

IN THE TWENTY-SIXTH JUDICIAL DISTRICT
DISTRICT COURT, STEVENS COUNTY, KANSAS
CIVIL DEPARTMENT

FILED
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KOLEEN NOSEKABEL
CLERK OF THE DIST. COURT
STEVENS CO. KS

JOHN STEPHEN ALFORD and JOE
LARRABEE, individually and on behalf of
Plaintiff Class as more fully described in the
First Amended Petition,

Plaintiffs,

v.

Case No. 93 CV 37

PIONEER NATURAL RESOURCES USA,
INC.

Defendant

NOTICE ORDER

On this 2nd day of September, 2006, this case comes before the Court on the joint motion of the parties requesting that the Court: (1) conditionally approve the Stipulation of Settlement ("Stipulation"); (2) approve a Notice for mailing to the Class members; (3) approve the appointment of an Escrow Agent; and (4) schedule a Hearing to consider approval of the Stipulation, the Plan to Allocate the Settlement proceeds among Plaintiff Class members, the Preliminary Payment Schedule, and the approval of the amount of attorneys' fees and expenses. Plaintiffs and the Class members appear by and through Thomas D. Kitch, Gregory J. Stucky and David G. Seely of Fleeson, Goeing, Coulson & Kitch, L.L.C., Wichita, Kansas and Erick E. Nordling of Kramer, Nordling & Nordling, LLC, Hugoton, Kansas. Defendant Pioneer Natural Resources USA, Inc. ("PNR") appears by and through Jim H. Goering of Foulston Siefkin LLP, Wichita, Kansas, and Guy S. Lipe of Vinson & Elkins LLP, Houston, Texas.

WHEREUPON, the parties advise the Court that, after lengthy and difficult negotiations, they have entered into a Stipulation of Settlement ("Stipulation") which is subject to approval by this Court pursuant to K.S.A. 60-223 and is attached hereto as Exhibit A.

After hearing statements of counsel, after taking into account matters contained in the Court file and prior proceedings in this matter, and after otherwise being duly advised of pertinent circumstances, the Court makes the following findings:

1. The Stipulation sets forth the terms and condition upon which Plaintiffs and PNR have agreed to settle this Action. The definitions in Section I of the Stipulation are incorporated by reference.

2. On October 3, 2000, pursuant to K.S.A. 60-223, the Court certified the Action as a class action and defined the class in the manner set forth in the Notice of Class Action mailed to members of the Class:

Each owner of a mineral interest burdened by an oil and gas lease owned in part by defendant Pioneer Natural Resources USA, Inc., the production from whose wells passes or has passed through defendant's Satanta Plant located in Grant County, Kansas. Plaintiffs exclude from the plaintiff class the United States of America insofar as its mineral interests are managed by the Minerals Management Service but otherwise include the instrumentalities of the United States of America and federally chartered corporations, including, but not limited to, the Farm Credit Bank of Wichita and the Federal Land Bank.

The class as defined in the certification order covers only owners of royalty interests and does not include individuals or entities who own only (1) working interests under oil and gas leases, (2) net profits interests, (3) overriding royalty interests, or (4) unleased mineral interests. The class as defined in the certification order also does not include Mesa Royalty Trust. The class as described in this paragraph 2 of this Notice Order is referred to herein as "the Class."

3. In 2001, the Action was the subject of a bench trial before the Honorable Tom R. Smith in the District Court of Stevens County, Kansas. Thereafter, the parties filed proposed findings of fact and conclusions of law and presented oral argument to the Court on April 22, 2002. In their submissions to the Court, Plaintiffs requested that PNR be ordered to (1) provide an accounting for all deductions taken by it from royalty payments which it made to each

individual member of the Class during the period from November 1, 1994, to the present for gathering charges; (2) cease taking such deductions in the future; (3) pay prejudgment interest on the amount of all improper deductions; (4) determine whether PNR violated K.S.A. 55-1620; and (5) recover on other claims asserted in the Pretrial Order.

4. Plaintiffs and Plaintiffs' Counsel entered into the Stipulation: (i) after taking into account the uncertainties, risks and potential delays associated with the continued prosecution of the Action, including those involved in securing a final judgment that would be favorable to the Class and not be disturbed on appeal; (ii) after taking into account the substantial benefits that will be received as a result of the Settlement; and (iii) after having concluded that the Settlement provided for herein confers substantial benefits on the members of the Class, and is fair, just, reasonable, adequate and in the best interests of the Class;

5. PNR has denied and continues to deny the respective claims alleged by Plaintiffs against it in the Action. PNR has asserted and continues to assert many defenses thereto, and PNR expressly denies and continues to deny its own wrongdoing or legal liability arising out of the conduct alleged in the Action. PNR entered into the Stipulation solely in order to put to rest the present controversy and all other possible controversies between Plaintiffs, the Class and PNR and to avoid the further expense, inconvenience and disruption of defending against this Action, and all other possible actions. PNR has also taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Action, and the fact that substantial amounts of time, energy and resources of PNR have been and, unless this Settlement is consummated, will continue to be, devoted to the defense of the Action and the possibility of defending other claims. PNR has, therefore, determined that it is desirable and beneficial to it

that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation.

