

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

MCKNIGHT REALTY CO., on behalf of
itself and all others similarly situated,

Plaintiff,

v.

BRAVO ARKOMA, LLC; and BRAVO
NATURAL RESOURCES, LLC,

Defendants.

Case No.: CIV-17-308-KEW

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

SENT TO YOU UNDER COURT ORDER FROM THE HONORABLE KIMBERLY E. WEST,
U.S. MAGISTRATE JUDGE, TO:

All persons who are royalty owners in Oklahoma wells where Bravo Arkoma LLC or Bravo Natural Resources, LLC (including their affiliated predecessors and affiliated successors) are or were the operator (or a working interest owner, which marketed its share of gas and directly paid royalties to the royalty owners).

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) Defendants, their affiliates, predecessors, and employees, officers, and directors; (4) any company or its affiliated entities that produces, gathers, processes, or markets gas; and, (5) royalty owners only to the extent receiving “Blanchard” payments.

More information can be found on the website established for communications about this settlement: **www.bravosettlement.com**. The website includes a list of Class Wells that are affected by, and subject to, this Settlement as well as the entire Settlement Agreement with its exhibits (the “Settlement Agreement”). Capitalized terms in this Notice have the meaning given to them in the Settlement Agreement.

Questions? Please visit www.bravosettlement.com.

This Notice of Settlement (“Notice”) is given pursuant to the Order of the United States District Court for the Eastern District of Oklahoma (the “Court”) in accordance with Rule 23 of the Federal Rules of Civil Procedure. The purpose of this Notice is to advise you:

- (a) This Court has conditionally certified this lawsuit as a class action for settlement purposes.
- (b) The Class Representative, Class Counsel, and Defendants: (1) Bravo Arkoma, LLC; and (2) Bravo Natural Resources, LLC (collectively “Bravo”) have entered into a Settlement Agreement that will become effective only after the court-approved Judgment is entered and becomes Final and Non-Appealable. The Settlement Agreement provides that Bravo shall pay the Settlement Class \$1,300,000.00, subject to the conditions and qualifications set forth in the Settlement Agreement, including reductions in the amount for Monies Payable to Opt-Outs under the terms of the Settlement Agreement (the “Settlement Proceeds”). The Settlement Proceeds is a gross amount before deduction of court approved Class Counsel Fees and Expenses, class representative incentive award, and Administration Expenses.
- (c) The Court will hold the Settlement Fairness Hearing to determine whether to finally approve the Settlement.

TO OBTAIN THE BENEFITS OF THIS PROPOSED SETTLEMENT, YOU DO NOT HAVE TO DO ANYTHING.

IT IS IMPORTANT THAT YOU READ THIS NOTICE CAREFULLY IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LAWSUIT.

I. SUMMARY OF THE CLASS LAWSUIT

This Class Lawsuit was filed in Oklahoma state court and removed to this Federal Court. The Class Representative on behalf of itself and similarly situated royalty owners asserted that Bravo underpaid royalties by taking deductions for fees and expenses relating to the midstream post-production costs of gathering, compression, dehydration, treatment, processing, and marketing and used fuel from the Class Wells without paying royalty on the volume of gas so used from January 1, 2014 through May 31, 2018. The Released Claims (as defined in ¶ 1.18 of the Settlement Agreement) include all claims that were or could have been asserted for underpayment of royalties on gas and gas constituents in connection with this Class Lawsuit. Bravo continues to deny all of the allegations of liability and damages and has asserted various defenses to the Class Representative’s Claims and to the certification of the Class. If the Settlement is approved, the Class Lawsuit will be dismissed with prejudice.

By giving this Notice, the Court is not expressing any opinion regarding the merits of either the Class Representative’s claims or Bravo’s defenses. Nothing contained in this Notice should be construed

as suggesting the Court's view as to which side might prevail should this matter proceed to class certification and trial on the merits.

II. CLASS CERTIFICATION

The Court entered an Order titled "Order for Preliminary Approval of Settlement" granting the Class Representative's Motion for Preliminary Approval of Settlement and conditionally certifying, for settlement purposes only, this Class Action pursuant to Rule 23 of the Federal Rules of Civil Procedure.

