claims relate to royalty payments for gas and its constituents (such as residue gas, natural gas liquids, helium, nitrogen, or drip condensate).

Excluded from the Class are: (1) agencies, departments or instrumentalities of the United States of America, including but not limited to the U.S. Department of the Interior (the United States, Indian tribes, and Indian allottees); (2) the State of Oklahoma or any of its agencies or departments that own royalty interests; (3) Defendants, their affiliates, predecessors, and employees, officers, and directors; (4) any publicly traded company or their affiliated entity that produces, gathers, processes, or markets gas; (5) the claims of royalty owners to the extent covered by arbitration clauses or prior settlement agreements, if any, still in effect at the time suit was filed herein; (6) overriding royalty owners and others whose interest was carved out from the lessee's interest; (7) royalty owners who had already filed and still had pending lawsuits for underpayment of royalties against Defendants as of September 1, 2017; (8) royalty owners only to the extent they take gas in-kind, if any; and, (9) royalty owners only to the extent receiving "Blanchard" payments (payments by Defendants of proceeds received from other working interest owners who marketed their own share of gas).

More information can be found on the website established for communications about this settlement: **www.harrischevron.com**. The website includes a list of Class Wells that are affected by, and subject to, this Settlement as well as the entire Settlement Agreement with its exhibits (the “Settlement Agreement”).

This Notice is given pursuant to the United States District Court for the Eastern District of Oklahoma (the “Court”). The purpose of this Notice is to advise you:

- (a) The Court has conditionally certified this lawsuit as a class action for settlement purposes only.
- (b) The Class Representative, Class Counsel, and Defendants have entered into a Settlement Agreement that shall become effective if a court order approving the Settlement becomes final and not subject to appeal. The Settlement Agreement provides that Defendants shall pay the Settlement Class \$4,900,000.00, subject to the conditions and qualifications set forth in the Settlement Agreement, including the provisions decreasing such amount for the return to Defendants of any Monies Payable to Opt-Outs (the “Settlement Proceeds”). The Settlement Proceeds is a gross amount before deduction of court approved attorneys’ fees and expenses, class representative incentive award, and Settlement Administration Expenses.
- (c) The Court will conduct a hearing to determine whether to finally approve the Settlement (the “Settlement Fairness Hearing” as defined in the Settlement Agreement).

**TO OBTAIN THE BENEFITS OF THIS PROPOSED SETTLEMENT,
YOU DO NOT HAVE TO DO ANYTHING.**

IT IS IMPORTANT THAT YOU READ THIS NOTICE CAREFULLY IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LAWSUIT.

I. SUMMARY OF THE CLASS ACTION LITIGATION

This Class Action Litigation was originally filed in the District Court of Grady County, Oklahoma in December of 2014. Defendants removed the action to the United States District Court for the Western District of Oklahoma on January 28, 2015. Ms. Harris, on behalf of herself and, as Class Representative, on behalf of all similarly situated royalty owners, asserted that Defendants underpaid royalties by taking deductions for fees and expenses, including fuel used, for the midstream post-production costs of gathering, compression, dehydration, treatment, processing, and marketing of gas produced between December 2009 to the present. The Parties settled the case while it was pending in the Western District of Oklahoma federal court. Due to the passage of time, the Parties stipulated to dismissal of the action in the Western District of Oklahoma where the motion for preliminary approval of the Settlement had been pending since

June 20, 2019 and its refiling in this Court for consideration of and, if approved, administration of the settlement. Ms. Harris, on behalf of herself and, as Class Representative, on behalf of all similarly situated royalty owners, asserted that Defendants underpaid royalties by taking deductions for fees and expenses, including fuel used, for the midstream post-production costs of gathering, compression, dehydration, treatment, processing, and marketing of gas produced between December 2009 to the present. The Released Claims (as defined in ¶ 1.18 of the Settlement Agreement) include all claims that were or could have been asserted for underpayment of royalties on gas and gas constituents in connection with this Class Lawsuit. Defendants continue to deny all allegations of liability and damages and have asserted various defenses to the Class Representative's claims and to certification of the Class. If the Settlement is approved, the Class Lawsuit will be dismissed with prejudice.

By giving this Notice, the Court is not expressing any opinion regarding the merits of either the Class Representative's claims or Defendants' defenses. Nothing contained in this Notice should be construed as suggesting the Court's view as to which side might prevail should this matter proceed to class certification and trial on the merits.

