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.	)	CASE NO. CJ-10-75 (JUDGE HLADIK)
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

SETTLEMENT AGREEMENT

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	)	(JUDGE HLADIK)
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

SETTLEMENT AGREEMENT

THIS AGREEMENT is executed by each Party on the date indicated below, but made effective the 16th day of February, 2018, by and between the Class Representatives (as defined below), on behalf of themselves and as representatives of the Settlement Class (as defined below), and Continental (as defined below) (the "**Settlement Agreement**" or "**Settlement**") (hereinafter collectively referred to as "Parties"). The settlement set forth in this Settlement Agreement is conditioned upon the terms and conditions set forth in this Settlement Agreement, including but not limited to the Court: (1) approving this Settlement Agreement and such approval becoming Final and Unappealable; and (2) entering the orders and judgments upon which this Settlement Agreement is conditioned, as more fully described below:

WITNESSETH:

WHEREAS, there is an action pending in the District Court of Blaine County, State of Oklahoma, styled: *Mark Stephen Strack, 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,* Case No. CJ-2010-75 (Judge Hladik)(the "**Class Action Litigation**" or "**Litigation**"); and

WHEREAS, the Class Representatives, on behalf of themselves and as representatives of the Settlement Class, have made certain claims against Continental in the Class Action Litigation as more fully described in the Amended Petition filed on November 5, 2014 and attached hereto as Exhibit "A"; and

WHEREAS, the Parties have concluded the further conduct of the Class Action Litigation would be protracted and expensive, and have taken into account the uncertainty and risks inherent in any Class Action Litigation, and have determined it is desirable that any and all claims, demands, actions, causes of action, obligations, costs, losses, and damages, of whatsoever kind or nature as specifically defined as the Released Claims be fully, completely, and finally settled as to the Released Parties (as defined below) in the manner and upon the terms set forth herein; and

WHEREAS, Continental has denied, and continues to deny, any and all liability to the Class Representatives, on behalf of themselves and as representatives of the Settlement Class;

NOW, THEREFORE, in consideration of the specific mutual promises and undertakings, and the settlement terms, obligations, conditions and payments set forth below, the Class

Representatives (on behalf of themselves and as representatives of the Settlement Class) and Continental agree as follows:

DEFINITIONS

1. **Definitions**: The following definitions shall be applicable to this Settlement Agreement and incorporated herein by reference into the Exhibits attached hereto, as well as all other documents and pleadings related to this Settlement.

Parties, the Class, the Class Wells and the Class Action Litigation:

1.1 "**Class Representatives**" shall mean: (a) Mark Stephen Strack, Trustee of The Patricia Ann Strack Revocable Trust Dtd 2/15/99 and The Billy Joe Strack Revocable Trust Dated 2/15/99, and (b) Daniela A. Renner, Sole Successor Trustee of The Paul Ariola Living Trust and The Hazel Ariola Living Trust.

1.2 "**Class Counsel**" shall mean: (a) Douglas E. Burns and Terry L. Stowers of Burns & Stowers, P.C.; and (b) Kerry W. Caywood and Angela Caywood Jones of Park, Nelson, Caywood, Jones, LLP.

1.3 "**Continental**" shall mean Continental Resources, Inc. (sometimes also referred herein and in related documents as "CLR").

1.4 "**Continental's Counsel**" shall mean: (a) Jay P. Walters and Steven J. Adams of Gable Gotwals; (b) Taylor Pope and Eric S. Eissenstat of Continental; (c) Guy S. Lipe of Vinson & Elkins, L.L.P.; and (d) Glenn A. Devoll of Gungoll, Jackson, Collins, Box & Devoll, P.C.

1.5 "**Class Action Litigation**" or "**Litigation**" shall mean that certain action pending in the District Court of Blaine County, State of Oklahoma styled *Mark Stephen Strack, 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, Case No. CJ-2010-75 (Hladik), as more fully described in the Amended Petition attached hereto as Exhibit "A."

1.6 "**Settlement Class**" shall mean, pursuant to 12 O.S. §2023 (B)(3) and (C)(6)(b), a class of royalty owners, for settlement purposes only, including "**Sub-Class 1**" and "**Sub-Class 2**", specifically described as follows:

> All non-excluded persons or entities who are or were royalty owners in Oklahoma wells that had oil or natural gas production at any time during the period from and after July 1, 1993, and prior to February 1, 2018, where Continental Resources, Inc., or any affiliate of Continental Resources, Inc. (collectively "Continental Resources, Inc."), is or was the operator and/or working interest owner/lessee under oil and gas leases, or under forced pooling orders. The Class Claims relate only to payment for hydrocarbons produced from the wells and only to the extent of Continental Resources, Inc.'s working interest ownership in the Class Wells. The Class does not include overriding royalty owners or other owners who derive their interest solely through an oil and gas lessee.
>
> The persons or entities excluded from the Class are: (1) agencies, departments or instrumentalities of the United States of America and the State of Oklahoma, except the Commissioners of the Land Office (which is included in the Class), (2) publicly traded oil and gas exploration companies and their affiliates, and (3) any other person or entity Plaintiffs' counsel is, or may be prohibited from representing under Rule 1.7 of the Oklahoma Rules of Professional conduct.
>
> **Sub-Class 1 (Claim Period 1)**:
> All persons or entities who are Class Members during Claim Period 1.
>
> **Sub-Class 2 (Claim Period 2)**:
> All persons or entities who are Class Members during Claim Period 2 and entitled to a Sub-Class 2 Payment as determined pursuant to paragraph 3.4 of the Settlement Agreement.

1.7 **"Class Member"** shall mean the individual royalty owner or member of a Settlement Class in the Class Action Litigation.

1.8 "**Class Wells**" shall mean Oklahoma wells where Continental is or was the operator and/or working interest owner/lessee under oil and gas leases from and after July 1, 1993, and that had oil or natural gas production prior to February 1, 2018.

1.9 "**Sub-Class 1 Member**" shall mean a Class Member during Claim Period 1 who does not timely and properly opt-out of the Settlement pursuant to the terms of this Settlement Agreement and the terms of the notice of the Settlement Fairness Hearing.

1.10 "**Sub-Class 2 Member**" shall mean a Class Member during Claim Period 2 who does not timely and properly out-out of the Settlement pursuant to the terms of this Settlement Agreement and the terms of the notice of the Settlement Fairness Hearing.

Time Periods and Dates:

1.11 "**Claim Period**" shall mean July 1, 1993 through the end of the Adjustment and Additional Consideration Period, and shall be further divided into the following sub-Claim Periods:

i. "**Claim Period 1**" shall mean July 1, 1993 through November 30, 2015; and

ii. "**Claim Period 2**" shall mean December 1, 2015 through the end of the Adjustment and Additional Consideration Period.

1.12 "**Lease Review Period**" shall begin May 17, 2018 (*i.e.*, 90 days after February 16, 2018) and shall be completed as expeditiously as reasonably possible.

1.13 "**Gas Production, Proceeds and Charges Booking Procedure Review Period**" shall begin February 16, 2018, and end no later than the end of the Lease Review Period.

1.14 "**Adjustment and Additional Consideration Period**" shall mean the time period after November 2015 production, through the time the Lease Review Period has concluded, and continuing through the month of production Continental can reasonably include in the Additional

Consideration report to be provided to Class Counsel pursuant to paragraph 3.4 of this Settlement Agreement.

1.15 "**Future Production Period**" shall mean the time period beginning with the first month of production after the Adjustment and Additional Consideration Period, and all times thereafter, but subject to paragraph 11.2 (Change in Law) of this Settlement Agreement.

1.16 "**Release Date**" for Claim Period 1 shall mean midnight on the date the Judgment approving the Settlement becomes Final and Unappealable; and for Claim Period 2 shall mean midnight on the date the Court: (a) enters the Judgment approving this Settlement as to Released Claims for Sub-Class 2 and the Judgment becomes Final and Unappealable, and (b) enters an order approving the distribution of the Net Sub-Class 2 Payment as to Released Claims for Sub-Class 2 and the order becomes Final and Unappealable.

