

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

**PAUPER PETROLEUM, LLC, on behalf
of itself and all others similarly situated,**

Plaintiff,

v.

KAISER-FRANCIS OIL COMPANY,

Defendant.

Case No. 19-CV-514-JFH-JFJ

JUDGMENT

This is a class action lawsuit brought by Plaintiff Pauper Petroleum, LLC on behalf of itself and as representative of a class of owners (defined below), against Kaiser-Francis Oil Company (“Defendant”), for, *inter alia*, the alleged underpayment of royalty on gas and gas constituents from oil-and-gas wells in Oklahoma. On July 22, 2022, Plaintiff and Defendant executed a Stipulation and Agreement of Settlement (the “Settlement Agreement”), finalizing the terms of the Settlement.¹

On October 4, 2022, the Court preliminarily approved the Settlement and issued an Order Granting Preliminary Approval of Class Action Settlement, Certifying the Class for Settlement Purposes, Approving Form and Manner of Notice, and Setting Date for Final Fairness Hearing (the “Preliminary Approval Order”). Dkt. No. 69. In the Preliminary Approval Order, the Court, *inter alia*:

a. certified the Class I Settlement Class¹ for settlement purposes, finding all requirements of Federal Rule of Civil Procedure 23 have been satisfied with respect to the proposed Class I Settlement Class;

b. appointed Plaintiff Pauper Petroleum, LLC as Class Representative, and Reagan E. Bradford and Ryan K. Wilson (of Bradford & Wilson PLLC) as Co-Lead Class Counsel and Rex Sharp (of Sharp Law LLP) as Additional Class Counsel;

c. preliminarily found: (i) the proposed Settlement resulted from extensive arm's-length negotiations; (ii) the proposed Settlement was agreed to only after Class Counsel had conducted legal research and discovery regarding the strengths and weaknesses of Class Representative's and the Class I Settlement Class's claims; (iii) Class Representatives and Class Counsel have concluded that the proposed Settlement is fair, reasonable, and adequate; and (iv) the proposed Settlement is sufficiently fair, reasonable, and adequate to warrant sending notice of the proposed Settlement to the Class I Settlement Class;

d. preliminarily approved the Settlement as fair, reasonable, and adequate and in the best interest of the Class I Settlement Class;

e. preliminarily approved the form and manner of the proposed Notices to be communicated to the Class I Settlement Class, finding specifically that such Notice, among other information: (i) described the terms and effect of the Settlement; (ii) notified the Class I Settlement Class that Plaintiff's Counsel will seek Plaintiff's Attorneys' Fees, reimbursement of Litigation Expenses and Administration, Notice, and Distribution Costs, and a Nominal Case Contribution Award for Class Representative's services; (iii) notified the Class I Settlement Class of the time

¹ The Class I Settlement Class includes the Class I and Class I Subclass, as defined in the First Amended Complaint [Dkt. No. 12 at 3].

and place of the Final Fairness Hearing; (iv) described the procedure for requesting exclusion from the Settlement; and (v) described the procedure for objecting to the Settlement or any part thereof;

f. instructed the Settlement Administrator to disseminate the approved Notice to potential members of the Class I Settlement Class [Dkt. No. 65-1 at 77], to publish the Notice [*Id.* at 68-76], and to display documents related to the Settlement on an Internet website in accordance with the Settlement Agreement and in the manner approved by the Court;

g. provided for the appointment of a Settlement Administrator;

h. provided for the appointment of an Escrow Agent;

i. set the date and time for the Final Fairness Hearing as January 23, 2023, at 9:00 a.m. in the United States District Court for the Northern District of Oklahoma; and

j. set out the procedures and deadlines by which Class I Members could properly request exclusion from the Class I Settlement Class or object to the Settlement or any part thereof.

After the Court issued the Preliminary Approval Order, due and adequate notice by means of the Notices was given to the Class I Settlement Class, notifying them of the Settlement and the upcoming Final Fairness Hearing. On January 23, 2023, in accordance with the Preliminary Approval Order and the Notices, the Court conducted a Final Fairness Hearing to, *inter alia*:

a. determine whether the Settlement should be approved by the Court as fair, reasonable, and adequate and in the best interests of the Class I Settlement Class;

b. determine whether the notice method utilized by the Settlement Administrator: (i) constituted the best practicable notice under the circumstances; (ii) constituted notice reasonably calculated under the circumstances to apprise Class I Members of the pendency of the Litigation, the Settlement, their right to exclude themselves from the Settlement, their right to object to the Settlement or any part thereof, and their right to appear at the Final Fairness Hearing; (iii) was

reasonable and constituted due, adequate, and sufficient notice to all persons and entities entitled to such notice; and (iv) meets all applicable requirements of the Federal Rules of Civil Procedure and any other applicable law;

