

STATE OF WYOMING )  
 ) ss  
COUNTY OF CAMPBELL )

IN THE DISTRICT COURT  
SIXTH JUDICIAL DISTRICT

Cosner Minerals Limited Partnership, )  
a Wyoming limited partnership; )  
Scorpio Resources, Inc., a Colorado )  
corporation, authorized to do business )  
in Wyoming; and Maurice W. Brown, )  
individually, Plaintiffs, )

Civil Action No. 32720

vs. )

Coleman Oil & Gas, Inc., a New Mexico )  
corporation authorized to conduct )  
business in Wyoming, Defendant. )

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT-GROUP 1

TO: Payees of Coleman Oil & Gas Company, Inc. ("Coleman")

You are NOT being sued.  
You need NOT respond to this notice in any way.

Dear Coleman Payee,

This notice informs you of a proposed settlement of class action claims against Coleman Oil & Gas Company, Inc. which will be referred to for the remainder of this notice simply as "Coleman." This notice describes the proposed settlement and informs you of your rights as a settlement class member. You are being sent this notice because you have been identified as a person receiving royalty payments from Coleman under leases, instruments and related overriding interests (derived or carved out of such leases) creating non-working royalties with respect to shallow gas from coal bed seams ("Coal Bed Methane") produced from or attributable to certain existing wells located on oil and gas leases in Campbell County, Wyoming ("Wyoming Powder River Basin" or "PRB"), from February 1, 2000 through February 28, 2010. (If Coleman pays additional royalties for the period March 1, 2010 through May 31, 2010, this date shall be extended to May 31, 2010.) Coleman has agreed, under the terms of the settlement, to pay you additional royalties resulting from revising the value on which royalties were paid in order to refund certain gathering charges and to pay royalties on certain fuel for the purposes of calculating royalties.

READ THIS FIRST

WHY SHOULD I READ THIS? This Notice describes a proposed settlement of a class action against Coleman, and you have been identified as a class member.

Exhibit 2A

WHY DID I RECEIVE THIS NOTICE? You received this Notice because a search of Coleman's records shows that you were paid royalties by Coleman for production of Coal Bed Methane in the Wyoming PRB for the existing wells that are the subject of the class action for all or part of the period after February 1, 2000, through February 28, 2010.

DO I HAVE TO DO ANYTHING? If the Court approves the settlement and it becomes effective, you do not need to do anything. If you received royalty payments from Coleman for production from February 1, 2000 through February 28, 2010 from the Existing Wells that are the subject of the class action, you are entitled to additional royalty payments under the settlement. Coleman is no longer the operator of the properties, and so the settlement agreement will not affect how your royalties in the future for production from the properties. If you received royalties for production from February 1, 2000 through February 28, 2010, an additional royalty payment will be provided to you as part of the settlement without the need for you to file a claim or do anything else. You may attend the court hearing described below if you wish, but your attendance or non-attendance will not affect your receiving the relief described. You do not need to appear in court; and you do not need to hire an attorney in this case. You may object to the proposed settlement if you so desire. You may also elect to be excluded or "opt out" of being included in the settlement.

WHOM CAN I CALL WITH QUESTIONS? If you have questions, you may call (307) 634-2240, weekdays, 9:00 a.m. to 5:00 p.m., MST; write to Freudenthal & Bonds, P.C., Attn: Steve Freudenthal, P.O. Box 387, 129 East Carlson Street, Cheyenne, WY 82003; or by e-mail addressed to firm@wyolaw.com.

WHOM CAN I CALL ABOUT A CHANGE OF ADDRESS? If your present address is different from the address on the envelope in which you received this Notice, or if you did not receive this Notice directly but believe you should have, you should call (307) 634-2240, or write to Freudenthal & Bonds, P.C., Attn: Steve Freudenthal, P.O. Box 387, 129 East Carlson Street, Cheyenne, WY 82003, and provide your new address.

