

STATE OF WYOMING )  
 ) SS.  
COUNTY OF LINCOLN )

IN THE DISTRICT COURT  
THIRD JUDICIAL DISTRICT

LARRY MADSEN AS SPECIAL TRUSTEE  
OF THE H. M. KLAENHAMMER REVOCABLE  
TRUST DATED MAY 9, 1996, SUCCESSOR TO  
H. M. KLAENHAMMER, AND ROBERT W. SCOTT,  
INDIVIDUALLY AND AS MANAGING MEMBER  
OF R.W. SCOTT INVESTMENTS, LLC, SUING ON  
BEHALF OF THEMSELVES AND ALL OTHER SIMILARLY  
SITUATED ROYALTY OWNERS,

Plaintiffs,

vs.

EOG RESOURCES, INC., FORMERLY ENRON OIL &  
GAS COMPANY, A FOREIGN CORPORATION,

Defendant.



Civil Action No. 10,548

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

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Pursuant to the Court's *Order on Preliminary Hearing* and the *Notice of Pendency of The Class Action Proposed Settlement And Hearing* sent to each potential class member, a final hearing on the reasonableness and fairness of the proposed settlement in this action was held on May 2, 2003, in Green River, Wyoming. At the hearing, Mark L. Carman of Balzer Carman Murdock, P.C. represented the Plaintiffs and appeared as Class Counsel, while Judith Matlock and William Bianco of Davis Graham & Stubbs LLP, Gerald Mason of Mason & Graham, P.C. and Steven B. Williams, Assistant General Counsel, North America appeared on behalf of EOG Resources, Inc. ("EOG"). Also in attendance was Nancy Vehr on behalf of the State of Wyoming.

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

1. Plaintiffs filed a suit against EOG alleging individual claims and class action claims seeking, among other things, declaratory and compensatory relief. Plaintiffs

sought certification of a class, including Plaintiffs, under Wyo.R.Civ.P. 23(b)(2) for declaratory relief, and a class under Wyo.R.Civ.P. 23(b)(3) for money damages.

2. EOG and the Plaintiffs participated in mediation in October 2002 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 December 10, 2002 (the "Settlement Agreement"). The Settlement Agreement is attached to this Order as Exhibit 1, and 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 Wyoming Royalty Payment Act, Wyo. Stat. §§ 30-5-301, et seq. for Disputed Deductions, Undervaluation Claims, Statutory Interest, Statutory Reporting Assessments and Attorneys' Fees as those terms are defined in the Settlement Agreement.

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 EOG 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 a 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 the 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.

14. The Court hereby certifies as members of the Settlement Class the list of Royalty Payees set forth in Exhibit 2-A to this Order. This list includes all Royalty Payees who have not opted out of the class by filing a timely notice of their request to be excluded from the Settlement Class. Set forth in Exhibit 2-B are those Royalty Payees who have opted out of the class by notifying the Court of their election to be excluded from 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 Hearing and Provisional Certification of the EOG Settlement Class*, and Wyo.R.Civ.P. 23(e), Class Counsel provided notice to the parties listed on Exhibits 2-A and 2-B of the compromise and settlement reached in this action (the "Notice"). A copy of the Notice is attached to this Order as Exhibit 3.

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 and/or regular mail to all parties listed on Exhibits 2-A and 2-B. *Class Counsel's Report* confirms (1) zero (0) objections were filed to the Class Settlement and (2) One Thousand Three Hundred and Eight (1,308) 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 Preliminary Hearing*.

Approval of the Settlement Agreement

18. The settlement was 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 2-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 EOG and EOG 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 Settlement Agreement, Plaintiffs, Settlement Class Members and their heirs, personal representatives, assigns, and successors are barred from bringing claims against EOG or EOG Additional Parties for Settled Claims as set forth in the Settlement Agreement.

e. EOG has escrowed with the Hilltop National Bank of Casper, N.A. ("Escrow Agent") the sum of Six Million Dollars ("Escrow Amount") in accordance with the Settlement Agreement

f. The date of distribution of the Escrow Amount shall be May 12, 2003.

g. The Escrow Amount shall have accrued interest in the amount of Twenty Seven Thousand Three Hundred Seventy Nine Dollars and Seventy-Four Cents

(\$27,379.74) through the date of distribution. All such interest should be payable to Settlement Class Members less the reasonable and actual fees of the Escrow Agent. 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 Four Million Eighty Four Thousand Fifty One Dollars and Seventy-Nine Cents (\$4,084,051.79) ("Settlement Amount"), which aggregate sum shall be paid to Class Members in the amounts as set forth in Exhibit 4 to this Order.

i. The reasonable fees of Class Counsel are and shall be One Million Eight Hundred Thousand Dollars (\$1,800,000.00) ("Permissible Class Counsel Fees"), which amount shall be paid to Class Counsel. The reasonable litigation costs are and shall be One Hundred Forty Thousand Dollars(\$140,000.00) ("Litigation Costs)."

j. Upon entry of this Order, and satisfaction of the Approval Event, as that term is defined in the Settlement Agreement, EOG and Class Counsel shall instruct the Escrow Agent to release from the Escrow Account all funds to be paid according to the Settlement Agreement. 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, Litigation Costs and to refund to EOG that portion of the Escrowed Amount attributable to those sums that would have been paid to Potential Class Members listed in Exhibit 2-B to this Order who have requested to be excluded from the Settlement Class and in the amount of Three Thousand Three Hundred Twenty Seven Dollars and Sixty-Four Cents (\$3,327.64).

k. No funds will remain in the Escrow Amount after release of the funds and the refund to EOG.

l. The Court shall retain jurisdiction to enforce the prospective obligations of EOG, Plaintiffs and the Settlement Class Members, respectively, under the Settlement Agreement and this Order.

m. The Court shall also retain jurisdiction to determine alternate valuation indices or publications, if necessary, as provided 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 as well as the EOG Excluded Wells as that terms is defined in the Settlement Agreement will be deemed severed from the Settled Claims and will be dismissed without prejudice upon separate motion by the Parties or as requested in the stipulated satisfaction described in paragraph O.

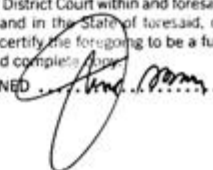
o. Upon entry of this Order, and satisfaction of the Approval Event, as that term is defined in the Settlement Agreement, Class Counsel and Defendants shall file a stipulated satisfaction and order of dismissal with prejudice of all Settled Claims for past periods. The order of dismissal with prejudice 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).

DONE IN OPEN COURT this 2nd day of May, 2003

  
DISTRICT JUDGE

STATE OF WYOMING }  
COUNTY OF LINCOLN } SS.

I, Kenneth D. Roberts, Clerk of the Third Judicial District Court within and foresaid county and in the State of foresaid, do hereby certify the foregoing to be a full, true, and complete copy.

SIGNED  .....