Definition of Claims:

1.17 "**Class Claims**" shall mean those claims defined as Released Claims herein.

i. "**Sub-Class 1 Claims**" shall mean the "Released Claims" (as defined herein) for production months during Claim Period 1("Released Claims" for Claim Period 1).

ii. "**Sub-Class 2 Claims**" shall mean the "Released Claims" as defined herein) for production months during Claim Period 2 ("Released Claims" for Claim Period 2).

1.18 "**Released Claims**" shall mean the settled and released Class Claims which include the "**Released Claims for Sub-Class 1**" and the "**Released Claims for Sub-Class 2**").

i. "**Released Claims for Sub-Class 1**" shall mean all Class Claims of the Sub-Class 1 Members or any subsidiaries or affiliates of Sub-Class 1 Members and any officers, directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof against Continental, any subsidiaries or affiliates of Continental, and any officers, directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof (collectively "**the Released Parties**"), whether asserted or unasserted, known or unknown, in contract, tort, based on statute, or any other legal or equitable ground or theory,

arising out of or related to the payment, calculation, or reporting of the amount, nature, quality or quantity of production, proceeds, or royalties on hydrocarbons produced from the Class Wells during Claim Period 1, including but not limited to claims that were or could have been alleged in the Amended Petition in the Litigation, but not the Excluded Claims as defined below.

ii. "**Released Claims for Sub-Class 2**" shall mean all Class Claims of the Sub-Class 2 Members or any subsidiaries or affiliates of Sub-Class 2 Members and any officers, directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof against Continental, any subsidiaries or affiliates of Continental, and any officers, directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof (collectively "**the Released Parties**"), whether asserted or unasserted, known or unknown, in contract, tort, based on statute, or any other legal or equitable ground or theory, arising out of or related to the payment, calculation, or reporting of the amount, nature, quality or quantity of production, proceeds, or royalties on natural gas and natural gas liquids produced from the Class Wells during Claim Period 2, including but not limited to claims that were or could have been alleged in the Amended Petition in the Lawsuit, but not the Excluded Claims as defined below, and further, specifically limited to only those Sub-Class 2 Claims for gathering charges which were identified and quantified pursuant to Paragraph 3.4 of this Settlement Agreement and included as part of the Sub-Class 2 Payment. Further, prior to the Release Date for Claim Period 2, the Court shall retain exclusive jurisdiction over the Sub-Class 2 Members' Sub-Class 2 Claims, and during the pendency thereof, the Sub-Class 2 Members shall be prohibited from maintaining any other litigation against the Released Parties as to the Sub-Class 2 Claims which are to be released pursuant to this Settlement Agreement.

1.19 **Excluded Claims**" shall mean:

i. The claims asserted in *Stamp Brothers vs. Continental Resources*, CIV-14-182-C, U.S. District Court, Western Oklahoma;

ii. The "Settling Owners'" released claims in *Bryan Mannering, et al. v. Continental Resources, Inc.*, No. CJ-2016-47, Dist. Ct. Custer County, Oklahoma, which are as identified in the Settlement Agreement and Release entered in that case and which are limited to those Settling Owners' interests in the Akin 1-27-22XH and Pickens Quarter 1-34-27XH wells;

iii. Claims for interest on royalty payments made by Continental unrelated to the Class Claims and made outside the time frames prescribed by the Production Revenue Standards Act;

iv. Royalty Payments in the Ordinary Course of Business for production months prior to the Release Date;

v. Claims for royalty for production months for which no payment on production for that production month has been made to that royalty owner as of the Release Date;

vi. Claims Continental failed to comply with obligations to protect the Class Members from drainage; or

vii. Claims Continental breached obligations to the Class Members to develop Oklahoma oil and gas leases.

1.20 "**Royalty Payments in the Ordinary Course of Business**" shall mean that portion of the royalty payment a Class Member is entitled to receive on production from the Royalty Share of production proceeds paid, or to be paid, from Class Wells for a particular production month that occurs prior to the Release Date and which is:

i. the result of retroactive price, volume or value adjustments made by a third-party purchaser of production from Continental that have not been the subject of a payment adjustment to such Class Member as of the Release Date;

ii. the result of volumetric or cash balancing that has not been the subject of a payment adjustment to such Class Member as of the Release Date; or

iii. being held in Continental's suspense accounts as of the Release Date, excluding any Net Settlement Payments attributed to this Settlement Agreement.; and

iv. any statutory interest that may be due on items i, ii or iii.

1.21 "**Royalty Share**" shall mean Royalty Share as the term is defined in the Oklahoma Production Revenue Standards Act.

Payments:

1.22 "**Gross Settlement Payments**" shall mean, as to the Sub-Class 1 Claims, the sum of Forty-Nine Million Eight Hundred Thousand Dollars ($49,800,000.00), and as to the Sub-Class 2 Claims, the amounts to be determined pursuant to paragraph 3.4 of this Settlement Agreement.

1.23 "**Attorney's Fees and Expenses**" shall mean attorneys' fees, litigation expenses and a Class Representatives' award to be ordered by the Court and paid from the Settlement Payments.

1.24 "**Net Settlement Payments**" shall mean the "Net Sub-Class 1 Payments" and the "Net Sub-Class 2 Payments."

i. "**Net Sub-Class 1 Payments**" shall mean the total of each Sub-Class 1 Member's share of the Gross Settlement Payment for the Sub-Class 1 Claims of $49,800,000 attributable to such Sub-Class 1 Members pursuant to the Plan of Allocation and Distribution (Exhibit "D"), less the award of Attorney's Fees and Expenses related to the Sub-Class 1 Payment, and after any gross production taxes paid from the Sub-Class 1 Payment, if any (Sub-Class 1 Members' share of the Gross Settlement Payment for the Sub-Class 1 Claims of $49,800,000 attributable to such Sub-Class 1 Members pursuant to the Plan of Allocation and Distribution, less related Attorney's Fees and Expenses, less related gross production taxes, if any, equals Net Sub-Class 1 Payment).

ii. "**Net Sub-Class 2 Payments**" shall mean the net funds available for distribution to Sub-Class 2 Members from the Sub-Class 2 Payment calculated pursuant to Section 3.4, less the award of Attorney's Fees and Expenses related to the Sub-Class 2 Payment, and less any gross production taxes paid from the Sub-Class 2 Payment, if any (Sub-Class 2 Payment calculated pursuant to Section 3.4, less related Attorney's Fees and Expenses, less related gross production taxes, if any, equals Net Sub-Class 2 Payment).

Definitions of Charges:

1.25 "**Charges**" shall mean the combination of the Gathering Charges, Processing Charges and/or Transportation Charges.

i. **Gathering Charges**" shall mean all types of fees, charges, and volumetric or price adjustments reflecting the consideration for services performed by the owner of a gathering system to move natural gas from the custody transfer meter on or near the well location to the inlet of a gas processing facility, or if the gas is not processed at a gas processing facility, to the inlet of an intrastate or interstate pipeline, including any consideration for gathering, fuel, compression, dehydration, and treating services performed upstream of the inlet to the gas processing plant (or upstream of the inlet to the intrastate or interstate pipeline for gas not processed at a gas processing plant).

ii. "**Processing Charges**" shall mean all types of fees, charges, price adjustments, reductions in value, reductions in volume, in-kind fuel, percentage of proceeds, percentage of index, and any other consideration related to the processing and movement of natural gas from the gas plant inlet meter to custody transfer meter on or near the tailgate of the processing facility into a mainline transmission pipeline; including but not limited to,

processing, compression, dehydration, treating, blending, fuel, line loss, and any other services occurring inside the gas processing plant.

iii. "**Transportation Charges**" shall mean all types of fees, charges, price adjustments, reductions in value, reductions in volume, in-kind fuel, percentage of proceeds, percentage of index, and any other consideration related to movement of natural gas on a mainline transmission pipeline; including but not limited to, compression, dehydration, treating, blending, fuel, line loss, and any other services occurring on the mainline transmission line.