#### The Basis Of The Claims Against Coleman

Coleman was a named defendant in a lawsuit (Docket No. 32720) filed by certain Coleman payees and payees of other producers (the "Plaintiffs") in the Sixth Judicial District Court, County of Campbell, State of Wyoming in Gillette, Wyoming (the "Action"). By bringing the Action, the Plaintiffs sought to obtain a determination that: (1) the calculations of royalties due and payable to them be free of deductions for costs of production, be free of any reduction for off-lease gas use, and the value of the gas be established as the arms-length price paid by third-party buyers at the market pipeline; (2) Plaintiffs be awarded damages in the amount of underpaid royalties; (3) Plaintiffs be awarded interest on the amount of underpaid and late paid royalties; (4) Plaintiffs be awarded the

amount of \$100.00 per month per interest owner for incomplete reporting under the Wyoming Royalty Payment Act; and (5) Plaintiffs be awarded court costs and reasonable attorney fees.

#### The Proposed Settlement

Prior to and since filing the Action, Plaintiffs, through class counsel, the Cheyenne, Wyoming law firm of Freudenthal & Bonds, P.C., have conducted an investigation of the facts, including reviews of Coleman's master meter billing statements and allocation procedures, reviews of the facts and circumstances of production, gathering, transportation, and marketing, and have analyzed the relevant legal and factual issues. Plaintiffs' counsel have conducted interviews of Coleman's employees and had discussions with Coleman's counsel and others concerning Coleman's policies and practices regarding royalty payment calculations and reporting. Plaintiffs' counsel obtained substantial information about the nature and extent of Coleman's challenged practices through this process as conducted under a Confidentiality Agreement. Plaintiffs' counsel continued to confirm and refine this information through additional due diligence inquiry from Coleman with respect to various aspects of the proposed settlement.

After an extensive exchange of information and months of vigorous arms-length negotiation, Plaintiffs and Coleman agreed to enter into a Settlement Agreement that, if approved by the court, will result in dismissal of this case and final resolution of all claims raised. Such dismissal will release Coleman and Additional Released Parties as defined in the Settlement Agreement from future liability for the acts and practices complained of. The Settlement terms are described in full in a document known as the Settlement Agreement dated effective October 15, 2011 (hereinafter "Settlement Agreement"). The Settlement Agreement is available for your inspection at the clerk's office of the court at the address given below.

The definition of "Market Point," for purposes of the Settlement Agreement, means the end of the first pipeline segment consisting of all activity in moving the gas from the well through a pipeline or to a point where single-stage screw compression, second stage reciprocating compression, and dehydration has been performed; provided, however, that if the gas is not at least 800 psig under normal operating conditions after the second stage reciprocating compression and dehydration has been performed, then the first pipeline segment shall extend until (i) the gas is at least 800 psig under normal operating conditions, or (ii) has been delivered into a regulated interstate pipeline, whichever first occurs. Based on this definition, the terms of the settlement as to Coal Bed Methane, in summary form, are as follows:

a. royalty calculations shall be based on the arm's-length sales price received by Coleman less actual costs paid or incurred to unaffiliated third-parties from the Market Point to the point of sale;

b. royalties shall be calculated without deduction for charges from the well-head through the Market Point;

c. royalties shall be calculated without deduction for gas volumes used after the first screw compressor through the Market Point; and

d. the minimum royalty payable by Coleman to each class member shall be no less than \$25.00.

The Settlement provides for monetary and other benefits to you and other members of the Settlement Classes beyond those described above, including: (i) Coleman, in settling these claims, will not assert claimed defenses available to it, whether procedural or substantive; and (ii) attorneys fees and costs payable to class counsel will be paid by Coleman in addition to the amount of past royalties to be paid under the settlement. Class counsel will further pay the costs of administering this settlement from such funds.

The amount of additional royalty to be distributed has been calculated by field and shall be allocated to the class members in each field based upon the quantity on which each class member was previously paid. The amount of additional royalty to be received by each individual class member will vary substantially based on their individual royalty interest, whether they only owned an interest for a short period of time and others have succeeded to their interests, whether production has occurred for only a short period of time, and how payments were previously calculated by Coleman for each field. Disputed Deductions were estimated based upon a methodology jointly agreed upon by Plaintiffs and Coleman. Each individual class member's additional royalty may vary from minimal to very substantial based on the foregoing factors, but all class members are receiving their proportionate share of the settlement amount based on the terms as described above. WITH THIS NOTICE YOU SHOULD HAVE RECEIVED A SINGLE GREEN SHEET CONTAINING A STATEMENT OF ESTIMATED DISTRIBUTION FOR YOU PERSONALLY. IF YOU DID NOT RECEIVE THIS STATEMENT PLEASE CONTACT CLASS COUNSEL. You may evaluate the economic impact of the settlement by comparing the estimated distribution to the amount of royalties paid to you by Coleman from February 1, 2000 through February 28, 2010 for the existing wells that are the subject of the Class Action.

