

STATE OF WYOMING )  
 ) ss.  
COUNTY OF CAMPBELL )

IN THE DISTRICT COURT  
SIXTH JUDICIAL DISTRICT  
Civil Action No. 23706

Rodney R. Addison and Myra )  
Mae Addison, husband and wife; )  
Coralene Albrecht; Donald L. and Betty )  
J. Brown Family Trust; Jacqueline )  
Crowley; Linette Gavin; G-P Industries, )  
Inc.; Lois Griffiths; Bernice Hampton; )  
Isora C. Heckel; Lawrence E. Klunenberg;) )  
Michael J. Klunenberg; Patsy L. Larson; )  
Charles Lehmkuhl; Gary Lehmkuhl; Kurt )  
Lehmkuhl; Neale Lehmkuhl; Nicholas B. )  
Loundagin; B. Nadine McKenzie-McCreery; )  
McGee Mineral Trust, John E. or Betty A.)  
McGee, Trustees; John E. McGee; Middle )  
Prong Land & Livestock, L.P.; Duane D. )  
Odegard Life Estate; Duane D. Odegard; )  
Duane D. and Mary K. Odegard, husband )  
and wife; Byron F. Oedekoven; Byron )  
and Marjorie Oedekoven, husband and )  
wife; Frederick L. and Mary Ann )  
Oedekoven Family Trust; Olin O. )  
Oedekoven; Oedekoven Water & Hot Oil, )  
Inc.; Valerie Plemel; Sam R. Ratcliff; )  
Christine Rogers; James F. "Bob" Rourke )  
as trustee of the Anne Rose Rourke )  
Revocable Trust; Samco, Inc.; Vicki L. )  
Schlautmann acting under POA for Louise )  
V. Steinhofel; Marion H. Scott and )  
Mary C. Scott, husband and wife; )  
Spear Lazy "S" Land Company; Daniel A. )  
Starr; Star Investment Corp.; Arthur )  
Varney Estate; Caroline Varney; )  
Charles M. Varney; Lynn Charles Varney; )  
Mark Owen Varney; Charles M. Varney, )  
acting under POA for Myrtle Varney; )  
Joy L. Voiles; Fred C. Wilson; and )  
William R. Wright, for themselves, and )  
on behalf of all others similarly )  
situated, )

Plaintiffs, )

vs. )

Anchor Bay Corporation; Antero Energy, )  
LLC; Barrett Resources Corporation )  
n/k/a Williams Production RMT Company; )  
Big Basin Petroleum, LLC, for itself )  
and as contract operator for )  
Petroleum Development Corporation; )  
Citation Oil & Gas Corp.; CMS Oil )  
and Gas Company; Devon Energy )  
Production Company, L.P. d/b/a )  
Devon Energy Production Company, )  
Limited Partnership; Devon Energy )  
Partners, A Limited Partnership; )  
Devon Energy Management Company, L.L.C.; )  
Duncan Oil, Inc.; Duncan Oil Properties, )  
Inc.; The Farleigh Corporation d/b/a )  
Farleigh Oil Properties, a sole )  
proprietorship; Headington Oil Company, )  
L.P., d/b/a Headington Oil Company, )



- j. Lawrence E. Klunenberg, a resident of West St. Paul, Dakota County, Minnesota.
- k. Michael J. Klunenberg, a resident of St. Louis Park, Hennepin County, Minnesota.
- l. Patsy L. Larson, a resident of Gillette, Campbell County, Wyoming.
- m. Charles Lehmkuhl, a resident of Pasadena, Los Angeles, County, California.
- n. Gary Lehmkuhl, a resident of Fairbank, Fayette County, Iowa.
- o. Kurt Lehmkuhl, a resident of Arlington, Sibley County, Minnesota.
- p. Neale Lehmkuhl, a resident of Bloomington, McLean County, Illinois.
- q. Nicholas B. Loundagin, a resident of Casper, Natrona County, Wyoming.
- r. B. Nadine McKenzie-McCreery, a resident of Gillette, Campbell County, Wyoming.
- s. McGee Mineral Trust, John E. or Betty A. McGee, Trustees, residents of Gillette, Campbell County, Wyoming.
- t. John E. McGee, a resident of Gillette, Campbell County, Wyoming.
- u. Middle Prong Land & Livestock, L.P., a Wyoming limited partnership with its principal place of business at Arvada, Sheridan County, Wyoming.
- v. Duane D. Odegard, a resident of Arvada, Sheridan County, Wyoming.
- w. Duane D. and Mary K. Odegard, husband and wife, residents of Arvada, Sheridan County, Wyoming.
- x. Duane D. Odegard Life Estate, a resident of Arvada, Sheridan County, Wyoming.
- y. Byron and Marjorie Oedekoven, husband and wife, residents of Gillette, Campbell County, Wyoming.