Express Lease Clauses:

1.26 "**Express Deduction Clause**" shall mean a clear and unequivocal clause allowing Continental to deduct Gathering Charges, Processing Charges and/or Transportation Charges in determining the value of gas production for royalty calculation purposes. The following are only examples of Express Deduction Clauses:

i. "To pay Lessor for gas (including casing head gas and coal bed methane gas) of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises or used in the manufacture of products therefrom, 3/16th of the gross proceeds received for the gas sold, used off the premises, or in the manufacture of products therefrom less a proportionate part of any production, severance and other excise taxes and costs incurred by Lessee in transporting, processing, compressing or otherwise making merchantable Lessors share of gas, but in no event more than 3/16th of the actual amount received by the Lessee."

ii. "To pay lessor for gas (including casinghead gas and coal bed methane gas) of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom 3/16th of the gross proceeds received from any party (whether or not an affiliate of Lessee) for the gas sold, used off the premises, or in the manufacture of products therefrom, less a proportionate part, of any production, severance and other excise taxes and costs and/or fees incurred by Lessee in making marketable Lessor's share of gas, and/or in gathering, transporting, processing, compressing or otherwise marketing Lessors share of gas, but in no event more than 3/16th of the net amount actually received by the Lessee from any such party."

1.27 "**Express NO Deduction Clause**" shall mean a clear and unequivocal clause prohibiting Continental from deducting Gathering Charges, Processing Charges and/or

Transportation Charges in determining the value of gas production for royalty calculation purposes. The following are only examples of Express NO Deduction Clauses:

i. "To pay lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom, 1/4th of the gross proceeds received for the gas sold, used off the premises, or in the manufacture of products therefrom, but in no event more than 1/4th of the actual amount received by the lessee, said payments to be made monthly.

. . .

Notwithstanding any language herein to the contrary, Lessor's royalty shall never bear, either directly or indirectly, any part of the cost or expense of production, separation, dehydration, compression, processing, treatment, storage, or marketing of the oil or gas produced from the leased premises or lands pooled therewith. Notwithstanding anything herein to the contrary, reimbursement of gathering fees or charges to Lessee, Lessee's agent or affiliates shall also be reimbursed to Lessor."

ii. "Lessee agrees to deliver or cause to be delivered to the Lessor, without cost into transmission pipelines, as royalty [royalty] of the oil, gas, casinghead gas, condensate, distillate, rendered liquids, liquefiable hydrocarbons, gasoline, vapors and any other matter identified in, recovered from, rendered from or removed through, production, or in lieu thereof, at the election of the Lessor, Lessee shall pay Lessor the total value thereof under the following conditions: Royalty is due on all value, including imputed value, received by Lessee under sale contracts and adding, without limitation, premiums, bonuses, incentive payments, alternate performance, take-or-pay payments and reservation payments. Notwithstanding anything to the contrary, Lessee, it's successors and assigns, agree that Lessor's royalty shall not be subject to deductions for, or in any way diminished by expenses, losses, or charges including, but not by way of limitation, expenses, losses or charges for exploration, drilling, completion, maintenance, operations, production, transportation, storage, treatment, compression, dehydration, collection, gathering, processing, shrinkage, marketing, or any other such expenses, loss or charges. Lessee, it's successors and assigns, will immediately and directly reimburse Lessor for any such expenses, losses or charges withheld, caused, deducted, or charged by any purchaser or gatherer, by Lessee, or by others."

iii. "To pay Lessor for gas (including casing head gas and coal bed methane gas) of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises or used in the manufacture of products therefrom, 3/16th of the gross proceeds received for the gas sold, used off the premises, or in the manufacture of products therefrom less a proportionate part of any production, severance and other excise taxes ~~and costs incurred by Lessee in transporting, processing, compressing or~~

~~otherwise making merchantable Lessors share of gas, but in no event more than ___ of the actual amount received by the Lessee~~.

. . .

It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction, directly or indirectly, for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and such other products produced hereunder to transform the product into marketable form.".

iv. "Royalties payable under this lease shall be made without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, transporting, marketing and otherwise making the oil, gas and other products produced hereunder ready for sale or use."

Other Claim Period 1 Terms (Gathering Systems & Oil Claims):

1.28 "**Woodford Shale Gathering System**" shall mean the approximate 57-mile gathering system located in Hughes County, Oklahoma and the compression, treating, dehydration, and processing facilities located on that system.

1.29 "**Matli Gathering System**" shall mean the approximate 62-mile gas gathering system located in Blaine County, Oklahoma and the compression, treating, dehydration, and processing facilities located on that system.

1.30 "**Eagle Chief Gathering System**" shall mean the approximate 524-mile gas gathering system located in Major, Dewey, Custer, Alfalfa, Woods, Garfield, Woodward, and Blaine Counties, Oklahoma and the compression, treating, dehydration, and processing facilities located on that system.

1.31 "**Other Third-party Owned Gathering Systems**" shall mean all gathering systems located in Oklahoma and facilities located on those systems that gather, compress, dehydrate and/or process natural gas for the Class Wells other than the Woodford Shale Gathering System, Matli Gathering System and Eagle Chief Gathering System.

1.32 "**Oil Claims**" shall mean all claims related to (a) "waste" or "skim" oil which may have been produced from the Class Wells, but was separated, saved and/or sold by Continental off the lease, or (b) additional consideration received by Continental for oil sold by Continental on the lease in connection with other marketing arrangements as more fully described and plead in the Amended Petition.

Administrative Terms:

1.33 "**Court**" shall mean the district court presiding over the Class Action Litigation, which is currently the District Court of Blaine County, Oklahoma with Judge Dennis Hladik currently presiding.

1.34 "**Judgment**" means the Order of the Court finally approving the settlement between Continental and the Settlement Class which shall be substantially in the form of Exhibit "G" hereto.

1.35 "**Final and Unappealable**" shall mean final for all purposes and not subject to further appeal, which shall be the later of: a) the date mandate issues affirming or dismissing any appeal of the Judgment; or b) the expiration of time to file a petition in error from the Judgment pursuant to 12 O.S. §§ 990A, 994.

1.36 "**Distribution**" means a Payment payable to a Class Member for purposes of distribution of the Class Member's share of the Net Settlement Amount attributable to such Class Member pursuant to the Plan of Allocation and Distribution (Exhibit "D").[1] Each Distribution shall include the following notice (or as otherwise approved by the Court):

> TO: Class Member: This Payment represents either: 1) your share of the Net Settlement Proceeds in the Class Action *Mark Stephen Strack, et al., vs. Continental Resources, Inc.,* Case No. CJ-2010-75 (Hladik), District Court

[1] To the extent a Class Member is subject to Backup Withholding with the Internal Revenue Service, Continental shall make the required withholding from the Distribution Check and pay that portion of the Settlement Proceeds to the Internal Revenue Service for the account of the Class Member.

of Blaine County, State of Oklahoma; and/or 2) if you are the operator of, or distributor of royalties for, the wells identified on the check stub, the royalty owners' share of the Net Settlement Proceeds. If you are the operator or royalty distributor for the well(s), or you are/were not legally entitled to the proceeds identified on the check stub for the full time period covered by the claim, the Court has entered an order that requires you to pay these proceeds to persons legally entitled thereto.

The person to whom this Payment was originally made, and anyone to whom the Payment has been assigned, has accepted this settlement Payment pursuant to the terms of the Settlement Agreement, Settlement Notice, and Judgment related thereto, which released Continental Resources, Inc. and the other Released Parties (as defined in the Settlement Agreement) from any and all Released Claims (as defined in the Settlement Agreement) in the Class Action Litigation. Pursuant to Order of the Court, it is the duty of the payee of the Payment to ensure the funds are paid to the Class Member(s) entitled to the funds, and the release by Class Member(s) entitled to the funds shall be effective regardless of whether such Class Member(s) receive some, all, or none of the Payment.

To the extent this Payment is made by check, it shall be null and void if not endorsed and negotiated within ninety (90) days of its date. The release of claims provided in the Settlement shall be effective regardless of whether this Payment is accepted.

Unless otherwise approved by the Court upon the request of both Parties, the following shall appear on the back of each check or, if payment is made electronically, the following shall be provided separately to the Class Member:

"By accepting the Payment electronically or endorsing and/or depositing a check for Payment, the payee is accepting the terms of the Court-approved Settlement Agreement in *Strack, et. al. vs. Continental Resources,* No. CJ-2010-75, District Court of Blaine County, Oklahoma, and releasing all Released Claims described in the Settlement Agreement."