6. The Stipulation provides that the Action is to be dismissed with prejudice and that the Plaintiffs and the Participating Class Members shall release all claims arising out of or relating to (a) the payment or calculation of royalties on hydrocarbons produced by PNR prior to January 1, 2006, and (b) helium produced prior to January 1, 2006, that they may have against PNR, Mesa Royalty Trust, and/or their officers, directors, employees, agents, parent companies, subsidiaries, affiliates, successors, and assigns. The claims which are proposed to be released under the Stipulation are referred to as the "Released Claims" and are described in full in Section III of the Stipulation. The parties released are referred to as the "Released Parties" and are described in full in Section III of the Stipulation.

7. The Court has reviewed the Stipulation agreed to by the parties and, subject to further proceedings, finds that it is fair, reasonable, and adequate.

IT IS THEREFORE CONSIDERED, ORDERED, ADJUDGED AND DECREED that:

1. The Stipulation is conditionally approved, subject to further proceedings as set forth in the following paragraphs.

2. Intrust Bank, N.A. is hereby appointed as Escrow Agent pursuant to the Escrow Agreement which is attached hereto as Exhibit B, which Escrow Agreement or its substantial equivalent is hereby approved by the Court.

3. On or before October 5, 2006, PNR shall deliver to Plaintiffs' Counsel by hard copy and on computer disc in a readily accessible electronic format, the names, the PNR I.D. numbers, tax I.D numbers, and addresses of members of the Class.

4. On or before October 20, 2006, Plaintiffs' Counsel shall mail to those persons and entities appearing on the list described in paragraph 3, a copy of the Notice, including the Plan of Allocation. The Court approves the Notice attached hereto as Exhibit C, which advises members of the Class that the Action is to be settled on the terms and conditions set forth in the Stipulation, that the Action will be dismissed with prejudice and the Released Claims will be released if judgment is entered pursuant to the Stipulation, that each member has the right to opt out of the Class, and that each remaining member of the Class has the right to appear at the hearing scheduled below to object to any terms of the settlement or to the Plan of Allocation or to the application for attorneys' fees and expenses to be filed by Plaintiffs' Counsel.

5. Within fifteen (15) days of mailing the Notice, Plaintiffs' Counsel shall file with the clerk an affidavit identifying the persons to whom the Notice has been mailed.

6. Within ten (10) days after the date provided for mailing of the Notice, Plaintiffs' Counsel shall cause a copy of the Notice attached hereto as Exhibit D to be published in the Wichita Eagle and the county newspapers identified in Section 6.1(f) of the Stipulation, and a week after the first publication, cause a copy of the Notice to be again published in the same newspapers.

7. Mailing and publication as set forth herein constitutes the best notice practicable under the circumstances, including individual notice to all Class members who can be identified through reasonable effort, and is sufficient notice of the matters set forth in the Notice to all Class members. The Notice together with the mailing and publication set forth herein fully satisfy the requirements of due process as required under K.S.A. 60-223.

8. On December 15th, 2006, at 2:30 ^{PM} p.m., a hearing ("Hearing") will be held in the courtroom in the Stevens County Courthouse, Hugoton, Kansas to determine whether the

Stipulation and Plan of Allocation should be finally approved as fair, reasonable and adequate, to consider any objections thereto, to determine whether the Preliminary Payment Schedule should be approved, to determine whether judgment should be entered as contemplated by the Stipulation, and to consider the application for attorney fees and expenses.

9. Plaintiffs' Counsel shall file a Preliminary Payment Schedule employing the methodology in the Plan of Allocation on or before November 13, 2006, and post the Preliminary Payment Schedule on the website www.fleeson.com on or before November 13, 2006.

10. Plaintiffs' Counsel shall file any application for attorney fees and expenses on or before November 22, 2006.

11. Any Potential Participating Class Members wishing to be excluded from the settlement must complete the "Exclusion Request" form attached to the Notice and return it to Clerk of the Court by mail postmarked no later than December 1, 2006.

12. Any objections to the Stipulation, Plan of Allocation, the Preliminary Payment Schedule or application for award of attorneys' fees and expenses shall be heard and any documents submitted in support of said objections shall be received and considered by the court at the hearing, only if, on or before December 1, 2006, persons making objections shall follow the procedures set forth in the Notice.

13. Pending final determination of whether the Stipulation should be approved, no Participating Class Member, either directly, representatively, derivatively, or in any capacity, shall commence or prosecute against PNR or its respective predecessors and successors, and all of its respective present and former principals, officers, directors, employees, agents, shareholders, investors, insurers, affiliates, assigns, representatives, heirs, executors, and

administrators, any action or proceeding in any court or tribunal asserting any of the Released Claims against any of the Released Parties.

14. The Hearing may, from time to time, and without further notice to the Plaintiff Class, be continued or adjourned by order of the Court.

IT IS SO ORDERED as of September 29, 2006.


Tom R. Smith, District Judge

APPROVED:

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