

**IN THE DISTRICT COURT OF BLAINE COUNTY
STATE OF OKLAHOMA**

MARK STEPHEN STRACK, SOLE SUCCESSOR TRUSTEE)
 OF THE PATRICIA ANN STRACK REVOCABLE TRUST DTD)
 2/15/99 AND THE BILLY JOE STRACK REVOCABLE TRUST)
 DTD 2/15/99, AND)
 DANIELA A. RENNER, SOLE SUCCESSOR TRUSTEE)
 OF THE PAUL ARIOLA LIVING TRUST AND THE)
 HAZEL ARIOLA LIVING TRUST,)
)
 FOR THEMSELVES AND ALL OTHERS)
 SIMILARLY SITUATED,)
)
 PLAINTIFFS,)
)
 VS.)
)
 CONTINENTAL RESOURCES, INC.,)
)
 DEFENDANT.)

BLAINE COUNTY, OKLAHOMA
F I L E D
 JUN 12 2018
 CHRISTY MATLI, CT. CLERK
 BY _____
 DEPUTY

CASE NO. CJ-10-75
 (JUDGE HLADIK)

PLAN OF ALLOCATION AND DISTRIBUTION ORDER

This Plan of Allocation and Distribution sets forth the manner in which the Gross Settlement Payments and Net Settlement Payments will be administered and distributed to the Class Members. The Net Sub-Class 1 Payment will be proportionately allocated to each of the members of the Settlement Class utilizing the methodology specifically set forth below and the Net Sub-Class 2 Payments will be calculated and distributed pursuant paragraphs 3.4 and 3.5 of the Settlement Agreement. As to Sub-Class 1, generally, the Net Sub-Class 1 Payment will be: (1) allocated between oil claims and natural gas claims; and then, (2) allocated to various systems or groups of wells based upon various system, well and litigation risk considerations and factors; and then (3) allocated to each well within each system or group of wells, with due consideration for production volumes, production timing, well characteristics, and other relevant factors, when available; and finally; (4) Continental will proportionately allocate each Class Well's resulting

share of the Net Sub-Class 1 Payment to each Class Member royalty owner within each Class Well, in accordance with each Class Member's net revenue interest in the Class Well as reflected in Continental's royalty payment records when Continental made its most recent distribution of royalties for each well.

Definitions

1. The capitalized terms utilized herein shall have the same meaning as those terms are used in the Settlement Agreement unless expressly stated otherwise herein. Furthermore, the provisions of the Settlement Agreement are incorporated herein.

2. "**Settlement Administrator**" shall mean "Barbara A. Ley, a Professional Corporation" ("Ley"). Ley has served as the expert accounting consultant for the Class Representatives and Class Counsel since this case was filed in 2010. If this Settlement is approved, Ley will not only be the accounting expert for the Settlement Class, it will also become the "Settlement Administrator" for the Settlement Class. The term "Settlement Administrator" as used herein shall refer to Ley in both capacities and for all time periods beginning in 2010.

3. "**Current Sub-Class 1 Owner**" shall mean, as to any Class Well that produced oil or natural gas during the Claim Period 1, a Sub-Class Class 1 Member who was entitled to receive a royalty payment during the last month of production by Continental for that well during Claim Period 1 (*i.e.*, during the last month of production by Continental prior to December 1, 2015).

4. "**Prior Sub-Class 1 Owner**" shall mean a Sub-Class 1 Member who owned a royalty interest in a particular Class Well at some time during Claim Period 1, but did not own an interest during the last production month of Claim Period 1 for which royalties were paid by Continental for such Class Well.

5. "**Eligible Sub-Class 1 Member**" shall mean any Current Sub-Class 1 Owner or

Prior Sub-Class 1 Owner who is entitled to receive a Net Sub-Class 1 Payment under this Plan of Allocation and Distribution. As described further below, the Plan of Allocation and Distribution assumes any Net Sub-Class 1 Payment will be made only to the Current Sub-Class 1 Owner who did not opt out of the Class absent a determination a Prior Sub-Class 1 Owner is entitled to a portion of such payment.