1.37 "**Distribution Date**" means the date on which the Distribution Payments are mailed if by check, or made electronically, if Payment is made electronically, to Class Members by Continental.

i. "**Distribution Date for Net Sub-Class 1 Payment**" shall be within 60 days after the later of: (1) the Judgment approving the settlement becomes Final and Unappealable; or (2) the Court approves the allocation and distribution of the Net Sub-Class 1 Payment.

ii. "**Distribution Date for Net Sub-Class 2 Payment**" shall be within 60 days after the Court approves the Sub-Class 2 Payment determined pursuant to paragraph 3.4 of this Settlement Agreement, and provided the Judgment approving the settlement has become Final and Unappealable.

1.38 "**Residual Funds**" shall equal the sum of the Residual Sub-Class 1 Payments and the Residual Sub-Class 2 Payments after completion of the efforts described in Sections 3.2(vi) and 3.5(iv) of this Settlement Agreement:

i. "**Residual Sub-Class 1 Payment**" shall mean the balance of the Net Sub-Class 1 Payments which have not, as of the end of the 180-day period described in Section 3.2(vi), been claimed by Sub-Class 1 Members either: (1) by a Sub-Class 1 Member not accepting or cashing the Payment or otherwise not receiving the Sub-Class 1 Payment; or (2) because a Sub-Class 1 Member was not in "pay status" in Continental's accounting system; and

ii. "**Residual Sub-Class 2 Payment**" shall mean the balance of the Net Sub-Class 2 Payments which have not, as of the end of the 180-day period described in Section 3.5(iv), been claimed by Sub-Class 2 Members either: (1) by a Sub-Class 2 Member not accepting or cashing the Payment or otherwise not receiving the Sub-Class 2 Payment; or (2) because a Sub-Class 2 Member was not in "pay status" in Continental's accounting system.

1.39 "**Administration Expenses**" means the reasonable expenses actually incurred to identify the names and addresses of Class Members and to facilitate the mailing and publication of Notice of Class Action Settlement to the Settlement Class (including, but not limited to, the cost to print the Notices, mail the Notices, and publish the Notices, pursuant to the Order on Plan of Notice) and to effectuate the Plan of Allocation and Distribution (including, but not limited to, the cost to print and mail Distribution Checks to the Settlement Class). Continental shall use its current and historic royalty payment decks in its possession, and production and sales history in its possession, for purposes of determining the Class Well list and Class Member list. As part of the Plan of Allocation and Distribution, Continental will also make Payments to Class Members pursuant to paragraphs 3.2 and 3.5 of this Settlement Agreement. Continental shall bear the costs it incurs associated with researching, preparing and providing the Class Well and Class Member

lists as well as making the initial Payments (as opposed to the Residual Sub-Class Payments), as more fully described herein. All other Administrate Expenses shall be borne by the Settlement Class out of the Settlement Payments.

1.40 "**Hearing for Preliminary Approval of Settlement**" means proceedings before the Court for the purpose of jointly presenting an order preliminarily approving this Settlement Agreement. The Hearing for Preliminary Approval of Settlement shall be held at the earliest time the Court has available following the execution of this Settlement Agreement by the Class Representatives, Continental, Class Counsel and Continental's Counsel. The Hearing for Preliminary Approval of Settlement is currently set for April 3, 2018 at 1:30 p.m. in the Court's Courtroom in Enid, Oklahoma (Garfield County Courthouse). The Order preliminarily approving this Settlement Agreement shall be substantially in the form attached hereto as Exhibit "G."

1.41 "**Fairness Hearing**" means the proceedings to be held before the Court to determine whether the Settlement Agreement should be approved as fair, adequate and reasonable; whether the Class should be certified as a Settlement Class; whether the Judgment should be entered; whether the Order on Plan of Notice and the Notice of Class Action Settlement adequately provided due process under the law to Class Members; and whether the application of Class Counsel for payment of Attorney's Fees and Expenses should be approved. The Fairness Hearing is currently set for June 11, 2018 at 9:00 a.m. in the Court's Courtroom in Enid, Oklahoma (Garfield County Courthouse), with a second date reserved for June 14, 2018.

1.42 "**Notice of Class Action Settlement**" means the notice to the Settlement Class of: a) the Court's Order on Class Certification for settlement purposes; b) this Settlement Agreement; c) Class Counsel's requests for Attorney's Fees and Expenses; and d) the Fairness Hearing. Notice

of Class Action Settlement shall be substantially in the form as set forth in the Order on Plan of Notice attached hereto as Exhibit "C".

1.43 "**Order on Plan of Notice**" means the procedures for providing Notice of Class Action Settlement to the Settlement Class as set forth in the Order on Plan of Notice attached hereto as Exhibit "C".

SETTLEMENT (CLAIM PERIODS 1 & 2)

2. **Settlement:** The Class Representatives and Continental agree to settle the Class Action Litigation upon the following terms and conditions contained in this Settlement Agreement:

2.1 **Dissolution of the Temporary Injunction:** It is an express condition precedent to formation and performance of this Settlement Agreement, and the consideration to be provided by Continental, that any final order approving the settlement must expressly dissolve the Court's January 6, 2011 Agreed Temporary Injunction, and Continental shall have the unrestricted ability and latitude to communicate with and resolve royalty owner inquiries in the ordinary course of business without notice to or input from the Court or Class Counsel. However, if any such communication results in adjustments to a Class Member's royalty payment that otherwise would have been considered part of the Claim Period 2 adjustment pursuant to paragraph 3.4 of this Settlement Agreement ("Additional Consideration - Claim Period 2 (Adjustment and Additional Consideration Period)"), said adjustments shall continue to be considered part of the Claim Period 2 adjustments, and remain subject to the provisions of paragraph 3.4 of this Settlement Agreement, even if made prior to the distribution of the Sub-Class 2 Payments contemplated by paragraph 3.5 of this Settlement Agreement. If said adjustments are made prior to the distribution of the Sub-Class 2 Payments contemplated by paragraph 3.5 of this Settlement Agreement, Continental shall

be entitled to a credit for such adjustment against its Sub-Class 2 Payment obligations under 3.5 of this Settlement Agreement.

2.2 **Net Sub-Class 1 Payments (through November 2015 Production)**: Within 60 days after the Judgment becomes Final and Unappealable, and subject to the provisions of paragraph 3 of this Settlement Agreement, Continental shall make the initial distributions of Net Sub-Class 1 Payments. No additional payment or accrual shall be made for interest or the time value of money associated with the expiration of time between February 16, 2018, and the distribution of the Net Sub-Class 1 Payments pursuant to paragraph 3 of this Settlement Agreement.

2.3 **Sub-Class 2 Payment**: Within 60 days after the Judgment becomes Final and Unappealable, and subject to the provisions of paragraph 3 of this Settlement Agreement, Continental shall determine and make the initial distributions of Sub-Class 2 Payments (as provided for hereinafter in paragraph 3.4 of this Settlement Agreement) for settlement and dismissal of the Sub-Class 2 Claims through the end of Claim Period 2 production (the "**Sub-Class 2 Payment**"). Except as provided in the section titled "Additional Consideration - Claim Period 2" (paragraph 3.4 of this Settlement Agreement), no additional payment or accrual shall be made for interest or the time value of money associated with the time between February 16, 2018, and the distribution of the Sub-Class 2 Payments pursuant to paragraph 3 of this Settlement Agreement.

