

STATE OF WYOMING )  
 ) SS.  
COUNTY OF SWEETWATER )

IN THE DISTRICT COURT  
THIRD JUDICIAL DISTRICT

SUSAN L. BISHOP and LARRY MADSEN AS SPECIAL )  
TRUSTEE OF THE H. M. KLAENHAMMER REVOCABLE )  
TRUST DATED MAY 9, 1996, SUIING ON BEHALF OF )  
THEMSELVES AND ALL OTHER SIMILARLY SITUATED )  
ROYALTY OWNERS, )

PLAINTIFFS, )

vs. )

Civil Action No. C-01-310

TEXACO EXPLORATION AND PRODUCTION, INC., )  
A FOREIGN CORPORATION, AND TEXACO, INC., )  
A FOREIGN CORPORATION, )

DEFENDANTS. )

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**ORDER ON FINAL HEARING, FINAL CERTIFICATION OF TEXACO  
SETTLEMENT CLASS, AND APPROVAL OF TEXACO CLASS SETTLEMENT**

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Pursuant to the Court's *Order on Plaintiff's Motion For Preliminary Approval Hearing and Provisional Certification of the Texaco Settlement Class* and the *Notice of Pendency of Class Action Proposed Settlement With Defendant Texaco Exploration Production, Inc. and Texaco, Inc.* sent to each potential class member, a final hearing on the reasonableness and fairness of the proposed settlement in this action was held on December 12, 2003, in Green River, Wyoming. At the hearing, Cody L. Balzer represented the Plaintiffs and appeared as Class Counsel, while Rachel Yates represented and appeared on behalf of Texaco Exploration and Production Inc. and Texaco Inc. (jointly "Texaco").

Pursuant to Wyo.R.Civ.P. 23 and 54, the COURT FINDS AND ORDERS AS FOLLOWS:

1. Plaintiffs filed a suit against Texaco alleging individual claims and class action claims seeking, among other things, declaratory, injunctive and compensatory relief. In the Complaint, Plaintiffs sought certification of a class, including Plaintiffs, under Wyo.R.Civ.P. 23(b)(2) and (b)(3) for declaratory and injunctive relief, and for money damages.

2. Texaco and Plaintiffs participated in multiple mediation sessions during the months of June through August of 2003 with the Honorable Michael J. Sullivan acting as mediator. As a result of that mediation, the parties agreed to settle this action on the terms now memorialized in the Settlement Agreement, executed by and between the parties effective on September 30<sup>th</sup>, 2003 (the "Settlement Agreement"). The Settlement Agreement is attached to *Plaintiffs' Motion For Preliminary Approval Hearing and Provisional Certification of the Texaco Settlement Class* as Exhibit 1, and is incorporated fully herein. 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.

3. This suit involves claims brought under the Wyoming Royalty Payment Act, Wyo. Stat. §§30-5-301, et seq. for Disputed Deductions, Statutory Interest, Statutory Reporting Assessments and Attorneys' Fees. Plaintiffs also asserted Valuation Claims.

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

### Certification of the Settlement Class

5. 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 Texaco 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.

6. The Settlement Class Members are so numerous that joinder is impractical.

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

8. 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.P. 23 is superior to other available methods for the fair and effective settlement and adjudication of this controversy.

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

10. Plaintiffs are appropriate representatives of the Settlement Class and have and will fairly and adequately represent the interests of the Settlement Class Members.

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

12. Class Counsel is experienced and fully qualified.

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

14. The Court hereby certifies as members of the Settlement Class the list of Royalty Payees set forth in Exhibit A to this Order. This list includes all Royalty Payees who have not opted out by filing a timely written notice of their request to be excluded from the Settlement Class. Set forth in Exhibit B are those Royalty Payees, if any, who have opted out of the Settlement Class and have not timely revoked their election.

Notice of Pendency of the Class Action Proposed Settlement And Hearing

15. Pursuant to the *Order on Plaintiffs' Motion For Preliminary Approval Hearing and Provisional Certification of the Texaco Settlement Class*, and Wyo.R.Civ.P. 23(e), Class Counsel provided notice to the parties listed on Exhibits A and B of the compromise and settlement reached in this action (the "Notice"). A copy of the Notice is attached to *Plaintiffs' Motion For Preliminary Approval Hearing and Provisional Certification of the Texaco Settlement Class* as Exhibit 2, and is fully incorporated herein.

16. According to the *Report on Status of Class Notice Pursuant to Wyo.R.Civ.P. 23(c)(2)* filed with this Court by Class Counsel ("Class Counsel's Report") the Notice was sent via certified mail to all parties listed on Exhibits A and B. Class Counsel's Report confirms (1) zero (0) objections and zero (0) opt-outs were filed to the Class Settlement and (2) one thousand one hundred eighteen (1,118) Royalty Payees remained as Settlement Class Members.