II. CLASS CERTIFICATION

The Court has entered two orders: (1) Order Preliminarily Approving Class Settlement; and (2) Order on Class Certification for Settlement Purposes. Both Orders are available on the website for this Settlement, www.harrischevron.com.

In the Orders, the Court defined the Settlement Class as described above and designated Mary Katherine Harris as the Class Representative of the Settlement Class and appointed the below named lawyers from three law firms as Settlement Class Counsel:

Rex. A. Sharp OBA No. 011990
REX. A. SHARP, P.A.
5301 W. 75th Street
Prairie Village, KS 66208

Brett Agee OBA No. 12547
GARVIN AGEE CARLTON, P.C.
101 E. Grant Avenue
P. O. Box 10
Pauls Valley, OK 73075-0010

Reagan E. Bradford OBA No. 22072
Ryan K. Wilson OBA No. 33306
Margaret E. Robertson OBA No. 30235
THE LANIER LAW FIRM
431 W. Main Street, Suite D
Oklahoma City, OK 73102

III. THE PROPOSED CLASS SETTLEMENT

After a thorough analysis of all claims and defenses by Class Counsel and experts and extensive settlement negotiations spanning several months, the Class Representative on behalf of itself and the Settlement Class, Settlement Class Counsel, and Defendants have agreed to settle the Released Claims, subject only to Defendants' limited right to terminate the Settlement Agreement and final approval by the Court. The Court has preliminarily approved the Settlement for the purpose of giving this Notice and setting a Settlement Fairness Hearing.

The basic terms of the Settlement Agreement between the Settlement Class and Defendants are as follows:

1. Defendants, as that term is defined in the Settlement Agreement, will pay the sum of \$4,900,000.00 (subject to adjustments set forth in the Settlement Agreement) to the Settlement Class as a full, complete, and final settlement of all Released Claims as to all Released Parties during the Released Period, as those terms are more specifically defined in the Settlement Agreement. Defendants shall not be liable to the Settlement Class, the Class Representative, or Settlement Class Counsel for any other costs, expenses or fees.
2. Defendants and the Class Representative agree that the Settlement Proceeds, subject to adjustments for opt-outs and exclusions from the Class, shall be for the benefit of the Settlement Class, subject only to the court approved Class Counsel Fees and Expenses and Administration Expenses.
3. Upon Final Approval of the Settlement Proceeds by the Court, the Settlement Class and Class Representative shall be deemed to have fully, finally, and forever released, relinquished and discharged Defendants and the Released Parties for all Released Claims, again as those terms are defined in the Settlement Agreement.
4. Defendants have asserted and continue to assert many defenses to the Class Representative's and Settlement Class' claims and contentions. Defendants expressly assert their defenses have merit and that they have no liability to the Settlement Class or the Class Representative.

IV. DISTRIBUTION OF NET SETTLEMENT AMOUNT TO CLASS MEMBERS

Settlement Class Counsel has requested that the Court (i) award Settlement Class Counsel an attorney's fee in an amount to be determined by the Court but not to exceed forty percent of the Settlement Proceeds; (ii) award the Class Representative a fee in an amount to be determined by the Court but not to exceed two (2) percent of the Settlement Proceeds; and (iii) reimburse Class Counsel from the Settlement Proceeds for all litigation expenses paid by Settlement Class Counsel, including expert and consulting fees and other litigation expenses in amounts to be determined by the Court, and Administration Expenses advanced before the Settlement is finally approved. If the Court approves this request, said amounts will be deducted from the Settlement Proceeds before the Net Settlement Amount is calculated and Distribution Checks are mailed to the Class Members.

Generally, the Net Settlement Amount shall be proportionately allocated among Class Members based upon the size of the royalty owner's interest and the amount paid to each royalty owner for Defendants' gas produced from each Class Well from December 1, 2009 through February 2019. Distribution of the Net Settlement Amount will be made only to the last royalty owners paid by Defendants in a given Class Well. A draft of the Plan of Allocation and Distribution Order is Exhibit A to the Settlement Agreement and is subject to Court approval.

The distribution of the Net Settlement Amount to Class Members is based on the following assumptions: (a) that very few sales of royalty interests have occurred during the specified time period; (b) that, where sales did occur, the parties intended for the buyer to receive payment for past claims; and (c) that, where royalty interests passed through inheritance, devise or interfamily transfers, it was the intent that the heir, devisee or transferee receive the right to receive payment

for claims based on past production. To the extent these assumptions are not correct as to specific transfers of interests, the Court will be asked to order that the Class Member who receives payment shall in turn make payment to the proper party.