PAYMENT & DISTRIBUTION OF THE SETTLEMENT PAYMENTS (Sub-Class 1 Payment and Sub-Class 2 Payment)

3. **Payment & Distribution of the Settlement Payments**: Continental shall not be required to segregate or create or fund a separate account for the Settlement Payments upon execution of the Settlement Agreement or upon Final Approval of the Settlement by the Court. Rather, Continental shall be required to fund and distribute the Settlement Payments as follows:

3.1 "**Attorney's Fees and Expenses**" - Class Counsel shall make application to the Court for attorneys' fees, litigation expenses and a Class Representatives' award (collectively, "**Attorney's Fees and Expenses**") to be paid from the Settlement Payments after a final judgment is entered following a Fairness Hearing and the Settlement and Judgment become Final and Unappealable. Continental shall take no position as to the request for Attorney's Fees and Expenses:

i. As to Attorney's Fees and Expenses related to the Sub-Class 1 Payment, within 10 business days after the Judgment approving the Settlement becomes Final and Unappealable, Continental shall transfer the amount set forth in any final award or order of Attorney's Fees and Expenses related to the Sub-Class 1 Payment to Class Counsel's Client Trust Account for further handling and distribution by Class Counsel. Class Counsel shall hold in their Client Trust Account any distribution of Attorney's Fees and Expenses for a period of 30 days after receipt to allow for expiration of the time for any appeal of the Court's Attorney Fee approval and for so long thereafter until the mandate has issued on any such appeal; and

ii. As to Attorney's Fees and Expenses related to the Sub-Class 2 Payments, and provided the Judgment is Final and Unappealable, within 10 business days after the Court approves the determination of the amount of the Additional Consideration to be paid and distributed by Continental for the Claim Period 2, Continental shall transfer the amount set forth in any final award or order of Attorney's Fees and Expenses related to the Sub-Class 2 Payment to Class Counsel's Client Trust Account for further handling and distribution by Class Counsel. Class Counsel shall hold in their Client Trust Account any distribution of Attorney's Fees and Expenses for a period of 30 days after receipt to allow for expiration of the time for any appeal of the Court's Attorney Fee approval and for so long thereafter until the mandate has issued on any such appeal.

3.2 **Distribution of Net Sub-Class 1 Payment** - The Plan of Allocation and Distribution attached hereto as Exhibit "D" shall be used by Class Representatives and Class Counsel to develop a schedule of the Net Sub-Class Payments to be made to each Sub-Class 1 Member. The determination of the amount of the Net Sub-Class 1 Payment to be made to each Class Well shall be the sole responsibility of Class Representatives and Class Counsel, and Continental shall have no liability or responsibility for any claim by any Sub-Class 1 Member that

its Net Sub-Class 1 Payment was not allocated properly to the Class Well level. Class Counsel's allocation shall be a by-well allocation of the Net Sub-Class 1 Payment (approved by the Court) whereby the Net Sub-Class 1 Payment will be:

i. Allocated to Sub-Class 1 Claims associated with the: (1) Woodford Shale Gathering System; (2) Malti Gathering System; (3) Eagle Chief Gathering System; and (4) Third-party Owned Gathering Systems; and (5) Oil Claims;

ii. Allocated to each Class Well within the five categories identified in 3.2.i. above;

iii. Allocated to each Sub-Class 1 Member based upon the member's decimal interest in a Class Well as identified in Continental's royalty payment accounting system;

iv. Distributed to each Class Member of Sub-Class 1 through Continental's normal payment system, to the extent the Sub-Class 1 Member is set up in "pay status" in Continental's payment system. This payment shall be characterized as "Net Settlement Payment" on the Distribution and not payment of oil and gas royalties. No allocation of principal and interest shall be made by Continental as part of the payment process. Calculation of gross production taxes, if any, shall be made by Class Counsel, and withheld from the Net Sub-Class 1 Payments and transferred to Class Counsels' Client Trust Account and paid directly by Class Counsel to the Oklahoma Tax Commission, as necessary. Class Counsel shall provide notice to the Oklahoma Tax Commission and obtain an order of the Court related to taxes owed, if any. Each Class Member of Sub-Class 1 releases, and the Class indemnifies, the Released Parties as to any claims related to any calculation, payment or non-payment of gross production taxes related to the Sub-Class 1 Payment for Sub-Class 1 Claims. Continental shall make the Net Sub-Class 1 Payments on or before the Distribution Date for Net Sub-Class 1 Payments. When making the distribution of the allocated share of the Net Sub-Class 1 Payment to a particular Sub-Class 1 Member, if that individual Class Member had previously been overpaid royalties by Continental such that the Class Member's royalty account has a negative balance and/or is in suspense pending recoupment of the overpayments at the time of the distribution, Continental shall be entitled to offset the Net Sub-Class 1 Payment to that individual Class Member to the extent necessary to offset the negative balance of that Class Member's royalty account;

v. Continental shall provide Class Counsel and the Court a report reflecting the details of the Net Sub-Class 1 Payment sent to each Sub-Class 1 Member; and

vi. 180 days after Continental issues the Net Sub-Class 1 Payments, Continental shall provide a report to Class Counsel reflecting the unpaid

balance representing the Residual Sub-Class 1 Payments as of the date of the report. During this 180-day period following the initial distribution of the Net Sub-Class 1 Payments, if the status of a Sub-Class 1 Member who was not in "pay status" at the time of the initial distribution is changed to "pay status", Continental may issue that owner its Net Sub-Class 1 Payment; if Continental does not make such supplemental distribution, the change of status shall be noted on the report provided to Class Counsel. Upon approval of the Residual Sub-Class 1 Payments by the Court, Continental shall transfer the balance of the Residual Sub-Class 1 Payments to a Court-approved account, subject to further order of the Court as to: (1) the scope of reasonable efforts to be undertaken by Class Counsel or the Settlement Administrator (if one is appointed) to locate and distribute any of the balance of the Residual Sub-Class 1 Payments to Sub-Class 1 Members; and (2) as to any balance of the Residual Sub-Class 1 Payments remaining after completion of those efforts, the distribution or use of the remaining balance of the Residual Sub-Class 1 Payments pursuant to Oklahoma law (Continental shall have no interest or claim, and shall take no position, with regard to the Court's final distribution of the balance of the Residual Sub-Class 1 Payments, except that no "*cy pres*" distribution may be made to a royalty owner organization without the consent of Continental). Sub-Class 1 Members in suspense, for any reason, shall be considered outside of "pay status" and Net Sub-Class 1 Payment amounts allocated to their interest shall be included in the Residual Sub-Class 1 Payments (Continental shall provide any codes and information in its royalty payment system indicating the reason for the suspended status); however, to the extent Continental is paying a particular Sub-Class 1 Member's royalties to an unclaimed property fund pursuant to the escheat statutes, that Sub-Class 1 Member shall be considered in "Pay Status" and the Net Sub-Class 1 Payment attributed to that Sub-Class 1Member may be tendered to the unclaimed property fund for that Sub-Class 1 Member's account.

3.3 **Review of Leases for "Express Deduction" and "Express No Deduction" Provisions**: During the "Lease Review Period," Continental will review its Oklahoma oil and gas leases to identify leases with "Express Deduction Clauses" or "Express NO Deduction Clauses," to make adjustments for Claim Period 2 and the Future Production Period.

3.4 **Additional Consideration - Claim Period 2 (Adjustment and Additional Consideration Period)** - For Claim Period 2 (as defined in para. 1.9 above as time periods **after November 2015 production** until the Future Production Period begins) and only as to Continental's working interest share of production and associated proceeds, Continental shall:

i. Calculate the Sub-Class 2 Payment due to the Sub-Class 2 Members based on the gathering charges as they were identified and accounted for on Continental's payment system in effect during Sub-Class 1 time period under Continental's policies and procedures during that period for booking gas production, proceeds and charges;

ii. Utilize in the calculations described in Paragraph 3.4(i) to determine any Claim Period 2 adjustments to each Sub-Class 2 Member's royalty payments, the following rule and guideline:

> **Gathering Charges –** if the controlling lease does not contain an Express Deduction Clause allowing the deduction of Gathering Charges, no deduction of gathering charges from the Sub-Class 2 Members' royalty payments for Continental's working interest share of production during Claim Period 2 shall be made.

Continental shall add 9% simple interest to any Claim Period 2 adjustment under this sub-paragraph 3.4(i), which, together with the Claim Period 2 adjustments, shall constitute the "**Additional Consideration**" or the "**Sub-Class 2 Payment**";

iii. Continental will provide Class Counsel a report containing information sufficient to verify the Additional Consideration calculations, and assist with the preparation of reasonable and necessary reports to the Court for approval, which shall indicate the last production month included in the Additional Consideration calculations for purposes of defining the beginning of the Future Production Period.