c. determine whether to approve the Allocation Methodology, the Plan of Allocation, and distribution of the Net Settlement Fund to Class I Members who did not timely submit a valid Request for Exclusion or were not otherwise excluded from the Class I Settlement Class by order of the Court;²

d. determine whether a Judgment should be entered pursuant to the Settlement Agreement, *inter alia*, dismissing the Released Claims in the Litigation against Defendant with prejudice and extinguishing, releasing, and barring all Released Claims against all Released Parties in accordance with the Settlement Agreement;

e. determine whether the applications for Plaintiff's Attorneys' Fees, reimbursement for Litigation Expenses and Administration, Notice, and Distribution Costs, and a Nominal Case Contribution Award to Class Representative are fair and reasonable and should be approved;³ and

f. rule on such other matters as the Court deems appropriate.

The Court, having reviewed the Settlement, the Settlement Agreement, and all related pleadings and filings, and having heard the evidence and argument presented at the Final Fairness Hearing, now FINDS, ORDERS, and ADJUDGES as follows:

² The Court will issue a separate order pertaining to the allocation and distribution of the Net Settlement Fund among Class I Members (the "Plan of Allocation Order").

³ The Court will issue separate orders pertaining to Plaintiff's Attorneys' Fees and reimbursement of Litigation Expenses and Administration, Notice, and Distribution Costs, and Class Representative's request for a Nominal Case Contribution Award.

1. The Court, for purposes of this Final Judgment (the “Judgment”), adopts all defined terms as set forth in the Settlement Agreement and incorporates them as if fully set forth herein.
2. The Court has jurisdiction over the subject matter of this Litigation and all matters relating to the Settlement, as well as personal jurisdiction over Defendant and Class I Members.
3. The Class I Settlement Class, which was certified in the Court’s Preliminary Approval Order, is defined as follows:

All non-excluded persons or entities who are or were royalty owners where Kaiser-Francis Oil Company is or was the operator (or a working interest owner who marketed its share of gas and directly paid royalties to the royalty owners) for the Class Wells during the production months of August 2013, through and including December 2021, and royalties on such gas were paid to such royalty owners; and including such persons entitled to share in royalty proceeds during the production months of August 2013, through and including December 2021, under any lease that contains an express provision stating that royalty will be paid on gas used off the lease premises (an Express Fuel Clause). The claims in this matter relate to royalty payments for gas and its constituents (residue gas, natural gas liquids, helium, nitrogen, or condensate).

The persons, entities, or interests 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) any publicly traded company or their affiliated entities that produce, gather, process, or market gas; (4) overriding royalty owners and others whose interest was carved out from the lessee’s interest; and (5) the Released Parties.

The Court finds that the above-defined Class I Settlement Class has been properly certified for the purposes of this Settlement. The Court finds that the persons and entities identified in the attached Exhibit 1 have submitted timely and valid Requests for Exclusion and are hereby excluded from the foregoing Class I Settlement Class, will not participate in or be bound by the Settlement, or any part thereof, as set forth in the Settlement Agreement, and will not be bound by or subject to the releases provided for in this Judgment and the Settlement Agreement.

4. At the Final Fairness Hearing on January 23, 2023, the Court fulfilled its duties to independently evaluate the fairness, reasonableness, and adequacy of, *inter alia*, the Settlement and the Notice of Settlement provided to the Class I Settlement Class, considering not only the pleadings and arguments of Class Representative and Defendant and their respective Counsel, but also the concerns of any objectors and the interests of all absent Class I Members. In so doing, the Court considered arguments that could reasonably be made against, *inter alia*, approving the Settlement and the Notice of Settlement, even if such argument was not actually presented to the Court by pleading or oral argument.

5. The Court further finds that due and proper notice, by means of the Notices, was given to the Class I Settlement Class in conformity with the Settlement Agreement and Preliminary Approval Order. The form, content, and method of communicating the Notices disseminated to the Class I Settlement Class and published pursuant to the Settlement Agreement and the Preliminary Approval Order: (a) constituted the best practicable notice under the circumstances; (b) constituted notice reasonably calculated, under the circumstances, to apprise Class I Members of the pendency of the Litigation, the Settlement, their right to exclude themselves from the Settlement, their right to object to the Settlement or any part thereof, and their right to appear at the Final Fairness Hearing; (c) was reasonable and constituted due, adequate, and sufficient notice to all persons and entities entitled to such notice; and (d) met all applicable requirements of the Federal Rules of Civil Procedure, the Due Process Clause of the United States Constitution, the Due Process protections of the State of Oklahoma, and any other applicable law. Therefore, the Court approves the form, manner, and content of the Notices used by the Parties. The Court further finds that all Class I Members have been afforded a reasonable opportunity to request exclusion from the Class I Settlement Class or object to the Settlement.

