

STATE OF WYOMING )  
 )  
COUNTY OF CAMPBELL ) ss.

IN THE DISTRICT COURT  
SIXTH JUDICIAL DISTRICT

Civil Action No. 25547

Donald and Betty Brown Family )  
Trust; Frederick and Mary Ann )  
Oedekoven Family Trust; First )  
Interstate Bank as Trustee of the )  
Pilch Family Mineral Trust dated )  
January 19, 2001; Oedekoven )  
Water & Hot Oil, Inc., and Fred )  
C. Wilson, )  
 )  
Plaintiffs, )  
 )  
vs. )  
 )  
J.M. Huber Corporation, )  
 )  
Defendant. )

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT  
TO THE *PRODUCING* SECOND SETTLEMENT CLASS**

TO: Payees of J.M. Huber Corporation (“Huber”)

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

Dear Huber Payee,

This notice informs you of a proposed settlement of class action claims against J.M. Huber Corporation. J.M. Huber Corporation will be referred to for the remainder of this notice simply as “Huber.” 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 in a well which is now or may in the future be in a pay status and you may be entitled to royalty payments from Huber under leases, instruments and related overriding interests (derived or carved out of such leases) creating non-cost bearing interests with respect to shallow gas produced from coal bed seams (“Coal Bed Methane”) located in Campbell County, Johnson County or Sheridan County, Wyoming (“Wyoming Powder River Basin” or “PRB”), from January 1, 1998 through July 31, 2004. These interests are hereafter referred to as Huber Royalty Interests. To avoid continued and prospective litigation and to provide certainty with respect to future payments which may be owed to the owners of Huber Royalty Interests, Huber has agreed to a settlement which provides for a royalty and payment reporting methodology. In addition, for Huber Royalty Interests which have already received royalties from Huber for production occurring before August 1, 2004, Huber has agreed to pay additional royalties resulting from (1) revising the value on which royalties

were paid; (2) refunding certain gathering charges for the purposes of calculating royalties; and (3) revising the volume of Coal Bed Methane on which royalties were calculated.

## **READ THIS FIRST**

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

**WHY DID I RECEIVE THIS NOTICE?** You received this Notice because a search of Huber's records shows that you were paid or may be entitled to be paid royalties by Huber for Coal Bed Methane production in the Wyoming PRB for all or part of periods subsequent to January 1, 1998.

**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 Huber for production subsequent to January 1, 1998, you are entitled to additional royalty payments under the settlement. The settlement agreement will affect how Huber pays you royalties in the future. If you have received royalties from Huber for production subsequent to January 1, 1998, 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. If you are entitled to receive royalty payments for production in the future, you will receive prospective relief requiring that future royalty payments be made under the terms of the settlement. 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, Salzburg & Bonds, P.C., Attn: Steve Freudenthal, P.O. Box 387, 123 East 17th Street, Cheyenne, WY 82003; or by e-mail addressed to [firm@wyolaw.com](mailto: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, Salzburg & Bonds, P.C., Attn: Steve Freudenthal, P.O. Box 387, 123 East 17th Street, Cheyenne, WY 82003, and provide your new address.

### **The Basis Of The Claims Against Huber**

This case was filed on October 23, 2001, by certain Huber 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 against Huber was severed from the primary proceeding by order dated March 12, 2004 and entered on March 12, 2004 (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) Huber, in the calculations of royalties due and payable to the class members, be permanently restrained and enjoined from deducting for costs of production, from reducing for off-lease gas use, and using any value other than the value of the gas as established as the arms-length price paid by third-party buyers at the market pipeline;

(3) Plaintiffs be awarded damages in the amount of underpaid royalties; (4) Plaintiffs be awarded interest on the amount of underpaid and late paid royalties; (5) Plaintiffs be awarded the amount of \$100.00 per month per interest owner that complete reporting under the Wyoming Royalty Payment Act was not provided; and (6) Plaintiffs be awarded court costs and reasonable attorney fees.

### **The Proposed Settlement**

Since filing the Action, Plaintiffs, through class counsel, the Cheyenne, Wyoming law firm of Freudenthal, Salzburg & Bonds, P.C., have conducted an investigation of the facts, including reviews of Huber'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 Huber's employees and had discussions with Huber's counsel and others concerning Huber's policies and practices regarding royalty payment calculations and reporting. Plaintiffs' counsel obtained substantial information about the nature and extent of Huber's challenged practices through this process as conducted under a Confidentiality Agreement dated November 12, 2003. Plaintiffs' counsel continued to confirm and refine this information through additional due diligence inquiry from Huber with respect to various aspects of the proposed settlement.