3.5 **Distribution of Net Sub-Class 2 Payment** – On or before the Distribution Date for the Net Sub-Class 2 Payment Continental shall:

i. Proportionality reduce the Sub-Class 2 Payments by the Attorney's Fees and Expenses awarded by the Court and;

ii. Distribute to Sub-Class 2 Members through Continental's normal payment system the remaining balance of the Additional Consideration, to the extent each Sub-Class 2 Member is set up in "pay status" in Continental's payment system. Said payment shall be characterized as "Net Settlement Payment" and not payment of oil and gas royalties on the Distribution Check. No allocation of principal and interest shall be made by Continental as part of the payment process. Calculation of gross production taxes, if any, shall be made by Class Counsel and withheld by Continental from the Net Sub-Class 2 Payments and transferred to Class Counsels' Client Trust Account and paid directly by Class Counsel to the Oklahoma Tax Commission, as necessary. Class Counsel shall provide notice to the Oklahoma Tax Commission and obtain an order of the Court related to taxes owed, if any. Each Sub-Class 2 Member releases, and the Class and indemnifies, the Released Parties as to any claims related to any calculation, payment or non-

payment of gross production taxes related to any Sub-Class 2 Payment for the Sub-Class 2 Claims. Continental shall make the Net Sub-Class 2 Payments on or before the Distribution Date for Net Sub-Class 2 Payments. When making the distribution of the allocated share of the Net Sub-Class 2 Payment to a particular Class Member, if that individual Class Member had previously been overpaid royalties by Continental such that the Class Member's royalty account has a negative balance and/or is in suspense pending recoupment of the overpayments at the time of the distribution, Continental shall be entitled to offset the Net Sub-Class 2 Payment to that individual Class Member to the extent necessary to offset the negative balance of that Class Member's royalty account;

iii. Within 30 days after the Distribution Date for the Net Sub-Class 2 Payments, Continental shall provide Class Counsel and the Court a report reflecting the amount of the Net Sub-Class 2 Payments sent to each Sub-Class 2 Member; and

iv. 180 days after Continental issues the Net Sub-Class 2 Payments, Continental shall provide a report to Class Counsel reflecting the unpaid balance representing the Residual Net Sub-Class 2 Payments as of the date of the report. During this 180-day period following the initial distribution of the Net Sub-Class 2 Payments, if the status of a Sub-Class 2 Member who was not in "pay status" at the time of the initial distribution is changed to a "pay status", Continental may issue that owner its Net Sub-Class 2 Payment; if Continental does not make such supplemental distribution, the change of status shall be noted on the report provided to Class Counsel. Upon approval of the Residual Sub-Class 2 Payments by the Court, Continental shall transfer the Residual Sub-Class 2 Payments to a Court-approved account, subject to further order of the Court as to: (1) the scope of reasonable efforts to be undertaken by Class Counsel or the Settlement Administrator (if one is appointed) to locate and distribute any of the Residual Sub-class 2 Payments to Sub-Class 2 Members; and (2) as to any balance of the Residual Sub-Class 2 Payments remaining after completion of those efforts, the distribution or use of the remaining balance of the Residual Sub-Class 2 Payments pursuant to Oklahoma law (Continental shall have no interest or claim, and shall take no position, with regard to the Court's final distribution of the remaining balance of the Residual Sub-Class 2 Payments, except that no "*cy pres*" distribution may be made to a royalty owner organization without the consent of Continental). Sub-Class 2 Members in suspense, for any reason, shall be considered outside of "pay status" and Net Sub-Class 2 Payment amounts allocated to their interest shall be included in the Residual Sub-Class 2 Payments (Continental shall provide any codes and information in its royalty payment system indicating the reason for the suspended status); however, to the extent Continental is paying a particular Sub-Class 2 Member's royalties to an unclaimed property fund pursuant to the escheat statutes, that Sub-Class 2 Member shall be considered in "Pay Status" and the Net Sub-Class 2 Payment

attributed to that Member may be tendered to the unclaimed property fund for that Sub-Class 2 Member's account.

SETTLEMENT (FUTURE PRODUCTION PERIOD)

4. **Future Production Period**: Beginning with the first month of production after the Adjustment and Additional Consideration Period, and all times thereafter (the "**Future Production Period**"), but subject to paragraph 11.2 (Change in Law) of this Settlement Agreement, the following subparagraphs of this Paragraph 3 will apply to Continental's royalty payments on Oklahoma oil and natural gas production from the Class Wells

4.1 **Future Gathering Charges**: During the Future Production Period, Continental will not deduct Gathering Charges from its leased royalty owner payments on Continental's working interest share of production unless the lease contains an Express Deduction Clause allowing for the deduction of Gathering Charges.

4.2 **Future Processing Charges:** During the Future Production Period, Continental will not deduct Processing Charges from its leased royalty owner payments on Continental's working interest share of production if the lease contains an Express NO Deduction Clause prohibiting the deduction of Processing Charges in the calculation of the royalty due the owner during the Future Production Period.

4.3 **Future Transportation Charges:** During the Future Production Period, Continental will not deduct Transportation Charges from its leased royalty owner payments on CLR's working interest share of production if the lease contains an Express NO Deduction Clause prohibiting the deduction of Transportation Charges in the calculation of the royalty due the owner during the Future Production Period.

4.4 **Force Pooling:** During the Future Production Period, unleased mineral owners subject to a forced pooling order wherein Continental was the applicant or recipient of the Class

Members' right to drill under the forced pooling order ("**Force Pooled Interests**") will be treated under the Settlement Agreement consistent with sub-paragraph 4.1 as not containing an Express Deduction Clause related to Gathering Charges. As such, Force Pooled Interests, for settlement purposes only, under the Settlement Agreement, will not be subject to Gathering Charges on Continental's working interest share of production during Claim Period 2 or the Future Production Period.

4.5 **Other Situations**: Except as set forth in this paragraph 4, the Parties have made no agreement on whether Continental may or may not deduct Gathering Charges, Processing Charges or Transportation Charges during the Future Production Period.

DISTRIBUTION OF SETTLEMENT PAYMENTS

5. **Distribution of Settlement Payments**:

5.1 All distributions of Settlement Payments shall be pursuant to paragraphs 3.2 and 3.5, the Plan of Allocation and Distribution approved by the Court, and this Paragraph 4. Continental shall use its present and historic royalty payment decks in its possession to identify Class Wells and putative Class Members who will receive Notice of Class Action Settlement as directed by the Court in the Order on Plan of Notice.

5.2 The Parties' compliance with the Settlement Agreement shall mean the Released Parties, Continental's Counsel, the Class Representatives, and Class Counsel shall have no liability to any Class Members related to notice and the distribution of the Settlement Payments.

5.3 It is understood that Class Counsel will request an Order from the Court wherein Class Counsel will seek an award of the Attorneys' Fees and Expenses. The Released Parties will take no position regarding the award of Attorneys' Fees and Expenses and will not solicit or encourage others to do so. Neither the entitlement to, nor the amount of, any award of Attorneys'

Fees and Expenses shall constitute a condition of the settlement which is the subject of this agreement. Further, any appeal of the order on Attorneys' Fees and Expenses shall not be considered a condition which shall make the Judgment approving this Settlement Agreement less than Final and Unappealable. However, if the Judgment approving the Settlement Agreement is Final and Unappealable, an appeal of the order on Attorneys' Fees and Expenses may delay distribution of the Net Settlement Payments to the Class Members if a stay or supersedes of the order on Attorneys' Fees and Expenses pending the appeal has been obtained by the appealing party or parties through either: (1) order of the Court; (2) the filing with the Court Clerk of Blaine County a written undertaking and the posting of a supersedeas bond or other security, and the bond and the sufficiency of the sureties have been approved by the Court pursuant to 12 O.S. §§990.3 and 990.4; or (3) order of the Oklahoma Supreme Court pursuant Oklahoma Supreme Court Rule 1.5. If the Judgment approving the Settlement Agreement is Final and Unappealable, and Continental proceeds with the distribution of the Net Sub-Class 1 Payments pursuant to this paragraph while an un-stayed or un-superseded order approving Attorneys' Fees and Expenses is on appeal, and the appeal results in modifying the award of Attorney's Fees and Expenses, Continental shall not be responsible or liable for adjustments to the Net Sub-Class 1 Payments or the expense of any supplemental Net Sub-Class 1 Payment distribution, if ordered by the Court. All Attorney's Fees and Expenses will be paid solely from the Settlement Payments. The Settlement Payments include any Attorney's Fees and Expenses Continental could have been ordered to pay to the Plaintiff Class if the Litigation had been decided on the merits, but it does not include the portion of Administration Expenses Continental has agreed to incur as set forth in paragraph 1.37 of this Settlement Agreement.