z. Byron F. Oedekoven, a resident of Gillette, Campbell County, Wyoming.

aa. Fred and Mary Oedekoven Family Trust, residents of Gillette, Campbell County, Wyoming.

ab. Olin O. Oedekoven, a resident of Gillette, Campbell County, Wyoming.

ac. Oedekoven Water & Hot Oil, Inc., a Wyoming corporation with its principal place of business in Campbell County, Wyoming.

ad. Valerie Plemel, a resident of Pukalani, Maui County, Hawaii.

ae. Sam R. Ratcliff, a resident of Gillette, Campbell County, Wyoming.

af. Christine Rogers, a resident of Lake Forest, Orange County, California.

ag. James F. "Bob" Rourke as trustee of the Anne Rose Rourke Revocable Trust, both the trust and the trustee are residents of Gillette, Campbell County, Wyoming.

ah. Samco, Inc., a Wyoming corporation, with its principal place of business located in Gillette, Campbell County, Wyoming.

ai. Vicki L. Schlautmann acting under a Power of Attorney for Louise V. Steinhofel, a resident of Gillette, Campbell County, Wyoming.

aj. Marion H. Scott and Mary C. Scott, husband and wife, residents of Gillette, Campbell County, Wyoming.

ak. Spear Lazy "S" Land Company, a Wyoming corporation, with its principal place of business at Gillette, Campbell County, Wyoming.

al. Daniel A. Starr, a resident of Maricopa County, Scottsdale, Arizona.

am. Star Investment Corp, a Wyoming corporation, with its principal place of business at Scottsdale, Maricopa County, Arizona.

an. Arthur Varney Estate, by Charles M. Varney, Executor, a resident of Lake County, Silver Bay, Minnesota.

ao. Caroline Varney, a resident of Lake County, Silver Bay, Minnesota.

ap. Charles M. Varney, a resident of Lake County, Silver Bay, Minnesota.

aq. Lynn Charles Varney, a resident of Lake County, Silver Bay, Minnesota.

ar. Mark Owen Varney, a resident of Hennepin County, Bloomington, Minnesota.

as. Myrtle Varney, by Charles M. Varney, Power of Attorney, a resident of Lake County, Silver Bay, Minnesota.

at. Joy L. Voiles, a resident of Sheridan County, Arvada, Wyoming.

au. Fred C. Wilson, a resident of Weston County, Newcastle, Wyoming.

av. William R. Wright, a resident of Gillette, Campbell County, Wyoming.

2. Each of the Plaintiffs is the lessor, or the successor to a lessor, under a lease of coal bed methane, under which one or more of the Defendants is the lessee and/or operator with the legal obligation and duty to pay to the respective Plaintiff(s) royalties on the coal bed methane produced from wells subject to the lease.

3. Each of the Plaintiffs is a Mineral Owner Royalty Plaintiff and/or Overriding Royalty Plaintiff, as hereinafter defined.

4. The leases and the wells producing coal bed methane in which the plaintiffs are Mineral Owner Royalty Plaintiffs and/or Overriding Royalty Plaintiffs, as hereinafter defined, are all located in Campbell County, Wyoming.

#### **DEFENDANTS**

5. Defendant Anchor Bay Corporation ("Anchor") is a Colorado corporation with its principal place of business located in Denver, Colorado.