V. CLASS SETTLEMENT FAIRNESS HEARING

The Settlement Fairness Hearing will be held on **February 25, 2020 beginning at 2:00 p.m.**, in the United States District Courthouse for the Eastern District of Oklahoma, 101 N. 5th Street, Muskogee, OK 74401.

A CLASS MEMBER WHO DOES NOT OPT OUT DOES NOT NEED TO APPEAR AT THE SETTLEMENT FAIRNESS HEARING OR TAKE ANY OTHER ACTION TO PARTICIPATE IN THE SETTLEMENT.

VI. WHAT ARE YOUR OPTIONS AS A CLASS MEMBER?

A. You Can Participate in the Proposed Class Settlement by Doing Nothing.

By taking no action, your interests will be represented by the Class Representative and Settlement Class Counsel. As a Class Member, you will be bound by the outcome of the Settlement, if finally approved by the Court. The Class Representative and Settlement Class Counsel believe that the Settlement is in the best interest of the Class, and, therefore, they intend to support the proposed Settlement at the Settlement Fairness Hearing.

B. You May Opt Out of the Settlement Class.

If you do not wish to be a member of the Settlement Class, then you may opt out of the Class as set forth in ¶ 10.3 of the Settlement Agreement and summarized below. **On or before 5:00 p.m. CST on January 13, 2020**, you must file your opt-out with the Clerk of the United States District Court for the Eastern District of Oklahoma, 101 N. 5th Street, Muskogee, Oklahoma 74401.

Your opt-out must state the following:

(a) I do not want to be a member of the Settlement Class in *Mary Katherine Harris v. Chevron U.S.A., Inc., et al*, No. 6:19-cv-00355-SPS, pending in the United States District Court for the Eastern District of Oklahoma. I understand it will be my responsibility to pursue any claims I may have, if I so desire, on my own and at my expense;

(b) My Chevron royalty identification owner number is #_____. I have owned a royalty interest in the following Class Wells: [identify each Class Well by Well/property name as shown on your check stub]; and

(c) Your signature.

C. You May Remain a Member of the Settlement Class but Object to the Proposed Settlement.

Under ¶ 10.3 of the Settlement Agreement, you have the right to remain a member of the Settlement Class but still object to the proposed Settlement and any of its terms, including the requests for Class Counsels' Fees and Expenses and Administration Expenses. To object to the

Settlement, **on or before 5:00 p.m. CST on January 13, 2020**, you must file with the Clerk of the Court for the United States District Court for the Eastern District of Oklahoma, 101 N. 5th Street, Muskogee, Oklahoma 74401, a written objection containing the following information:

- (a) A heading referring to *Mary Katherine Harris v. Chevron U.S.A., Inc., et al*, No. 6:19-cv-00355-SPS, pending in the United States District Court for the Eastern District of Oklahoma;
- (b) A reasonably detailed statement of each objection;
- (c) Your current address and telephone number;
- (d) Your owner identification number with Chevron;
- (e) The name of each well in which you own a royalty interest as shown on your check stub from Chevron; and
- (f) Your signature.

If you fail to timely file such written statement or to provide the required information, the Court will treat your objection as not filed at all. Also, any appeal by a valid and timely objector must comply with the Settlement Agreement, which is available in its entirety at www.harrischevron.com.

VII. CONDITIONS AND CONSEQUENCES OF NON-APPROVAL

If the Court or an appellate court does not enter an Order approving the Settlement, then the Settlement shall become null and void and the case will proceed as though the Settlement Agreement was never entered into.

VIII. SCOPE OF NOTICE AND ADDITIONAL INFORMATION

This Notice contains only a summary of the Class Lawsuit and the proposed Settlement Agreement. The pleadings and other papers filed in this Action are available in the Office of the Clerk of the Court for the United States District Court for the Eastern District of Oklahoma, 101 N. 5th Street, Muskogee, Oklahoma 74401. You also may obtain a copy of the Complaint and Settlement Agreement, as well as any status updates on this case, from the following website: www.harrischevron.com.

**PLEASE DO NOT CALL OR WRITE THE JUDGE OR THE CLERK
ASKING FOR INFORMATION.**

Dated this 19th day of November 2019.


Steven P. Shreder
United States Magistrate Judge
Eastern District of Oklahoma

Questions? Call toll-free 1-833-759-2981 or visit www.harrischevron.com.