Notwithstanding its agreement to settle this case, Coleman denies all allegations of wrongdoing, denies liability to Plaintiffs, and in settling the case admits no wrongdoing or liability of any kind. Coleman vigorously maintains that it has valid defenses to all claims raised in the case, and would prevail if the litigation were to proceed. The Court has not ruled on the merits of Plaintiffs' claims or Coleman's potential defenses, and this Notice is not to be considered as an expression of opinion by the Court. Coleman has also weighed the risks and possible costs of litigation of the Action against the benefits of the proposed Settlement, and considers it

desirable that the claims be settled on a global basis to avoid the time, risk, and expense of defending protracted litigation and in order to achieve a final resolution of the claims being settled.

#### Release of Claims

If you remain in the Settlement Class and accept the benefits of the Settlement Agreement, you will also release Coleman and Additional Released Parties, which includes any other working interest owners on whose behalf Coleman paid Royalties, for all Settled Claims. The Settled Claims exclude those claims that could arise out of any future clerical errors in accounting for the volumes, price, value or decimal interest reported by Coleman. While the detailed terms of the release are contained in the Settlement Agreement, in summary, Coleman, by paying the Settlement Amount, will be released for: (1) all past Gas Royalty Claims, including, but not limited to, Valuation and Disputed Deductions; (2) past Reporting Claims; and (3) Attorneys Fees and Administration Costs.

#### The Settlement Classes

The Court will be asked to confirm certification of a Settlement Class for the purposes of settlement consisting of persons who are lessors under leases, instruments and related overriding interests (derived or carved out of such leases) creating non-working interest royalties with respect to Coal Bed Methane produced from certain leases in Campbell County, Wyoming who were paid royalties by Coleman for production from the existing wells that are the subject of the Class Action during the period from February 1, 2000 through February 28, 2010. Your receipt of this notice means you are an identified class member.

#### Attorneys' Fees, Costs and Expenses

Plaintiffs' counsel will request that the Court award them attorneys' fees, costs and settlement administration expenses. Plaintiffs' counsel and/or the named plaintiffs have paid or incurred costs, accounting expenses and expert witness expenses of approximately \$18,000.00 and expect to pay approximately \$7,000.00 in settlement administration expenses. As part of achieving settlement, Plaintiffs' counsel have agreed that the attorneys' fees, costs and settlement administration expenses shall be limited to fifteen percent (15%) of the gross settlement amount, rather than the thirty percent (30%) provided in the retainer agreements with the named Plaintiffs. Based on an estimated amount of additional royalties due of \$1,594,674.45, Plaintiffs' counsel intends to request \$281,413.14 in attorney's fees, costs, expenses, and expenses of administration. The amount paid for attorney's fees, costs, expenses and expenses of administration of this settlement will be added to the additional royalties due, resulting in a gross settlement amount of approximately \$1,876,087.59. The amount paid for attorneys fees, costs, expenses and expenses of administration will not diminish or affect the substantially complete reimbursement of additional

royalties due to class members. Under the settlement, there is not a separate award for interest or monthly assessments.

### The Settlement Hearing

The Court will conduct a hearing (the "Settlement Hearing") at the Campbell County Courthouse, Gillette, Wyoming, at 4:00 p.m. on November 28, 2011 (or at the dates and times to which the Court may, without further notice, reschedule the hearing). The purpose of the Settlement Hearing will be to determine whether the proposed settlement is fair, adequate, and proper; and whether the Court should enter a judgment approving the settlement, awarding attorneys' fees and expenses, and dismissing the class action. You have the right but are not required to attend. Attendance or non-attendance will not affect any distribution to which you may be entitled under the settlement.