6. Defendant Antero Energy, LLC ("Antero") is a limited liability company with its principal place of business located in Denver, Colorado.

7. Defendant Barrett Resources Corporation effective March 1, 2001 merged into Williams Production RMT Company ("Barrett") and is a Delaware corporation authorized to conduct business in Wyoming with its principal place of business located in Tulsa, Oklahoma.

8. Defendant Big Basin Petroleum, LLC ("Big Basin"), for itself and as contract operator for Petroleum Development Corporation, is a limited liability company with its principal place of business located in Gillette, Wyoming.

9. Defendant Citation Oil & Gas Corp. ("Citation") is a Delaware corporation with its principal place of business located in Houston, Texas.

10. Defendant CMS Oil and Gas Company ("CMS") is a Michigan corporation authorized to conduct business in Wyoming with its principal place of business located in Jackson, Michigan.

11. The "Devon Defendants:" Devon Energy Production Company, L.P. d/b/a Devon Energy Production Company, Limited Partnership ("Devon Limited Partnership") is an Oklahoma limited partnership with its principal place of business located in Oklahoma City, Oklahoma. Devon Energy Management Company, L.L.C. ("Devon Management") is an Oklahoma limited liability Company with its principal place of business located in Oklahoma City, Oklahoma. Devon Energy Partners, A Limited Partnership ("Devon Energy Partners") is an Oklahoma limited partnership with its principal place of business located in Oklahoma City, Oklahoma.

12. Defendant Duncan Oil, Inc. ("Duncan") is a Colorado corporation with its principal place of business located in Denver, Colorado.

13. Defendant Duncan Oil Properties, Inc. ("Duncan Properties") is an Oklahoma corporation with its principal place of business located in Oklahoma City, Oklahoma.

14. Defendant The Farleigh Corporation d/b/a Farleigh Oil Properties, a sole proprietorship ("Farleigh") is a Wyoming corporation with its principal place of business located in Casper, Wyoming.

15. Defendant Headington Oil Company, L.P., d/b/a Headington Oil Company, Limited Partnership ("Headington") is a Texas corporation authorized to conduct business in Wyoming with its principal place of business located in Dallas, Texas.

16. J.M. Huber Corporation ("Huber") is a New Jersey corporation with its principal place of business located in Edison, New Jersey.

17. Defendant Independent Production Company, Inc., formerly Cagle Petroleum Corp., ("Independent") is a Colorado Corporation authorized to conduct business in the State of Wyoming with its principal place of business located in Denver, Colorado.

18. Defendant Kennedy Oil ("Kennedy") is a Wyoming corporation with its principal place of business located at Gillette, Campbell County, Wyoming.

19. Defendant Lance Oil & Gas Company, Inc. ("Lance") is a Delaware corporation with its principal place of business located in Denver, Colorado.

20. Defendant Majestic Petroleum Operations, LLC ("Majestic") is a Wyoming limited liability company with its principal place of business located in Story, Wyoming.

21. Defendant Pennaco Energy, Inc. ("Pennaco") is a Nevada corporation with its principal place of business located in Denver, Colorado.

22. Defendant Petroleum Development Corporation ("Petroleum") is a New Mexico corporation with its principal place of business located in Moorcroft, Wyoming.

23. Prima Oil & Gas Company ("Prima") is a Colorado corporation authorized to conduct business in Wyoming with its principal place of business located in Denver, Colorado.

24. Redstone Defendants: Defendant Redstone Resources, Inc. ("Redstone") is a Colorado corporation with its principal place of business located in Denver, Colorado. Redstone Resources of Wyoming, Inc. ("Redstone Wyoming") is a Colorado corporation with its principal place of business located in Denver, Colorado.

25. Defendant Rim Operating, Inc. ("Rim") is a Colorado corporation authorized to conduct business in Wyoming with its principal place of business located in Englewood, Colorado.

26. Defendant Westport Oil and Gas Company, Inc., formerly Westport Oil & Gas Company, Inc. ("Westport") is a Delaware corporation authorized to conduct business in Wyoming with its principal place of business located in Denver, Colorado.

