

STATE OF WYOMING)
) ss.
COUNTY OF CAMPBELL)

IN THE DISTRICT COURT
SIXTH JUDICIAL DISTRICT

Civil Action No. 25244

William L. and Bernadette L. Barlow)
Trust; G-P Industries, Inc.; Groves)
Ranch LTD now known as Groves)
Investments I Limited Partnership;)
Groves Minerals LLC;)
Beverly O. Landrey; Beverly O. Landrey)
Life Estate; Landrey Mineral Trust;)
Patsy L. Larson; Nicholas B. Loundagin;)
B. Nadine McKenzie-McCreery;)
Middle Prong Land & Livestock, L.P.;)
Mullinnix LLC; Duane D. Odegard)
Life Estate; Duane D. and Mary K.)
Odegard, husband and wife;)
James F. "Bob" Rourke as trustee)
of the Anne Rose Rourke Revocable Trust;)
Paul D. Rourke; James F. Rourke)
Revocable Trust; Vicki L. Schlautmann)
acting under POA for Louise V.)
Steinhofel; and Star Investment)
Corporation,)
)
Plaintiffs,)
)
vs.)
)
Pennaco Energy, Inc., a subsidiary of)
Marathon Oil Company; and Marathon)
Oil Company,)
)
Defendants.)

FILED NO. _____
CIVIL DISTRICT COURT ORIGINALS

NOV 10 2003
Warlene Letters
CLERK OF DISTRICT COURT *dep*

**ORDER ON PLAINTIFFS' MOTION FOR CONDITIONAL CONSIDERATION OF
SETTLEMENT AGREEMENT AND PROVISIONAL CERTIFICATION OF THE
PENNACO SETTLEMENT CLASS**

Plaintiffs' Motion for Conditional Consideration of Settlement Agreement and Provisional Certification of the Pennaco Settlement Class ("Motion") came before the Court on November 10, 2003. The Plaintiffs appeared through Steven F. Freudenthal of Freudenthal, Salzburg & Bonds, P.C. and the Defendants Pennaco Energy, Inc., a subsidiary of Marathon Oil Company, and Marathon Oil Company (collectively "Pennaco") appeared through Frank D. Neville of Williams, Porter, Day & Neville.

The COURT, having reviewed Plaintiffs' motion and being otherwise advised in the premises FINDS and ORDERS as follows:

1. Plaintiffs filed a suit against Pennaco alleging individual claims and class action claims. After extensive negotiations and exchange of information, the parties agreed to settle this action on the terms now memorialized in the Settlement Agreement, executed by and between the parties (the "Settlement Agreement"), attached here as Exhibit 1, and incorporated fully therein. All capitalized terms used in this Order and not defined herein shall have the meanings set forth in the Settlement Agreement. In the event of any conflict between the descriptions in these paragraphs and the more detailed terms of the Settlement Agreement, the Settlement Agreement shall govern.

2. This suit involves claims brought under the Wyoming Royalty Payment Act, Wyo. Stat. §§ 30-5-301, et seq. and lease and/or overriding royalty instruments for Disputed Deductions, Interest, Reporting Claims, Under-Valuation Claims and Attorney Fees, as those terms are defined in the Settlement Agreement.

3. The Court has jurisdiction and venue over this suit and the Settlement Class. Under Wyo.R.Civ.P. 23(e), this Court's approval of any settlement is required.

4. The Settled Claims as defined in the Settlement Agreement all arise from the same nucleus of operative facts and form part of the same case or controversy as alleged against Pennaco in Plaintiffs' Complaint so that all of the claims approved for settlement by this Order were or could have been asserted as class claims in this Action.

5. There are in excess of 1,600 Settlement Class Members and they are so numerous that joinder is impractical.

6. There are questions of law and fact common to the Settlement Class Members and Plaintiffs.

7. The questions of law and fact common to the Settlement Class Members predominate over any questions affecting only

individual members, and in the context of this settlement only, the settlement of Settlement Class Members' claims by a class action under Wyo. R. Civ. Proc. 23 is superior to other available methods for the fair and effective settlement and adjudication of this controversy.

8. Plaintiffs' claims are typical of the Settlement Class Members' claims.

9. Plaintiffs and Designated Class Representatives are appropriate representatives of the Settlement Class and have and will adequately represent the interests of the Settlement Class Members.

10. Settlement Class Members have no special interest in individually controlling the prosecution of separate actions.

11. Class Counsel is experienced and fully qualified.

12. No significant difficulties are likely to be encountered in the management of the action as a class action for settlement purposes only.

13. Pennaco has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole.

14. Subject to the provisions of Paragraph 17 of this Order and in accordance with the provisions of Wyo.R.Civ.P. 23, the Court certifies as potential members of the Pennaco Settlement Class the Royalty Payees as set forth in Exhibit 2 to this Order ("Settlement Class" or "Settlement Class Members").