17. Reasonable and adequate notice of the certification of the Settlement Class and the settlement of the Settlement Class Members' Settled Claims was given through mailing of the Notice as approved in the Court's *Order on Plaintiffs' Motion*

*For Preliminary Approval Hearing and Provisional Certification of the Texaco Settlement Class.*

Approval of the Settlement Agreement

18. The settlement was negotiated by the parties at arm's length and made in good faith.

19. The settlement constitutes a fair, adequate and reasonable settlement of all Settled Claims.

20. This Court finds after considering all the circumstances that the Settlement Agreement is fair and equitable and should be approved.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

a. The Settlement Class Members listed in Exhibit A are certified as a class under Wyo.R.Civ.P. 23 for purposes of settlement only of Settled Claims, and shall proceed with settlement as provided in this Order;

b. As of the Approval Event, any Settlement Class Member who has not timely and properly opted out of the Settlement Class shall be deemed, by that fact, to have released Texaco and Texaco Additional Parties as provided in the Settlement Agreement whether or not the Settlement Class Member endorses and presents a Distribution Check;

c. Following the Approval Event, each Settlement Class Member as defined shall become fully bound by all of the releases and other obligations and conditions as set forth herein and in the Settlement Agreement;

d. Except as necessary to enforce this Order and the Agreement, Plaintiffs, Settlement Class Members and their heirs, assigns, and successors are barred from bringing claims against Texaco or Texaco Additional Parties for Settled Claims as set forth in the Settlement Agreement.

e. Texaco has escrowed with the Wells Fargo Bank Wyoming, N.A. ("Escrow Agent") the sum of Three Million, Five Hundred Fifty-four Thousand, Five Hundred Thirteen Dollars and Seventy-nine Cents (US\$3,554,513.79) ("Escrow Amount") in accordance with the Settlement Agreement. In accordance with the terms of the Settlement Agreement, the Escrow Amount shall be wire transferred to the Hilltop National Bank of Casper, N.A. ("Distribution Agent") on the date this Order is filed.

f. The date of distribution of the Escrow Amount shall be December 15, 2003.

g. The Escrow Amount includes accrued interest in the amount of Four Thousand Nine Hundred Forty Five Dollars and Sixty-two Cents (US\$4,945.62) through the date of distribution. In accordance with the terms of the Settlement Agreement, all such interest shall be paid to Settlement Class Members. Class Counsel should receive no portion of the interest.

h. The aggregate amount to be paid from the Escrow Amount to Plaintiffs and Settlement Class Members, including interest, is and shall be Two Million Four Hundred Thirty-four Thousand Eight Hundred Eighteen Dollars and Forty-three Cents (US\$2,434,818.43) ("Settlement Amount"), which aggregate sum shall be paid to Class

Members or their successors or other appropriate payee in the amounts as set forth in Exhibit C to this Order.

i. The reasonable fees of Class Counsel are and shall be One Million Sixty-six Thousand Three Hundred Fifty-four Dollars and Fourteen Cents (\$1,066,354.14) ("Permissible Class Counsel Fees") and the reasonable costs of Class Counsel are and shall be Fifty Eight Thousand Two Hundred Eighty-six Dollars and Eighty-four Cents (\$58,286.84) for settlement all Litigation Costs, of which Twenty-One Thousand Two Hundred Eighty-Six and 84/100ths Dollars (\$21,286.84) is attributable to Administration Costs. The Permissible Class Counsel Fees and Litigation Costs shall be paid to Class Counsel from the Escrow Amount.

j. The total reasonable fees and costs of both Class Representatives are and shall be Twenty Thousand Dollars (\$20,000.00) ("Permissible Class Representatives Fees"), which amount shall be paid equally to the Class Representatives from the Escrow Amount.

k. Upon entry of this Order, and satisfaction of the Approval Event, as that term is defined in the Settlement Agreement, Texaco shall instruct the Escrow Agent to release from the Escrow Account all funds to be paid according to the Settlement Agreement and this Order. This amount will be released per the Settlement Agreement to pay the amounts to be distributed to Settlement Class Members, the Permissible Class Counsel Fees, the Litigation Costs and the Permissible Class Representatives Fees.

l. No funds will remain in the Escrow Amount after release of the funds.

m. The Court shall retain jurisdiction to enforce the obligations of Texaco, Plaintiffs and the Settlement Class Members, respectively, under the Settlement Agreement and this Order. The Court shall also retain jurisdiction to resolve objections to proposed changes to the Demarcation Point, as that procedure is set forth in the Settlement Agreement.

n. Upon entry of this Order, and satisfaction of the Approval Event, as that term is defined in the Settlement Agreement, the Reserved Claims as that term is defined in the Settlement Agreement will be deemed severed from the Settled Claims and will be dismissed without prejudice upon motion by the Parties in accordance with the Settlement Agreement though such Reserved Claims were not pled.

o. Upon entry of this Order, and satisfaction of the Approval Event, as that term is defined in the Settlement Agreement, Class Counsel and Defendants shall file a stipulated satisfaction and order of dismissal with prejudice of all Settled Claims for past periods. The order of dismissal with prejudice of the Settled Claims shall be entered by the Court and shall be considered a final appealable order under Wyo.R.Civ.P. 54. To the extent such may be necessary in light of the Reserved Claims, this Order is hereby certified as final and appealable under Wyo.R.Civ.P. 54(b) as this Court finds there is not just reason for delay.

DONE IN OPEN COURT this 12<sup>TH</sup> day of December, 2003

  
DISTRICT JUDGE



CERTIFICATE OF DELIVERY

I hereby certify that I served a true and complete copy of the foregoing on the 12th day of December, 2003, and that copies were delivered as follows:

Cody Balzer [ X ] U.S. Mail  
Balzer Carman Murdock  
139 West Second, Suite 1B  
Casper, WY 82601

Tom Reese [ X ] U.S. Mail  
Brown, Drew & Massey  
159 North Wolcott, Suite 200  
Casper, WY 82601

Nancy Vehr [ X ] U.S. Mail  
Stephanie Marquiss  
Assistant Attorney General  
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Rachel A. Yates [ X ] U.S. Mail  
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Ellen Wilson, CPS Administrative Assistant to  
Jere Ryckman, District Judge