27. Defendant Yates Petroleum Corporation ("Yates") is a New Mexico corporation authorized to conduct business in Wyoming with its principal place of business located in Artesia, New Mexico.

28. Each of the named Defendants has the obligation and duty to pay royalties pursuant to the Leases and the Wyoming Royalty Payment Act, to the named plaintiffs as follows:

- a. Anchor Bay Corporation has the obligation and duty to pay to G-P Industries, Inc.;
- b. Antero Energy, LLC has the obligation and duty to pay to Sam R. Ratcliff;
- c. Barrett Resources n/k/a Williams Production RMT Company has the obligation and duty to pay to Coralene Albrecht, Linette Gavin, Lois Griffiths, Lawrence E. Klunenberg, Michael J. Klunenberg, Patsy L. Larson, Charles Lehmkuhl, Gary Lehmkuhl, Kurt Lehmkuhl, Neale Lehmkuhl, Sam R. Ratcliff, Christine Rogers, Samco, Inc., Star Investment Corporation, Daniel A. Starr, Estate of Arthur Varney, Caroline Varney, Lynn R. Varney, Mark Owen Varney, Myrtle Varney, Charles Varney, William R. Wright, and William R. & Dolores P. Wright;

- d. Big Basin Petroleum, LLC has the obligation and duty to pay to Valerie Plemel, Spear Lazy "S" Land Company, and Fred Wilson;
- e. Citation Oil & Gas Corporation has the obligation and duty to pay to Spear Lazy "S" Land Company;
- f. CMS Energy has the obligation and duty to pay to Middle Prong Land & Livestock, Duane D. Odegard Life Estate, Duane D. Odegard, Individually and Duane D. and Mary K. Odegard;
- h. Devon Energy has the obligation and duty to pay to Rodney R. and Myra M. Addison, Jacqueline Crowley, Isora Heckel, Patsy L. Larson, B. Nadine McKenzie McCreery, McGee Mineral Trust, John E. or Betty A. McGee, Trustees, John E. McGee, Duane D. & Mary K. Odegard, Byron & Marjorie Oedekoven, Byron F. Oedekoven, Olin O. Oedekoven, Sam R. Ratcliff, Marion H. and Mary C. Scott, Mary C. Scott, and Spear Lazy "S" Land Company;
- i. Duncan Oil Properties, Inc. has the obligation and duty to pay to Sam R. Ratcliff and Spear Lazy "S" Land Company;
- j. The Farleigh Corporation d/b/a Farleigh Oil Properties, a sole proprietorship has the obligation and duty to pay to Star Investment Corporation;
- k. Headington Oil Company has the obligation and duty to pay to B. Nadine McKenzie McCreery;
- l. J.M. Huber Corporation has the obligation and duty to pay to Donald and Betty Brown Family Trust, Frederick and Mary Ann Oedekoven Family Trust, and Oedekoven Water & Hot Oil, Inc.;
- m. Independent Production Company, Inc. has the obligation and duty to pay to G-P Industries, Inc., Patsy L. Larson, and Sam R. Ratcliff;
- n. Kennedy Oil has the obligation and duty to pay to Spear Lazy "S" Land Company;