6. Pursuant to and in accordance with Federal Rule of Civil Procedure 23, the Settlement, including, without limitation, the consideration paid by Defendant, the covenants not to sue, the releases, and the dismissal with prejudice of the Released Claims against the Released Parties as set forth in the Settlement Agreement, is finally approved as fair, reasonable and adequate and in the best interests of the Class I Settlement Class. The Settlement Agreement was entered into between the Parties at arm's-length and in good faith after substantial negotiations free of collusion. The Settlement fairly reflects the complexity of the Claims, the duration of the Litigation, the extent of discovery, and the balance between the benefits the Settlement provides to the Class I Settlement Class and the risk, cost, and uncertainty associated with further litigation and trial of the Released Claims. Serious questions of law and fact remain contested between the parties. The Settlement provides a means of gaining immediate valuable and reasonable compensation and forecloses the prospect of uncertain results after many more months or years of additional discovery and litigation of the Released Claims. The considered judgment of the Parties, aided by experienced legal counsel, supports the Settlement.

7. By agreeing to settle the Released Claims in the Litigation, Defendant does not admit, and instead specifically denies, that the Released Claims in the Litigation could have otherwise been properly maintained as a contested class action, and specifically denies any and all wrongdoing and liability to the Class I Settlement Class, Class Representative, and Plaintiff's Counsel.

8. The Court finds that on August 8, 2022, Defendant caused notice of the Settlement to be served on the appropriate state official for each state in which a Class I Member resides, and the appropriate federal official, as required by and in conformance with the form and content requirements of 28 U.S.C. § 1715. In connection therewith, the Court has determined that, under 28

U.S.C. 28 § 1715, the appropriate state official for each state in which a Class I Member resides was and is the State Attorney General for each such state, and the appropriate federal official was and is the Attorney General of the United States. Further, the Court finds it was not feasible for Defendant to include on each such notice the names of each of the Class I Members who reside in each state and the estimated proportionate share of each such Class I Members to the entire Settlement as provided in 28 U.S.C. § 1715(b)(7)(A); therefore, each notice included a reasonable estimate of the number of Class I Members residing in each state and the estimated proportionate share of the claims of such Class I Members to the Settlement. No appropriate state or federal official has entered an appearance or filed an objection to the entry of final approval of the Settlement. Thus, the Court finds that all requirements of 28 U.S.C. § 1715 have been met and complied with and, as a consequence, no Class I Member may refuse to comply with or choose not to be bound by the Settlement and this Court's Orders in furtherance thereof, including this Judgment, under the provisions of 28 U.S.C. § 1715.

9. The Released Claims are dismissed with prejudice as to the Released Parties. All Class I Members who have not validly and timely submitted a Request for Exclusion to the Settlement Administrator as directed in the Notice of Settlement and Preliminary Approval Order: (a) are hereby deemed to have finally, fully, and forever conclusively released, relinquished, and discharged all of the Released Claims against the Released Parties; and (b) are barred and permanently enjoined from, directly or indirectly, on any Class I Member's behalf or through others, suing, instigating, instituting, or asserting against the Released Parties any claims or actions on or concerning the Released Claims. Neither Party will bear the other's Party's litigation costs, costs of court, or attorney's fees.

10. The Court also approves the efforts and activities of the Settlement Administrator, JND Legal Administration, and the Escrow Agent, Signature Bank, in assisting with certain aspects of the administration of the Settlement, and directs them to continue to assist Class Representative in completing the administration and distribution of the Settlement in accordance with the Settlement Agreement, this Judgment, any Plan of Allocation approved by the Court, and the Court's other orders.

11. Nothing in this Judgment shall bar any action or claim by Class Representative or Defendant to enforce or effectuate the terms of the Settlement Agreement or this Judgment.

12. The Settlement Administrator is directed to refund to Defendant the amount of the Net Settlement Fund attributable to Class I Members who timely and properly submitted a Request for Exclusion or who were otherwise excluded from the Class I Settlement Class by order of the Court in accordance with the Settlement Agreement, if applicable.

13. Entering into or carrying out the Settlement Agreement, and any negotiations or proceedings related thereto, and the Settlement Agreement itself, are not, and shall not be construed as, or deemed to be evidence of, an admission or concession by any of the Parties to the Settlement Agreement. Further, this Final Judgment shall not give rise to any collateral estoppel effect as to the certifiability of any class in any other proceeding.