6. **“Discovery Information”** shall mean the information described in paragraph 14 below.

7. **“Litigation Risk Analysis”** shall mean the analysis of Class Counsel described in paragraph 15 below.

8. **“Distribution Model”** shall mean the model developed by the Settlement Administrator as described in paragraph 16 below.

9. **“Waste or Skim Oil Claim”** shall mean the Oil Claim (as defined in the Settlement Agreement) related to oil which may have been produced from Class Wells, but was separated, saved and/or sold by Continental off the lease during the Sub-Class 1 Claim Period, as more fully described and plead in the Amended Petition.

10. **“Additional Consideration on Oil Sales”** shall mean the Oil Claim (as defined in the Settlement Agreement) related to alleged additional consideration received by Continental for oil sold by Continental on the lease in connection with other marketing arrangements between, and inclusive of, May 1996 and November 2006 oil production, as more fully described and plead in the Amended Petition.

11. **“Sub-Class 1 Gross Payment by System or Claim Allocation”** shall mean the allocation of the Gross Sub-Class 1 Payment (\$49,800,000.00) pursuant to paragraph 3.2(i) of the Settlement Agreement, which, after reviewing the Discovery Information and considering the Litigation Risk Analysis, has been allocated by Class Counsel and the Settlement Administrator

to each of the systems or claims as follows:

\$ 3,914,120.31 - Woodford Shale Gathering System
\$ 6,656,720.84 - Matli Gathering System
\$11,199,530.85 - Eagle Chief Gathering System
\$21,427,238.03 - Other Third-party Owned Gathering Systems¹
\$ 4,443,748.18 - Waste or Skim Oil Claim
\$ 2,158,641.79 - Additional Consideration on Oil Sales
\$49,800,000.00 - Total Gross Sub-Class 1 Payment.

12. “**Sub-Class 1 Net Payment by System or Claim Allocation**” shall mean the allocation of the Net Sub-Class 1 Payment to each of the systems or claims as described in paragraphs 17 and 18 below.

Claim Period 1: July 1, 1993 through November 30, 2015

Information Reviewed, Considered and Utilized when Structuring the Plan of Allocation:

13. Class Counsel have engaged in over seven (7) years of formal discovery in this case, including: (a) reviewing over 93.9 Gigabites of data, including multiple databases and spreadsheets, 224,538 documents (1,017,957 pages of TIFF images); (b) taking of over ten (10) days of depositions including Continental corporate representatives and fact witnesses; and (c) obtaining and reviewing other publicly available sources of information (“**Discovery Information**”).

14. In structuring this Plan of Allocation, Class Counsel have: (a) extensively reviewed the Discovery Information; (b) considered the complex law in Oklahoma regarding the obligations of operators in paying royalties; and (c) taken into account the relative merits of specific claims and causes of action, as well as the various litigation risks associated with continuing the Class Action Litigation (“**Litigation Risk Analysis**”).

¹ If the Class Administrator has been unable to ascertain from the Discovery Information that a Class Well is connected to either the Woodford Shale Gathering System, Matli Gathering System or the Eagle Chief Gathering System, the well has been assigned to, and damages allocated as part of, the Other Third-Party Owned Gathering Systems.

15. Relying upon this Discovery Information and Class Counsel’s Litigation Risk Analysis, the Settlement Administrator developed a model to calculate the asserted damages for the Sub-Class 1 Claim Period (with such amount being disputed by Continental) and the distribution of the Net Sub-Class 1 Payments at the Class Well level. In some cases, calculations were necessarily based upon estimates and/or other publicly available information because of information gaps and varying methods and sources of production data throughout the Sub-Class 1 Claim Period (“**Distribution Model**”).

16. The Settlement Administrator’s Distribution Model, as summarized and presented to the Court, represents a reasonable method to facilitate the distribution of Net Sub-Class 1 Payments to the Eligible Sub-Class 1 Members, but should not be treated as payment of additional royalty on past production or interest. Rather, all amounts represent a compromise of multiple disputed Released Claims for Sub-Class 1.