- o. Lance Oil & Gas has the obligation and duty to pay to Coralene Albrecht, Linette Gavin, Lois Griffiths, Lawrence E. Klunenberg, Michael J. Klunenberg, Patsy L. Larson, Charles Lehmkuhl, Gary Lehmkuhl, Kurt Lehmkuhl, Neale Lehmkuhl, Sam R. Ratcliff, Christine Rogers, Samco, Inc., Spear Lazy "S" Land Company, Star Investment Corporation, Daniel A. Starr, Estate of Arthur Varney, Caroline Varney, Lynn R. Varney, Mark Owen Varney, Myrtle Varney, Charles Varney, and William R. Wright;
- p. Majestic Petroleum Operations, LLC has the obligation and duty to pay to Bernice Hampton;
- q. Pennaco Energy, Inc. has the obligation and duty to pay to G-P Industries, Inc., Patsy L. Larson, Nicholas B. Loundagin, B. Nadine McKenzie-McCreery, Middle Prong Land & Livestock, Duane D. Odegard Life Estate, Duane D. and Mary K. Odegard, Anne Rose Rourke Rev. Trust, Star Investment Corporation, and Louise V. Steinhofel;
- r. Petroleum Development Corporation has the obligation and duty to pay to Valerie Plemel, Spear Lazy "S" Land Company, and Fred Wilson;
- s. Prima Oil & Gas Company has the obligation and duty to pay to Fred Wilson;
- t. Prospective Investments & Trading, Ltd. has the obligation and duty to pay to B. Nadine McKenzie McCreery;
- u. Redstone Resources has the obligation and duty to pay to Rodney R. and Myra M. Addison, Jacqueline Crowley, Isora Heckel, Patsy L. Larson, McGee Mineral Trust, John E. or Betty A. McGee, Trustees, John E. McGee, Byron and Marjorie Oedekoven, Byron F. Oedekoven, Olin O. Oedekoven, Sam R. Ratcliff, Marion H. and Mary C. Scott, and Spear Lazy "S" Land Company;

- v. Rim Operating, Inc. has the obligation and duty to pay to Patsy L. Larson, Spear Lazy "S" Land Company, and Star Investment Corporation;
- w. Westport Oil & Gas Company has the obligation and duty to pay to G-P Industries, Inc., Patsy L. Larson, Samco, Inc., Spear Lazy "S" Land Company, and Star Investment Corporation; and
- x. Yates Petroleum has the obligation and duty to pay to Isora Heckel, Byron F. Oedekoven and Olin O. Oedekoven.

**JURISDICTION AND VENUE**

29. WYO. CONST. art. V, § 10 and WYO. STAT. § 30-5-303(b) confers jurisdiction on this Court.

30. The amount of damages sought to be recovered by each plaintiff exceeds seven thousand dollars (\$7,000.00), exclusive of court costs; or, in the alternative, jurisdiction exists in this Court without regard to the amount of damages under WYO. STAT. § 30-5-303(b).

31. Venue for this matter is in Campbell County, Wyoming pursuant to WYO. STAT. §§ 1-5-107 and 1-5-108.

**CLASS ACTION ALLEGATIONS**

32. This action is brought by plaintiffs as a class action, on their own behalf and on behalf of all others similarly situated, under the provisions of Rules 23(a) and 23(b)(1)(A), 23(b)(1)(B), 23(b)(2) and 23(b)(3) of the Wyoming Rules of Civil Procedure, for damages, injunctive and declaratory relief, and relief incident and subordinate thereto, including prejudgment/statutory interest, costs and attorney fees.

33. The class so represented by Plaintiffs in this action, and of which plaintiffs are themselves members, consists of two sub-classes:

- a. Those plaintiffs owning mineral interests in coal bed methane ("Mineral Owner Royalty Plaintiffs") who have leased the coal bed methane under a form of lease generally identified as a "Producers 88-Paid Up" lease or variants or

modifications thereof, all sharing the common characteristics that they were entered into subsequent to the effective date of the Mineral Royalty Payment Act and do not expressly contain specific language altering the definitions of "royalty" and "overriding royalty" provided in WYO. STAT. § 30-5-304 ("Leases"); and

b. Those plaintiffs who subleased or assigned a Lease or Leases and retained overriding royalty interests ("Overriding Royalty Plaintiffs") all sharing the common characteristics that they were entered into subsequent to the effective date of the Mineral Royalty Payment Act and do not expressly contain specific language altering the definitions of "royalty" and "overriding royalty" provided in WYO. STAT. § 30-5-304.

34. The exact number of members of each class, as hereinabove identified and described, is not known, but it is estimated that there are not less than 2,000 Mineral Owner Royalty Plaintiffs and not less than 500 Overriding Royalty Plaintiffs. The class is so numerous that joinder of individual members herein is impracticable. (The Mineral Owner Royalty Plaintiffs and the Overriding Royalty Plaintiffs are sometimes collectively referred to as "Interest Owners.")