15. The Court approves the Designated Class Representatives as representative of this Settlement Class and appoints Plaintiffs counsel to represent the Settlement Class Members ("Class Counsel").

16. The Court finds that the proposed settlement as provided in the Settlement Agreement is fair and reasonable under

the circumstances. This finding and determination is subject to the Court's further review of objections, if any, filed with regard to the class settlement according to the terms of the Settlement Agreement.

17. The certification of the Settlement Class and findings in this Order are for the purpose of settlement only and not for any other purpose in this litigation. This certification is subject to the Court's further review of objections, if any, filed with regard to the class settlement according to the terms of the Settlement Agreement. If the settlement is not finalized, the certification provided herein shall be void and have no further effect.

18. The Court finds that reasonable and adequate notice will be given to potential Settlement Class Members by providing the notice found in Exhibit 3, Notice of Proposed Class Action Settlement attached to this Order ("Notice") and publishing the newspaper notice found in Exhibit 4, attached to this Order ("Newspaper Notice").

19. The Court finds that reasonable and adequate notice of the settlement will be given to potential members of the Settlement Class if the Notice is sent by priority mail (with electronic confirmation of delivery) to each Potential Class Member's last known address. Further notice shall be made by publishing the Newspaper Notice once a week for two weeks in the Gillette News-Record, the Casper Star-Tribune, the Buffalo Bulletin and Billings Gazette.

20. A hearing to consider objections, if any, to the Settlement Class and to finally determine if the Settlement Agreement is fair and equitable shall be heard at the Campbell County Courthouse on the 31st day of December, 2003, located at Gillette, Wyoming, commencing at 10:00 a.m. ("Settlement Hearing").

21. Any Potential Class Member who desires to be excluded from the Settlement Class shall deliver in writing that Member's election to be excluded to Class Counsel and Pennaco Counsel on or before December 18, 2003 ("Deadline for Exclusion"). Any Potential Class Member may revoke that Member's election to be excluded from the Settlement Class by delivering such written revocation to Class Counsel and Pennaco Counsel in writing at least three (3) days prior to the Settlement Hearing. Class Counsel, after consulting with Pennaco Counsel, shall file with the Court a report ("Class Counsel's Report") three (3) days before the Settlement Hearing to provide to the Court a compilation of (a) all Potential Class Members who have opted out of the Settlement Class ("Opt Out Claimants"), (b) all Opt Out Claimants who have properly revoked their election to opt-out, (c) all Potential Class Members requiring exclusion because of the refusal of other working interest owners to participate under this settlement, and (d) those Potential Class Members who shall constitute the Settlement Class if finally approved by the Court at the Settlement Hearing.

22. Any objections to the Settlement Agreement or the Settlement Class shall be in writing and delivered to Class Counsel and Pennaco Counsel on or before December 18, 2003. Class Counsel, after consultation with Pennaco Counsel, shall file with the Court as part of Class Counsel's Report a compilation of the objections and Class Counsel's responses to the objections, if any.

23. The addresses to be used for serving notices and objections on Class Counsel and Pennaco Counsel are:

Pennaco Counsel:

Frank D. Neville
Williams, Porter, Day
& Neville, P.C.
159 North Wolcott, Suite 400
P.O. Box 10700
Casper, WY 82602-3902

Class Counsel:

Steven F. Freudenthal
Bruce A. Salzburg
Freudenthal, Salzburg
& Bonds, P.C.
123 East 17th Street
P.O. Box 387
Cheyenne, WY 82003-0387

DATED this 10 day of November, 2003.

DAN R. PRICE II

Dan R. Price, II
District Judge

- Exhibit 1: Settlement Agreement with attached exhibits
- Exhibit 2: Settlement Class Members
- Exhibit 3: Form of Notice of Proposed Class Action Settlement
- Exhibit 4: Form of newspaper notice

STATE OF WYOMING }
Campbell County } s s

NANCY RATCLIFF, Clerk of the Court, within and for said county and state aforesaid does hereby certify the foregoing to be a full, true and complete copy as the same appears on file and of record in this office.

IN TESTIMONY WHEREOF I have hereunto subscribed my hand and affixed the official seal of said Court, at my office in Gillette, Wyoming, this date.

11-10-03 NANCY RATCLIFF

Clerk of the Court, Sixth Judicial District

Barlene Fatters
dep.

All exhibits referenced in this document may be reviewed as attachments to the Order on Plaintiffs' Motion for Conditional Consideration of Settlement Agreement and Provisional Certification of the Pennaco Settlement Class on file at the office of Clerk of the District Court, Campbell County, Wyoming at 500 South Gillette Avenue, Suite 348, Gillette, Wyoming.