Allocation of the Net Sub-Class 1 Payment to the Class Well Level:

17. Utilizing the Discovery Information, and considering Class Counsel’s Litigation Risk Analysis, and pursuant to paragraph 3.2(i) of the Settlement Agreement, Class Counsel and the Settlement Administrator have determined a reasonable Sub-Class 1 Gross Payment by System or Claim Allocation to be as follows:

\$ 3,914,120.31 - Woodford Shale Gathering System
\$ 6,656,720.84 - Matli Gathering System
\$11,199,530.85 - Eagle Chief Gathering System
\$21,427,238.03 - Other Third-party Owned Gathering Systems
\$ 4,443,748.18 - Waste or Skim Oil Claim
\$ 2,158,641.79 - Additional Consideration on Oil Sales
\$49,800,000.00 - Total Gross Sub-Class 1 Payment

18. The Settlement Administrator shall determine the Net Sub-Class 1 Payment pursuant to paragraph 1.24(i) of the Settlement Agreement and thereafter proportionately reduce the Sub-Class 1 Gross Payment by System or Claim Allocation to determine the “**Sub-Class 1**

Net Payment by System or Claim Allocation” pursuant to paragraph 3.2(i) of the Settlement Agreement.

19. With due consideration given to various production characteristics, such as volume of production, timing of production, and the other factors utilized in constructing the Settlement Administrator’s Damage Model, the Settlement Administrator shall further allocate each of the resulting Sub-Class 1 Net Payment by System or Claim Allocations to each Class Well determined to be connected or related to that system or claim pursuant to paragraph 3.2(ii) of the Settlement Agreement. The Settlement Administrator shall provide to Continental a report of the Sub-Class 1 Net Payment by System or Claim Allocation to the Class Well level.

Distribution of the Net Sub-Class 1 Payment:

20. Utilizing the report of the Sub-Class 1 Net Payment by System or Claim Allocation to the Class Well level provided by the Settlement Administrator, Continental shall distribute the Net Sub-Class 1 Payments to the Eligible Sub-Class 1 Members pursuant to paragraphs 2.2 and 3.2 of the Settlement Agreement, which are incorporated herein by reference. Furthermore, all other remaining distribution issues related to the Net Sub-Class 1 Payments shall be governed by paragraphs 2.2 and 3.2 of the Settlement Agreement.

Claim Period 2: November 30, 2015 through the end of the Adjustment and Additional Consideration Period

21. The calculation and distribution of the Net Sub-Class 2 Payments shall be determined and distributed pursuant to paragraphs 2.3, 3.4 and 3.5 of the Settlement Agreement, which are incorporated herein by reference.

Time Table for Allocation and Distribution

22. The allocation of the Net Sub-Class 1 Payments and Net Sub-Class 2 Payments shall be under the direct supervision of the Settlement Administrator and shall be accomplished

as described herein, and the distribution of the Net Sub-Class 1 Payments and Net Sub-Class 2 Payments shall occur on or before the dates provided for in the Settlement Agreement.

Other Provisions

23. **Procedures for resolution of potential claims between Current Sub-Class 1 Owners and Prior Sub-Class 1 Owners.** All Current Sub-Class 1 Owners are Eligible Sub-Class 1 Members and entitled to receive a portion of the Net Sub-Class 1 Payment as determined by the procedures set forth in this Plan of Allocation and Distribution. Prior Sub-Class 1 Owners are not Eligible Sub-Class 1 Members absent a determination or stipulation that a Prior Sub-Class 1 Owner is entitled to receive a portion of the Current Sub-Class 1 Owner's Net Sub-Class 1 Payment under this Plan of Allocation and Distribution. Those Sub-Class 1 Members who are Prior Sub-Class 1 Owners will be afforded a reasonable opportunity to object to the allocation of the Net Sub-Class 1 Payments to the Current Sub-Class 1 Owners and to assert a claim for distribution of a portion of the Net Sub-Class 1 Payment attributable to the time they were an owner and/or if the Current Sub-Class 1 Owner of their previously held royalty interest has opted-out of the Settlement Class. The procedures for resolution of potential claims between Current Sub-Class 1 Owners and Prior Sub-Class 1 Owners are as follows:

- a. The default distribution to Current Sub-Class 1 Owners described above is based on the following assumptions: (i) few sales of royalty interests occurred during the Sub-Class 1 Claims Period, (ii) where sales did occur, the parties generally and typically intended for the buyer to receive payment for past claims, and (iii) where interests passed through inheritance, devise or intra family transfers, it was the intent that the heir, devisee or transferee receive payment for past claims. Based on these assumptions the Current Sub-Class 1 Owners should be considered Eligible Sub-Class 1 Members entitled to all settlement payments allocable to their respective royalty interests for the entire Sub-Class 1 Claims Period absent a determination that a Prior Sub-Class 1 Owner is entitled to receive payment under the Plan of Allocation and Distribution. **A Current Sub-Class 1 Owner or other distributee who is not entitled to receive payment for past claims and who receives a distribution of Net Sub-Class 1 Payment pursuant to this Plan of Allocation and Distribution is hereby Ordered by the Court to in turn make payment to the party entitled to receive such proceeds.**

- b. A Prior Sub-Class 1 Owner shall have until **May 17, 2018** to submit in writing to the Settlement Administrator their intention to dispute allocation of the settlement payment from a particular royalty interest solely to the Current Sub-Class 1 Owner along with information sufficient to identify the royalty interest being challenged and the legal basis for the objection, including proof the Prior Sub-Class 1 Owner did not relinquish their right to recover on claims accruing during their time of ownership when title passed to their successor. If no objection to allocation of the settlement payment to a Current Sub-Class 1 Owner is received within the time period, then upon entry of this Plan of Allocation and Distribution, the Settlement Administrator will allocate the entire settlement payment due to the Current Sub-Class 1 Owner.
- c. If a proper and timely objection is received from a Prior Sub-Class 1 Owner, the amount of the Net Sub-Class 1 Payment at issue on the royalty interest shall be held in suspense by Continental until the claim is resolved. Unless the Prior Sub-Class 1 Owner and the Current Sub-Class 1 Owner negotiate a mutually-agreed resolution to any such dispute, the Court will resolve allocation of payment and the determination of the Court will be final and non-appealable.

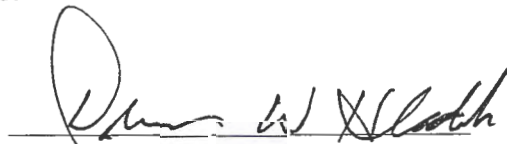
24. **Manner of Interpretation.** The terms and provisions in this Plan of Allocation and Distribution are to be read with reference to the Settlement Agreement. In the event of a discrepancy between the terms of this Plan of Allocation and Distribution and the terms of the Settlement Agreement, the terms of the Settlement Agreement will control.

25. **Jurisdiction.** The Court retains exclusive jurisdiction for the enforcement of the Plan of Allocation and Distribution and all issues related thereto.

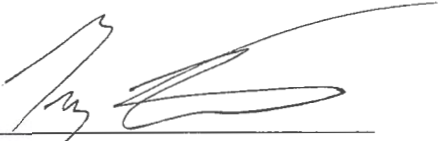
26. **Liability of the Settlement Administrator.** Compliance with the Plan of Allocation and Distribution, and related orders by the Court, shall mean the Settlement Administrator shall have no liability to any Class Member related to the distribution of the Settlement Payments.

27. **Modification and Supplementation.** This Plan of Allocation and Distribution remains subject to modification and supplementation by the Court.

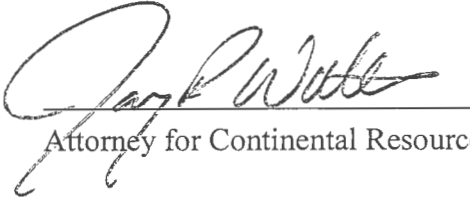
Done and Ordered this 11 day of June, 2018.


The Honorable Dennis Hladik

Approved as to Form:

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal stroke that loops back to the left.

Class Counsel

A handwritten signature in black ink, appearing to read 'Jay P. Wells' in a cursive script.

Attorney for Continental Resources, Inc.