35. There are common questions of law and fact in the action that relate to and affect the rights of each member of both classes and the relief sought is common to all of the members of both classes, namely:

a. Whether the Leases allow the Defendant lessees/operators to deduct costs of production in calculating royalties payable to Mineral Owner Royalty Plaintiffs and Overriding Royalty Plaintiffs;

b. Whether the Leases allow the Defendant lessees/operators to reduce the volumes of gas on which royalties are calculated by off-lease gas use; and

c. What constitutes costs of production under the terms of the Leases and the Wyoming Royalty Payment Act.

36. The claims of plaintiffs, who are representatives of the class herein are typical of the claims of the class, in that the claims of all members of the class, including plaintiffs, depend on a showing of the acts and omissions of defendants giving rise to the right of plaintiffs to the relief sought herein. There is no conflict as between any individual named plaintiff and other members of the class with respect to this action, or with respect to the claims for relief herein set forth.

37. The named plaintiffs are the representative parties for the class, and are able to, and will, fairly and adequately protect the interests of the class.

38. This action is properly maintained as a class action under W.R.C.P. 23(b)(1)(A) in that the prosecution of separate actions by individual members of the class would create a risk of varying adjudications with respect to individual members of the class which would establish incompatible standards of conduct for the Defendants herein.

39. This action is properly maintained as a class action under W.R.C.P. 23(b)(1)(B) in that the prosecution of separate actions by individual members of the class would create a risk of adjudications with respect to individual members of the class which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications, or would substantially impair or impede their ability to protect their interests, specifically, but not limited to, royalty interest owners under the same lease and/or wells as the named Plaintiffs.

40. This action is properly maintained as a class action under W.R.C.P. 23(b)(2) inasmuch as the Defendants herein have acted or refused to act, as herein more specifically alleged, on grounds which are applicable to the class, and have by reason of such conduct made final injunctive relief or corresponding

declaratory relief appropriate with respect to the entire class, as sought in this action.

a. Defendants have improperly deducted costs of production in computing the royalties due and payable to Interest Owners, and refuse to cease and desist from such improper deductions.

b. Defendants, in calculating the volumes on which royalties are paid to the Interest Owners, have improperly reduced the volumes of gas at the well-head for off-lease consumption of gas, and refuse to cease and desist from such improper reductions.

c. Defendants, in calculating the price on which royalties are paid to the Interest Owners, have made improper adjustments to the price paid, and refuse to cease and desist from such improper deductions.

38. This action is properly maintained as a class action under W.R.C.P. 23(b)(3) inasmuch as the questions of law and fact common to the members of the class predominate over any questions affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

#### **COUNT ONE-UNDERPAID ROYALTIES**

39. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 38, supra.

40. The Defendants are legally responsible for payment of the royalty proceeds from the sale of production to the Plaintiffs.

41. Defendants have failed to pay the Plaintiffs the proceeds to which they are entitled as royalty owners, and have failed to pay the Plaintiffs a royalty on all gas produced from the wells.

42. The Defendants have breached the lease agreements with the Plaintiffs and have violated the Wyoming Royalty Payment Act.

43. The Defendants' actions have damaged the Plaintiffs. The Defendants are liable to the Plaintiffs for the amount of underpaid royalty.

**COUNT TWO-PREJUDGMENT/STATUTORY INTEREST**

44. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 43, supra.

45. Plaintiffs are entitled to interest at the annual rate of eighteen percent (18%) per annum on all underpaid and late royalties.

**COUNT THREE-MONTHLY ASSESSMENT**

46. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 45, supra.

47. For all periods relevant hereto, Defendants are legally responsible to pay their share of all royalty and overriding royalty interests from their wells to those persons and entities owning such interests.

