

PLAN OF ALLOCATION

The Common Fund Settlement Proceeds will be allocated among members of the Class Members according to the different categories of oil and gas leases and overriding royalty instruments and the relative benefits that each different category would receive if the going-forward provisions of the settlement regarding monetary royalty deductions were applied to the past. For example, if hypothetical Category X would receive 35 percent (35%) of the benefit under the retroactive application of the going-forward provisions of the settlement, then royalty owners (and overriding royalty owners) receiving royalty payments under royalty instruments in Category X would receive 35% of the Common Fund Settlement Proceeds. Within each category (other than Category 8), each royalty owner will share in the amount of the Common Fund Settlement Proceeds allocated to that category, in proportion to that royalty owner's percentage share of the total historical deductions taken from all members' royalty payments under royalty instruments that fall within that category. Within Category 8, there will be further apportionment among the different types of instruments in that category. The specific allocation process is described below.

Class Counsel will make calculations to approximate the difference in royalty payments that would occur if the going-forward provisions of the settlement were applied to the past monetary deductions for each category of royalty instrument except Category 8, and for each type of instrument in Category 8. Class Counsel will then divide the amount of that difference for each category by the total difference for all categories, to determine the ratio/percentage that each category, and each Category 8 type, bears to the total.

That resulting number is the **Category Ratio**.

For each category, multiply the **Category Ratio** by \$7.5 million.

That resulting number is the **Category Settlement Amount**.

Divide each class member's total deductions for a category by the total deductions for that category, or Category 8 type.

That resulting number is the **Royalty Owner Ratio**.

For each class member in a category, multiply the **Royalty Owner Ratio** by the **Category Settlement Amount**.

That resulting number the class member's **Gross Recovery Amount By Class Member By Category**.

If a class member has royalty instruments in more than one category, that class member will have more than one **Gross Recovery Amount By Class Member By Category**. The sum of each class member's **Gross Recovery Amount By Class Member By Category** is the **Gross**



Recovery Amount By Class Member.

Each class member's **Gross Recovery Amount By Class Member** will be proportionately reduced by the Administration Expenses, litigation expenses and attorney fees that are awarded by the Court, resulting in the **Net Recovery Amount by Class Member**.

The **Net Recovery Amount By Class Member** will be paid in two (2) payments. The initial payment will be 40% of the Net Settlement Proceeds. The second payment, to be made within one year of the date of the first payment, will be 60% of the Net Settlement Proceeds.