TAXES

6. **Taxes:**

6.1 **Gross Production Taxes**: The Plaintiff Class, Class Counsel and Continental recognize this is a settlement of disputed multiple claims, both in contract and in tort, and as a result, do not believe there are any gross production taxes due on the Settlement Payments. However, the calculation of gross production taxes for the Settlement Class, if any, shall be made by Class Counsel and withheld from the Net Sub-Class 1 Payment and Net Sub-Class 2 Payment, and transferred to Class Counsels' Client Trust Account and paid directly by Class Counsel to the Oklahoma Tax Commission, as necessary. Class Counsel shall provide notice to the Oklahoma Tax Commission and obtain an order of the Court related to gross production taxes owed, if any. Each Class Member releases, and the Class indemnifies, the Released Parties as to claims related to any liability for as well as any calculation, payment or non-payment of gross production taxes related to the Sub-Class 1 Payment for the Sub-Class 1 Claims and the Sub-Class 2 Payment for the Sub-Class 2 Claims.

6.2 **Reporting for Income Tax Purposes**: No allocation of principal and interest shall be made for income tax purposes by Continental, Class Counsel or a Settlement Administrator. Continental, Class Counsel or a Settlement Administrator, if any, remitting the Net Settlement Payments to the Class Members shall timely file all required 1099 Misc and/or Oklahoma Form 500 forms reflecting the payment on the Net Settlement Payments to the Class Members.

6.3 **Income Taxes**: All income taxes incurred in connection with the operation and implementation of this Settlement Agreement shall be paid by the individual members of the Settlement Class to the extent of their individual tax liability on Payments they individually receive. Each Class Member releases and indemnifies the Released Parties as to any claims related

to liability for, as well as any calculation, payment or non-payment of, income taxes related to Payments to that Class Member.

RELEASES, DISMISSALS AND PLAN OF ALLOCATION AND DISTRIBUTION

7. **Releases, Dismissals and Plan of Allocation and Distribution:**

7.1 **Release of Class Claims:** The Released Claims for Sub-Class 1 and Released Claims for Sub-Class 2 shall be released on the respective Release Date.

7.2 **Exclusive Jurisdiction of Court related to Sub-Class 2 Claims during Claim Period 2**: Prior to the Release Date for Claim Period 2, the Court shall retain sufficient limited jurisdiction to implement the Settlement, and during the pendency thereof, the Sub-Class 2 Members shall be prohibited from maintaining any other litigation against the Released Parties as to the Sub-Class 2 Claims which are to be released pursuant to this Settlement Agreement.

7.3 **Dismissal of Litigation**: The Judgment approving the settlement shall dismiss with prejudice the Class Action Litigation. The Court shall, however, retain sufficient limited jurisdiction to implement the terms of the Settlement, and the prohibition of Sub-Class 2 Members from maintaining any other litigation against the Released Parties as to the Sub-Class 2 Claims during the pendency of the Claim Period 2.

7.4 **The Plan of Allocation and Distribution**: Paragraphs 3.2 and 3.5 of this Settlement Agreement and the Plan of Allocation and Distribution approved by the Court shall govern the distribution of the Net Settlement Payments. Each Settlement Class Member who has not "opted out" of the Settlement Class shall be deemed a "Class Member" and shall be allocated such Payment as provided for under the Plan of Allocation and Distribution. The Plan of Allocation and Distribution shall be reasonably designed to distribute to the Class Members their respective proportionate share of the Net Settlement Payments. A proposed Plan of Allocation and

Distribution is attached hereto as Exhibit "D" and will be submitted to the Court for review and approval.

7.5 **Discovery Documents**: All documents produced in the Litigation in discovery pursuant to the Protective Orders entered in this case shall continue to be controlled by the Protective Orders. For purposes of the Protective Orders, this case shall be considered concluded 90 days after the balance of the Residual Funds are disposed of by order of the Court, subject to appropriate extensions by agreement of the parties and said order of the Court becomes Final and Unappealable.

COURT APPROVAL OF THE SETTLEMENT

8. **Court Approval of the Settlement:**

8.1 **Preliminary Approval**: On or before April 3, 2018, the Class Representatives and Continental will file a joint motion seeking: a) certification of a Settlement Class, for settlement purposes only, pursuant to 12 O.S. § 2023(B)(3); b) preliminary approval of the settlement; and, c) approval and authority to provide notice of the proposed settlement to the Settlement Class Members pursuant to the Order on Plan of Notice. Class Counsel will also file at that time an initial motion for Attorney's Fees and Expenses to be awarded from the Settlement Proceeds.

8.2 **Judgment**: After notice is provided pursuant to the Order on Plan of Notice, the Parties will request the Court to enter Judgment, substantially in the form attached hereto as Exhibit "G", approving the settlement between Continental and the Settlement Class, and specifically approving the terms of this Settlement Agreement. The Judgment shall:

i. Certify the Settlement Class pursuant to 12 O.S. § 2023(B)(3), for settlement purposes only;

ii. Approve the settlement between Continental and the Settlement Class embodied in this Settlement Agreement as fair, reasonable, and adequate to the Settlement Class within the meaning of 12 O.S. § 2023 and entered into between Continental and the Settlement Class in good faith and without collusion;

iii. Include a finding that, by agreeing to settle the Class Action Litigation, Continental has not admitted, and specifically continues to deny, any and all liability to the Settlement Class, the Class Representatives and Class Counsel;

iv. Dismiss the Class Action Litigation with prejudice;

v. Include a finding that the Court shall retain sufficient limited jurisdiction to implement the terms of the Settlement and the prohibition of the Sub-Class 2 Members from maintaining any other litigation against the Released Parties as to the Sub-Class 2 Claims during the pendency of the Claim Period 2.

vi. Adjudge that the Settlement Class shall be deemed conclusively to have released the Released Claims against the Released Parties upon the Release Dates;

vii. Bar and permanently enjoin all Sub-Class 1 Members and all Sub-Class 2 Members from prosecuting, commencing, or continuing any litigation of the Released Claims against the Released Parties;

viii. Include a finding that the Class Representatives have given notice of the Settlement as required by law and the Order on Plan of Notice to the members of the Settlement Class and further, that the members of the Settlement Class have been afforded a reasonable opportunity to opt-out of the Class Action Litigation pursuant to 12 O.S. § 2023;

ix. Include a finding that the Settlement Class and any opt outs have been provided due process under the law;

x. Include a finding that there is no just reason to delay the finality of the order and certify the Judgment as a final order pursuant to 12 O.S. § 994 (A);

xi. Include a finding that all documents designated as confidential pursuant to the Protective Orders by any party, shall continue to be considered subject to said Orders; and

xii. Include a finding expressly dissolving the Court's Agreed Temporary Injunction in its entirety , which shall allow Continental the unrestricted ability and latitude to communicate with and resolve royalty owner inquires in the ordinary course of business without notice to or input from the Court or Class Counsel.

FAILURE TO OBTAIN APPROVAL OF SETTLEMENT

9. **Failure to Obtain Approval of Settlement**: If the Court does not enter an order preliminarily approving the settlement and approving the form and manner of a Notice of Class Action Settlement in conformity herewith, or does not enter a Judgment approving the Settlement Agreement after appropriate notice of the Fairness Hearing, in conformity herewith, or if the Court enters Judgment approving the settlement and appellate review of said Judgment is sought and upon such review such Judgment is reversed, then the Settlement Agreement shall be terminable

by either party, and in the event so terminated, the Settlement Agreement shall immediately become null and void, in which event the Settlement Payments and all interest earned thereon shall immediately be returned to Continental. If this settlement is terminated or fails to become effective for any reason, then Continental and the Settlement Class shall be deemed to have their respective statuses in the litigation as of February 15, 2018, and the Litigation shall proceed in all respects as if this settlement and related orders had not been executed.