48. Under the reporting provisions of the Wyoming Royalty Payment Act, WYO. STAT. § 30-5-301, et seq., whenever Defendants make payments for Wyoming gas production from gas wells to an interest owner, all of the following information shall be included and labeled on the check stub or on an attachment to the form of payment, unless the information is otherwise provided on a regular monthly basis:

- a. The lease, property or well name of any lease, property or well identification number used to identify the lease property or well;
- b. The month and year during which the sales occurred for which payment is being made;
- c. The total number of thousands of cubic feet of gas sold;
- d. The price per thousand cubic feet of gas sold;
- e. The total amount of state severance, ad valorem and other production taxes;
- f. An itemized list of any other deductions or adjustments;
- g. The net value of total sales after deductions;

h. The owner's interest in sales from the lease, property or well expressed as a decimal;

i. The owner's share of the total value of sales prior to any deductions;

j. The owner's share of the sales values less deductions; and

k. An address where additional information pertaining to the owner's interest in production may be obtained and questions answered.

49. For all relevant periods, the Defendants have failed to report one or more of the foregoing items of information, including but not limited to deductions for transportation charges, reductions in gas volumes for off-lease gas use, and other deductions either in-kind or in cash.

50. For all relevant periods, each of the Defendants with respect to each of the Plaintiffs has failed to report one or more of the statutorily required items with respect to each monthly statement.

51. Each Defendant is liable to each Plaintiff with respect to each defective statement in the amount of \$100.00 per well per Interest Owner per month per defective statement.

#### **COUNT FOUR-DECLARATORY JUDGMENT**

52. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 51, supra.

53. The Plaintiffs presently dispute with Defendants the terms of their Leases with respect to computing royalties relating to properly deductible costs, volume determination, and price paid.

54. Plaintiffs and each of them are entitled to declaratory judgment declaring their rights under the leases, to-wit that the Defendants may not deduct any costs of production until the gas is delivered and sold into a market pipeline, that such royalties are to be paid on an arms-length fair market value price, and that the volume of gas on which royalties are to be paid shall not be

reduced for other than gas actually used on the particular lease from which it originates.

**COUNT FIVE-INJUNCTIVE RELIEF**

55. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 54, supra.

56. Plaintiffs and each of them are entitled to permanent injunctive relief prohibiting Defendants in calculating royalties from deducting any costs of production until the gas is delivered and sold into a market pipeline, requiring that such royalties are to be paid on an arms-length fair market value price, and requiring that the volume of gas on which royalties are to be paid shall not be reduced for other than gas actually used on the particular lease from which it originates.

**COUNT SIX-COSTS AND ATTORNEY FEES**

57. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 56, supra.

58. Pursuant to Wyo. Stat. § 30-5-303(b), Plaintiffs are entitled to costs and attorneys fees.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiffs pray, for themselves and all other members of the class:

1. That the rights of the class members in the calculations of royalties due and payable to them be adjudicated and declared: Plaintiffs to be free of deductions for costs of production, Plaintiffs 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. That Defendants, 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. That Plaintiffs be awarded damages from Defendants in the amount of underpaid royalties;

4. That pursuant to WYO. STAT. § 30-5-303(a), Plaintiffs be awarded interest from Defendants at the rate of eighteen percent per annum on the amount of underpaid and late paid royalties from the due date specified in WYO. STAT. § 30-5-301(a) until paid;

5. That pursuant to WYO. STAT. § 30-5-303(c) Plaintiffs be awarded from Defendants the amount of \$100.00 per month per well per Interest Owner that complete reporting as required by WYO. STAT. § 30-5-305(b) was not provided to an Interest Owner;

6. That Plaintiffs be awarded from Defendants court costs and reasonable attorney fees as provided in WYO. STAT. § 30-5-303(b); and

7. That Plaintiffs be granted such other and further relief as is just and equitable in the premises.

DATED this \_\_\_ day of October, 2001.

Plaintiffs:

BY:

\_\_\_\_\_  
STEVEN F. FREUDENTHAL  
BRUCE A. SALZBURG  
Herschler, Freudenthal, Salzburg,  
& Bonds, P.C.  
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ATTORNEYS FOR PLAINTIFFS