14. As separately set forth in detail in the Court's Plan of Allocation Order, the Allocation Methodology, the Plan of Allocation, and distribution of the Net Settlement Fund among Class I Members who were not excluded from the Class I Settlement Class by timely submitting a valid Request for Exclusion or other order of the Court are approved as fair, reasonable and adequate, and Class Counsel and the Settlement Administrator are directed to administer the Settlement in accordance with the Plan of Allocation Order entered by the Court.

15. The Court finds that Class Representative, Defendant, and their Counsel have complied with the requirements of the Federal Rules of Civil Procedure as to all proceedings and filings in this Litigation. The Court further finds that Class Representative and Class Counsel adequately represented the Class I Settlement Class in entering into and implementing the Settlement.

16. Neither Defendant nor Defendant's Counsel shall have any liability or responsibility to Plaintiff, Plaintiff's Counsel, or the Class I Settlement Class with respect to the Gross Settlement Fund or its administration, including but not limiting to any distributions made by the Escrow Agent or Settlement Administrator. Except as described in paragraph 6.18 of the Settlement Agreement, no Class I Member shall have any claim against Plaintiff, Plaintiff's Counsel, the Settlement Administrator, the Escrow Agent, or any of their respective designees or agents based on the distributions made substantially in accordance with the Settlement Agreement, the Court's Plan of Allocation Order(s), or other orders of the Court.

17. Any Class I Member who receives a Distribution Check that he/she/it is not legally entitled to receive is hereby ordered to either (a) pay the appropriate portion(s) of the Distribution Check to the person(s) legally entitled to receive such portion(s) or (b) return the Distribution Check uncashed to the Settlement Administrator.

18. All matters regarding the administration of the Escrow Account and the taxation of funds in the Escrow Account or distributed from the Escrow Account shall be handled in accordance with Section 5 of the Settlement Agreement.

19. Any order approving or modifying any Plan of Allocation Order, the application by Class Counsel for an award of Plaintiff's Attorneys' Fees or reimbursement of Litigation Expenses and Administration, Notice, and Distribution Costs, or the request of Class Representatives for a Nominal Case Contribution Award shall be handled in accordance with the Settlement Agreement

and the documents referenced therein (to the extent the Settlement Agreement and documents referenced therein address such an order).

20. Plaintiff's Counsel, Plaintiff, and the Class I Settlement Class will only be liable for loss of any portion of the Escrow Account as described in paragraph 6.18 of the Settlement Agreement. Defendant shall have no liability for any such loss.

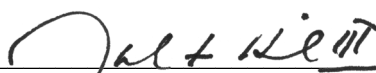
21. Without affecting the finality of this Judgment in any way, the Court (along with any appellate court with power to review the Court's orders and rulings in the Litigation) reserves exclusive and continuing jurisdiction to enter any orders as necessary to administer the Settlement Agreement, including jurisdiction to determine any issues relating to the payment and distribution of the Net Settlement Fund, and to enforce the Judgment.

22. In the event the Settlement is terminated as the result of a successful appeal of this Judgment or does not become Final and Non-Appealable in accordance with the terms of the Settlement Agreement for any reason whatsoever, then this Judgment and all orders previously entered in connection with the Settlement shall be rendered null and void and shall be vacated. The provisions of the Settlement Agreement relating to termination of the Settlement Agreement shall be complied with, including the refund of amounts in the Escrow Account to Defendant.

23. Without affecting the finality of this Judgment in any way, the Court (along with any appellate court with power to review the Court's orders and rulings in the Litigation) reserves exclusive and continuing jurisdiction to enter any orders as necessary to administer the Settlement Agreement, including jurisdiction to determine any issues relating to the payment and distribution of the Net Settlement Fund, to issue additional orders pertaining to, *inter alia*, Class Counsel's request for Plaintiff's Attorneys' Fees and reimbursement of reasonable Litigation Expenses and Administration, Notice, and Distribution Costs and Class Representative's request for a Nominal

Case Contribution Award, and to enforce this Final Judgment. Notwithstanding the Court's jurisdiction to issue additional orders in this Litigation, this Judgment fully disposes of all Released Claims as to Defendant and is therefore a final appealable judgment. Pursuant to Rule 54(b), the Court further finds no just reason for delay and therefore expressly directs the Clerk of the Court to file this Judgment as a final order and final judgment of the Released Claims in this Litigation.

IT IS SO ORDERED this 23rd day of January 2023.



JOHN F. HEILL, III
UNITED STATES DISTRICT JUDGE

Exhibit 1

MEWBOURNE OIL COMPANY FOR ROYALTY DISTRIBUTION
TERRITORY RESOURCES LLC FOR ROYALTY DISTRIBUTION
BCE-MACH II LLC FOR ROYALTY DISTRIBUTION
BCE-MACH II LLC
BCE-MACH III LLC FOR ROYALTY DISTRIBUTION
BCE-MACH III LLC