In the Order for Preliminary Approval of Settlement, the Court defined the Settlement Class as described above and designated McKnight Realty Company as the Class Representative of the Settlement Class and appointed as Settlement Class Counsel:

Barbara Frankland
Scott Goodger
Ryan Hudson
Rex Sharp
REX A. SHARP, P.A.
5301 West 75th Street
Prairie Village, KS 66208

Reagan Bradford
Mark Lanier
THE LANIER LAW FIRM, P.C.
100 E. California Ave., Suite 200
Oklahoma City, OK 73104

III. THE PROPOSED CLASS SETTLEMENT

After a thorough analysis of all claims and defenses, and after extensive negotiations, expert analysis, and a settlement conference conducted by Magistrate Judge West, the Class Representative on behalf of itself and the Settlement Class, Settlement Class Counsel, and Bravo have agreed to settle the Released Claims, subject only to Bravo's limited right to terminate the Settlement Agreement, final approval by the Court, and entry of a Final and Non-Appealable Judgment. The Court has preliminarily approved the Settlement for the purpose of giving this Notice and setting a Settlement Fairness Hearing.

The basic terms of the Settlement Agreement between the Settlement Class and Bravo (that the Court is being asked to approve) are as follows:

1. Bravo, as that term is defined in the Settlement Agreement, will pay the sum of \$1,300,000.00 (subject to adjustments set forth in the Settlement Agreement) to the Settlement Class as a full, complete, and final settlement of all Released Claims as to all Released Parties during the Released Period, all as more specifically defined in the Settlement Agreement. Bravo shall not be liable to the Settlement Class, the Class Representative, or Settlement Class Counsel for any other costs, expenses, or fees.

2. Bravo and the Class Representative agree that the Settlement Proceeds, subject to adjustments for opt-outs, shall be for the benefit of the Settlement Class, subject to the court-approved awards of Class Counsel Fees and Expenses, a class representative incentive award, and Administration Expenses.
3. When Bravo deposits the Settlement Proceeds into the McKnight Settlement Account, the Settlement Class and Class Representative shall be deemed to have fully, finally, and forever released, relinquished, and discharged Bravo and the Released Parties for all Released Claims.
4. Bravo has asserted and continues to assert many defenses to the Class Representative's and Settlement Class' claims and contentions. Bravo expressly asserts its defenses have merit and that it has no liability to the Settlement Class or the Class Representative.

IV. DISTRIBUTION OF NET SETTLEMENT AMOUNT TO CLASS MEMBERS

Class Counsel will ask the Court to (i) award Class Counsel an attorney's fee in an amount to be determined by the Court, but not to exceed forty percent of the Settlement Proceeds; (ii) award the Class Representative a fee in an amount to be determined by the Court but not to exceed two percent of the Settlement Proceeds; and (iii) reimburse Class Counsel from the Settlement Proceeds for all reasonable litigation expenses they have paid, including expert and consulting fees and other litigation expenses in amounts to be provided to the Court, and Administration Expenses advanced before the Settlement is finally approved. If the Court approves this request, these amounts will be deducted from the Settlement Proceeds before Distribution Checks are mailed to the Class from the Net Settlement Amount.

Generally, the allocation of the Net Settlement Amount (as set forth in the "Plan of Allocation") shall be proportionately allocated among Class Members based upon their decimal interest in the royalty interests in each Class Well, and the volume of Bravo's gas produced from the owner's well from January 1, 2014–May 31, 2018. The Plan of Allocation is subject to Court approval. A draft of that the Plan of Allocation is attached to the Settlement Agreement as Exhibit A and is available on the website at **www.bravosettlement.com**

The distribution to Class Members described above is based on the following assumptions: (a) that very few sales of royalty interests have occurred during the specified time period; (b) that, where sales did occur, the parties intended for the buyer to receive payment for past claims; and (c) that, where royalty interests passed through inheritance, devise or interfamily transfers, it was the intent that the heir, devisee or transferee receive the right to receive payment for claims based on past production. To the extent these assumptions are not correct in relation to particular transfers of interests; the Court will be asked to order that the Class Member who receives payment shall in turn make payment to the proper party.

V. CLASS SETTLEMENT FAIRNESS HEARING

The Settlement Fairness Hearing will be held on December 21, 2018 beginning at 9:30 a.m., in the United States District Court for the Eastern District of Oklahoma, 101 North 5th Street, Muskogee, OK 74401.