After an extensive exchange of information and months of vigorous arms-length negotiation, Plaintiffs and Huber agreed to enter into a Settlement Agreement dated March 12, 2004 (hereafter "Settlement Agreement"). The Settlement Agreement identified a class of Huber royalty payees who had received payment of royalties from Coal Bed Methane produced from Huber Leases in the Wyoming Powder River Basin between January 1, 1998 and December 31, 2003. A hearing was held by the Court on May 14, 2004, and by Settlement Order and Final Judgment dated May 14, 2004, the Court approved the settlement class ("First Settlement Class") and approved the settlement of the lawsuit as set forth in the Settlement Agreement as fair, just, reasonable and adequate as to the settling parties. The Court's order approving the settlement became final and non-appealable on June 14, 2004 (the "Approval Event").

The First Settlement Class did not include all the owners of a royalty interest in the Huber Leases. Sections 2.5.1 and 2.5.2 of the Settlement Agreement state as follows:

- 2.5.1 Within six months after the Approval Event, Huber and Plaintiffs may petition the Court for certification of a Second Settlement Class as to all or any portion of the non-producing leases for the purpose of agreeing on a future royalty payment methodology and future reporting format for such leases.
- 2.5.2 This Agreement shall apply to the Second Settlement Class in the petition described in Section 2.5.1 above to the same extent as if the Second Settlement Class had been part of the original potential settlement class.

The parties have stipulated to an extension of time to allow the petition for certification of a second settlement class to be filed more than six months after the Approval Event. In accordance with the terms of the Settlement Agreement, Huber and Plaintiffs have proposed the certification of a second settlement class composed of two groups. The first group covers the owners of royalty interests in Huber's Non-Producing Leases as defined in the Settlement Agreement. The Non-Producing Leases were not included in the lease schedule for the First Settlement Class. This first group is referred to as the "Non-Producing Second Settlement Class."

The second group covers owners of royalty interests in Producing Leases as defined in the Settlement Agreement who were not included in the First Settlement Class and owners in any other Huber Leases which were not on the lease schedule for the First Settlement Class, all of which Leases now have wells located on them (the “Producing Second Settlement Class”). Although the Settlement Agreement contemplated that the second settlement class would only cover Non-Producing Leases, Plaintiffs’ counsel and Huber discovered certain parties that own interests in Producing Leases who may be entitled to payment of royalties but who were not included in the First Settlement Class for various reasons including owners in wells for which title was still being examined at the time the list of owners for the First Settlement Class was created. Plaintiffs and Huber wish to amend the Settlement Agreement by adding to the second settlement class these owners of interests in the Producing Leases and owners in any other Leases not included in the First Settlement Class which have or have had Huber-operated wells on such Leases. Members of the Producing Second Settlement Class may have received from Huber or may in the future be entitled to receive from Huber a cash payment for production attributable to their interest in these Huber Leases.

**If you have received a copy of this notice then you have been determined by Huber to be included within the Producing Second Settlement Class.** If you also own a royalty interest in a Non-Producing Huber Lease, you may receive a second notice which is the notice sent to members of the Non-Producing Second Settlement Class. It is possible that there is some duplication between the two Second Settlement Classes because wells may have been drilled on leases which were Non-Producing Leases at the time of the First Settlement.

If the Court approves the Settlement Agreement as to the Second Settlement Class, then this case will be dismissed and all claims raised in the Complaint will be resolved. As such, dismissal will release Huber and Additional Released Parties as defined in the Settlement Agreement from past and future liability from the acts and practices complained of under the terms of Complaint. The Settlement terms are described in full in a document known as the Settlement Agreement. The Settlement Agreement is available for your inspection at the clerk’s office of the court at the address given below.

The terms of the Settlement Agreement are based in part upon a defined term, “Market Point,” which is defined as 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, in summary form, are as follows:

(a) royalty calculations shall be based on the arm’s-length sales price received by Huber 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;

(d) royalty payments on production after July 31, 2004, shall be calculated using the method described above; and

(e) the Settlement provides for other benefits to you and other members of the Settlement Classes beyond those described above, including: (i) the Settlement obliges Huber, at its sole expense, to revise its royalty payment methods and calculations to comply with the terms of the Settlement in the future; (ii) Huber, in settling these claims, will not assert claimed defenses available to it, whether procedural or substantive; and (iii) attorneys fees and costs payable to class counsel will be paid by Huber in an 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.

In addition to the prospective relief described above which all members of the Producing Second Settlement Class will receive, those members of the Producing Second Settlement Class who have received payment of Royalties from Huber for production through July 31, 2004 (the "Refund Members"), shall be receiving a settlement distribution consistent with the above-described methodology for such production. The amount of additional royalty to be distributed to the Refund Members shall be allocated based on each Refund Member's pro rata interest by field in the Disputed Deductions being refunded for such field and each Refund Member's pro rata interest in the additional value being paid based upon the quantity on which each Refund 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 what deduction were previously taken by Huber in the calculation of each individual class member's royalties. Disputed Deductions incurred by Huber vary by field depending upon the pipeline facilities through which the gas flows, and Disputed Deductions taken by Huber in calculating royalties also varied by field. For example, for some fields, Huber stopped deducting charges for the pipeline facilities from the wellhead through the Market Point starting with December 2002 production. 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 THE AMOUNT ON THE GREEN SHEET IS ZERO, YOU ARE NOT A REFUND MEMBER BUT YOU WILL STILL BE ENTITLED TO THE BENEFITS OF THE SETTLEMENT AS TO FUTURE PAYMENTS MADE TO YOU BY HUBER. 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 Huber through July 31, 2004.