### Your Right To Appear And Object To The Proposed Settlement

Any member of the class may appear at the Settlement Hearing in person or by a duly authorized attorney and show cause, if any, why the settlement should not be approved; provided that (except by special permission of the Court) no class member shall be heard unless, on or before November 23, 2011 the class member files with the Court a written "Notice of Intent To Appear," at the clerk's address set out below, setting forth all of that class member's objections to the settlement, and mails copies of all such papers to Plaintiffs' and Coleman's counsel at the addresses specified below.

### Your Right To Be Excluded Or Opt Out Of The Proposed Settlement

You have the right to be excluded or opt out of the proposed settlement. If you elect to be excluded or opt out of the proposed settlement, you must elect to be excluded or opt out with respect to all of your interest in lease(s), instrument(s) and/or related overriding interest(s) having the same or substantially similar terms. No class member shall be excluded unless, on or before November 23, 2011, the class member files with the court a written "Election to be Excluded," at the clerk's address set out below, specifically describing all of that class member's interests to be excluded by lease name, date of lease, and book, page and county where recorded (if not recorded, a copy of the document(s) creating the interest should be attached) or well number(s). Exhibits A, B and C to the Settlement Agreement contain additional information regarding owners, well numbers and well names for the wells that are the subject of the Class Action, and a description of the leases that are the subject of the Class action. Copies of all such papers shall simultaneously be mailed to Plaintiffs' and Coleman's counsel at the addresses specified below. Failure to timely comply with this requirement will result in your remaining in the class and subject you to the terms of the Settlement Agreement.

### Office of the Clerk

Nancy Ratcliff  
Clerk of the Campbell County District Court  
500 South Gillette Avenue, Suite 2600  
Gillette, WY 82716

Coleman's Counsel:  
Randall B. Reed  
Dray, Dyekeman, Reed & Healey, P.C.  
204 East 22nd Street  
Cheyenne, WY 82001

Plaintiffs' Counsel:  
Steven F. Freudenthal  
Freudenthal & Bonds, P.C.  
129 East Carlson Street  
P.O. Box 387  
Cheyenne, WY 82003-0387

Availability Of The Pleadings, The Settlement Agreement,  
And Other Papers In This Action

The Settlement Agreement, with its exhibits and all other papers filed in the Action, are available for inspection in the offices of the clerk of the court identified above. The documents on file with the court may be examined by any member of the class in person or by counsel during normal court hours each day other than on Saturdays, Sundays, and legal holidays. You may also view the documents on the internet at <http://www.wyolaw.com/> under the heading "Class Action" and then "Coleman Settlement."

Do not call or write the courts, other than as provided for above.

IF YOU HAVE QUESTIONS CONCERNING THIS NOTICE, YOU MAY CONTACT:

Steve Freudenthal at (307) 634-2240, weekdays, 9:00 a.m. to 5:00 p.m., MST; write to Freudenthal & Bonds, P.C., Attn: Steve Freudenthal, P.O. Box 387, 129 East Carlson Street, Cheyenne, WY 82003; or by e-mail addressed to [firm@wyolaw.com](mailto:firm@wyolaw.com).

DATED: October 24, 2011.

/s/ Nancy Ratcliff  
Clerk of the Sixth Judicial District Court,  
in and for Campbell County, State of  
Wyoming

STATE OF WYOMING )  
 ) ss  
COUNTY OF CAMPBELL )

IN THE DISTRICT COURT  
SIXTH JUDICIAL DISTRICT  
Civil Action No. 32720

Cosner Minerals Limited Partnership, )  
a Wyoming limited partnership; )  
Scorpio Resources, Inc., a Colorado )  
corporation, authorized to do business )  
in Wyoming; and Maurice W. Brown, )  
individually, )

Plaintiffs, )

vs. )

Coleman Oil & Gas, Inc., a New Mexico )  
corporation authorized to conduct )  
business in Wyoming, )

Defendant. )

STATEMENT OF ESTIMATED DISTRIBUTION

You have received a Notice of a Proposed Class Action Settlement. The estimated distribution of settlement proceeds to [Field One-Name] under Payee Number [Field 2-Payee Number] from the proposed settlement is [Field 3-Amount].

Payment of this amount is subject to a number of contingencies, including but not limited to, approval of the Settlement Agreement by the District Court for the Sixth Judicial District.