A CLASS MEMBER WHO DOES NOT OPT OUT DOES NOT NEED TO APPEAR AT THE SETTLEMENT FAIRNESS HEARING OR TAKE ANY OTHER ACTION TO PARTICIPATE IN THE SETTLEMENT.

VI. WHAT ARE YOUR OPTIONS AS A CLASS MEMBER?

A. You Can Participate in the Proposed Class Settlement by Doing Nothing.

By taking no action, your interests will be represented by the Class Representative and Class Counsel. As a Class Member, you will be bound by the outcome of the Settlement, if finally approved by the Court. The Class Representative and Class Counsel believe that the Settlement is in the best interest of the Class, and, therefore, they intend to support the proposed Settlement at the Settlement Fairness Hearing.

B. You May Opt Out of the Settlement Class.

If you do not wish to be a member of the Settlement Class, then you may opt out of the Class as set forth in ¶ 10.3 of the Settlement Agreement and summarized below. On or before November 19, 2018 at 5:00 p.m. Central time, your opt-out must be filed with the United States District Court for the Eastern District of Oklahoma.

Your opt-out must state the following:

(a) I do not want to be a member of the Settlement Class in *McKnight Realty Company v. Bravo Arkoma, LLC, et al.*, No. CIV-17-308-KEW, pending in the United States District Court for the Eastern District of Oklahoma. I understand it will be my responsibility to pursue any claims I may have, if I so desire, on my own and at my expense;

(b) My Bravo royalty identification number is #_____. I own royalty interest in the following Class Wells: [identify each Class Well by Well name]; and

(c) The opt-out member's signature acknowledged by a Notary Public.

C. You May Remain a Member of the Settlement Class but Object to the Proposed Settlement.

You have the right to remain a Class Member but still object to the proposed Settlement and any terms thereof under ¶ 10.3 of the Settlement Agreement. To object to the Settlement, on or before November 19, 2018 at 5:00 p.m. Central time, you must file with the Clerk of the Court for the United

States District Court for the Eastern District of Oklahoma, 101 North 5th Street, Muskogee, OK 74401, a written objection that contains the following information:

- (a) A heading referring to *McKnight Realty Company v. Bravo Arkoma, LLC, et al.*, No. CIV-17-308-KEW, pending in the United States District Court for the Eastern District of Oklahoma;
- (b) A reasonably detailed statement of each objection;
- (c) The objector's current address and telephone number;
- (d) The name, address, and telephone number of objector's counsel, if any;
- (e) The objector's owner identification number with Bravo and the identification by Well name for each Class Well in which objector owns a royalty interest;
- (f) The objector's notarized signature.

Any Class Member who fails to timely file such written statement or fails to provide the required information will be treated as if not filed at all. Any appeal by a valid and timely objector must comply with the Settlement Agreement, which includes a provision for the posting of an appeal bond.

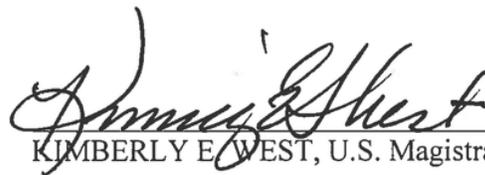
VII. CONDITIONS AND CONSEQUENCES OF NON-APPROVAL

If the Court does not enter an Order approving the Settlement or an appellate court disapproves the Settlement, then the Settlement shall become null and void and the case will proceed as though the Settlement Agreement was never entered into.

VIII. SCOPE OF NOTICE AND ADDITIONAL INFORMATION

This Notice contains only a summary of the Class Lawsuit and the proposed Settlement Agreement. The pleadings and other papers filed in this Action are available in the Office of the Clerk of the Court for the United States District Court for the Eastern District of Oklahoma, 101 North 5th Street, Muskogee, OK 74401. You also may obtain a copy of the Complaint and Settlement Agreement, as well as any status updates on this case, from the following website: www.bravosettlement.com.

**PLEASE DO NOT CALL OR WRITE THE JUDGE OR THE CLERK
ASKING FOR INFORMATION.**


KIMBERLY E. WEST, U.S. Magistrate Judge