Notwithstanding its agreement to settle this case, Huber denies all allegations of wrongdoing, denies liability to Plaintiffs, and in settling the case admits no wrongdoing or liability of any kind. Huber 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 Huber's potential defenses, and this Notice is not to be considered as an expression of opinion by the Court. Huber 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 Second Settlement Class and accept the benefits of the Settlement Agreement, you will also release Huber and Additional Released Parties, which includes any other working interest owners on whose behalf Huber 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 Huber. While the detailed terms of the release are contained in Settlement Agreement, in summary, Huber, 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; (3) Future Gas Royalty Claims, contingent upon Huber's compliance with the Future Royalty Payment Methodology; (4) future Reporting Claims, contingent upon Huber's compliance with the Future Royalty Payment Format; and (5) Attorneys Fees and Administration Costs. In the event any working interest owner on whose behalf Huber pays Royalties pursuant to the Future Royalty Payment Methodology elects after July 31, 2004, to take its share of production in kind and pay its own share of royalties, to the extent such working interest owner complies with the future Royalty Payment Methodology and provides reporting consistent with the criteria set out in the settlement agreement, such working interest owner shall be entitled to the same benefits under the Settlement Agreement as Huber receives.

## **The Settlement Classes**

The Court will be asked to confirm certification of a Second Settlement Class for the purposes of settlement consisting of (1) the owners of royalty interests in Huber's Non-Producing Leases as defined in the Settlement Agreement, referred to herein as the "Non-Producing Second Settlement Class" and (2) the owners of royalty interests in Producing Leases who were not included in the First Settlement Class and owners in the Huber Leases which were not on the lease schedule for the First Settlement Class but whose Leases now have wells on them, referred to herein as the "Producing Second Settlement Class." Your receipt of this notice means you are an identified member of the Producing Second Settlement Class.

## **Attorneys' Fees, Costs and Expenses**

In settling the claims of the First Settlement Class, the Court awarded Plaintiffs' counsel attorneys' fees, costs and settlement administration expenses. In settling the claims of this Second Settlement Class, Plaintiffs' counsel will only ask the Court to award attorneys' fees, costs and expenses related to the Refund Members of the Producing Second Settlement Class who are receiving a settlement distribution for royalties paid on production through July 31, 2004. Plaintiffs' counsel will not seek any fees or costs related to the remainder of the Second Settlement Class. As part of achieving settlement, Plaintiffs' counsel have agreed that the attorneys' fees 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 \$38,743.47, Plaintiffs' counsel intends to request \$6,837.08 in attorney's fees. The amount paid for attorney's fees will be calculated as three/sevenths of the additional royalties due and added to the additional royalties due, resulting in a gross settlement amount of approximately \$45,580.55. The amount paid for attorneys' fees 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 8:00 a.m. on February 15, 2005 (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 February 2, 2005, 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 Huber'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 February 2, 2005, 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). Instructions for finding information about your interest in a Huber Lease are at the end of this notice under the heading "Where You Can Find Information About Your Interest in a Huber Lease." Copies of all such papers shall simultaneously be mailed to Plaintiffs' and Huber'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 348  
Gillette, WY 82716

#### Huber's Counsel:

Rex Arney  
Brown, Drew & Massey, LLP  
45 East Loucks, Suite 109  
Sheridan, WY 82801

#### Plaintiffs' Counsel:

Steven F. Freudenthal  
Freudenthal, Salzburg & Bonds, P.C.  
123 East 17th 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 "Huber Settlement."

**Where You Can Find Information About Your Interest in a Huber Lease**

The schedules attached to Plaintiffs' Motion for Conditional Consideration of Settlement Agreement and Provisional Certification of the Huber Second Settlement Class ("Motion") will be on the website of Plaintiffs' Counsel described above. Exhibit 3 of the Motion is the list of members of the Producing Second Settlement Class. This is where you can find your name and owner number. Exhibit 7 of the Motion is the lease schedule for the members of the Producing Second Settlement Class. This is where you can find a list of wells in which you have an interest and the lease or leases in which you have an interest.

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

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

(307) 634-2240, weekdays, 9:00 a.m. to 5:00 p.m., MST; write to Freudenthal, Salzburg & Bonds, P.C., Attn: Steve Freudenthal, P.O. Box 387, 123 East 17th Street, Cheyenne, WY 82003; or by e-mail addressed to [firm@wyolaw.com](mailto:firm@wyolaw.com).

DATED: December , 2004.

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