EFFECT OF OPT-OUTS

10. **Effect of Opt-Outs**: Class Counsel will provide to Continental a preliminary by-well Net Sub-Class 1 Payment distribution allocation, as described in paragraph 3.2 of this Settlement Agreement, on or before the first date Settlement Notice is sent to potential Class Members. If the cumulative value of the Net Sub-Class 1 Payments to be allocated to the Settlement Class Members who elect to opt-out of the settlement equals or exceeds 15% of the total Net Sub-Class 1 Payments, Continental shall have the right and option, in its sole discretion, to terminate the entire settlement, at which time the parties will return to the status quo ante effective February 15, 2018. This election must be exercised by written notice (or upon failure thereof shall expire) from Continental delivered to Class Counsel not later than fifteen (15) days following the last date on which Settlement Class Members have the right to opt-out of the Settlement Class.

MISCELLANEOUS

11. **Miscellaneous**:

11.1 **No Admissions and Other Use Prohibited**: The Parties have entered into this Settlement Agreement as a compromise of the claims subject to this case only, and the Parties' use or definition of certain terms or phrases are employed solely for the purposes of this Settlement Agreement. As such, the Parties agree nothing in the Settlement Agreement or related documents

contemplated herein is intended or may be used as an admission or evidence of any Party's duties or understanding of any particular lease, law, order, rule or case authority in any other litigation, arbitration, hearing, trial, dispute, or other proceeding, except for the purposes of enforcing the rights and obligations in this Settlement Agreement by the Court.

11.2 **Change in Law**: If there is a change or alteration in the law, either through legislation or through an opinion of the Oklahoma Supreme Court, after February 16, 2018, affecting an operator or working interest owner's ability to share or deduct Charges with royalty interest owners, the Settlement Agreement and any corresponding Judgment shall be modified on a prospective basis as to production occurring after the effective date of any such change in law.

11.3 **Notice of Fairness Hearing**: The Notice of Class Action Settlement shall be governed by the Order on Plan of Notice; however, the Notice of Class Action Settlement submitted to the Court for approval shall provide:

i. **Opt-out of the Settlement Class:** Each Class Member who wishes to be excluded from the Settlement Class must submit a written request for exclusion which complies with the provisions of the Notice of Class Action Settlement provided for in the Order on Plan of Notice, or be bound by the Judgment and all other orders entered by the Court;

ii. **Written Comments on the Settlement**: Each Class Member who remains a member of the Settlement Class may submit written comments concerning the Settlement and/or Class Counsel's request for an award of Attorney's Fees and Expenses which complies with the provisions of the Notice of Class Action Settlement provided for in the Order on Plan of Notice (hereinafter "**Written Comments**");

iii. **Objection to Settlement**: Each Class Member who remains a member of the Settlement Class may object to the fairness of the Settlement by: (1) submitting a written objection to the Settlement which complies with the provisions of the Notice of Class Action Settlement provided for in the Order on Plan of Notice, and (2) appearing in-person or through counsel at the Fairness Hearing to present the objections and allow the Court to fully examine the basis, strength and veracity of the objection (hereinafter "**Objection**" and "**Objector**"). The Objector may retain independent counsel to represent him/her at the Settlement Fairness Hearing; however, failure of a Class Member to submit a proper Objection may result in the

"Objection" being treated as a "Written Comment" pursuant to sub-paragraph (ii);

iv. **Objection to Attorney's Fees and Expenses**: Each Class Member who remains a member of the Settlement Class may object to the request for an award of Attorney's Fees and Expenses by: (1) submitting written objection to Class Counsel's request for an award of Attorney's Fees and Expenses which complies with the provisions of the Notice of Proposed Class Action Settlement provided for in the Order on Plan of Notice, and (2) appearing in-person or through counsel at the Fairness Hearing to present the objections and allow the Court to fully examine the basis, strength and veracity of the objection (hereinafter "**Objection**" and "**Objector**"). The Objector may retain independent counsel to represent him/her at the Fairness Hearing; however, failure of a Class Member to submit a proper Objection may result in the "Objection" being treated as a "Written Comment" pursuant to sub-paragraph (ii);

v. **Failure to Comply with Procedure**: The Court will review and consider all properly submitted Written Comments and Objections; however, a Class Member who fails to follow the procedure for submitting an Objection to the Settlement and/or requested Attorney's Fees and Expenses as set forth in the Notice and in sub-paragraphs (iii) and (iv) herein shall not be permitted to raise or pursue an Objection at the Fairness Hearing or on appeal, and such failure will constitute a waiver of any Objection to the Settlement and/or award of Attorney's Fees and Expenses; and

vi. **Supersedes Bond and Severance of Claims**: If the Court denies the Objection of an Objector and finds that the Settlement and/or award of Attorneys' Fees and Expenses fair and reasonable for the remainder of the non-objecting Class Members, the Court may require the Objector to post a supersedes bond to cover the appellate risk, cost, and delay to the rest of non-objecting Class Members, with the amount of the bond being in an amount determined sufficient by the Court. Further, if the Objector objects only to award of Attorneys' Fees and Expenses, the Court may severe the Objector's claim from the rest of the Class Members that did not object to the award of Attorney's Fees and Expenses.

11.4 **Best Efforts Consummation**: Each of the Parties to this Settlement Agreement shall proceed in good faith toward Court approval and consummation of the Settlement Agreement.

11.5 **Equitable Powers**: Nothing in this Settlement Agreement shall limit or otherwise affect any equitable powers of the Court under established law over the Class Action Litigation as it pertains to the enforcement of this Settlement Agreement.

11.6 **Entire Agreement**: This Settlement Agreement, including its exhibits, constitutes the entire agreement among the Parties related to the Class Action Litigation and no representations, warranties or inducements have been made to any party concerning this settlement other than the representations, warranties and covenants contained and memorialized in this Settlement Agreement. No Party or any of its officers, representatives, attorneys, or agents have relied on any representations, warranties, or inducements other than the representations, warranties and covenants memorialized in this Settlement Agreement.

11.7 **Counterparts**: This Settlement Agreement may be executed in one or more counterparts, including by facsimile and/or imaged signatures. All executed counterparts taken together shall be deemed to be one and the same instrument. Counsel for the Parties to this settlement shall exchange among themselves original signed counterparts and a complete set of original executed counterparts shall be filed with the Court.

11.8 **Mutual Preparation**: The Parties and their counsel have mutually contributed to the preparation of this Settlement Agreement. Accordingly, no provision of the Settlement Agreement shall be construed against any Party on the grounds that one of the Parties or its counsel drafted the provision.

11.9 **Binding against Successors**: The Settlement Agreement shall be binding upon, and inure to the benefit of all successors and assigns of the Parties hereto and each Settlement Class Member and the Released Parties.

11.10 **Authorization**: The undersigned each represents he or she is fully authorized to execute this Settlement Agreement on behalf of the settling Party for which he or she signs.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in several counterpart originals on the date set forth opposite their names.

CLASS REPRESENTATIVES:

4/1/2018
Date

Mark Stephen Strack,
Trustee of The Patricia Ann Strack Revocable Trust Dtd 2/15/99 and The Billy Joe Strack Revocable Trust Dtd 2/15/99

4/1/2018
Date

Daniela A. Renner
Sole Successor Trustee of The Paul Ariola Living Trust and The Hazel Ariola Living Trust

CLASS COUNSEL:

4/1/2018
Date

Douglas E. Burns
Terry L. Stowers
BURNS & STOWERS, P.C.

Kerry W. Caywood
Angela Caywood
JONES OF PARK, NELSON, CAYWOOD, JONES, LLP.

CONTINENTAL RESOURCES, INC.

3/29/18
Date

BY: _____
Jack Stark, President

CONTINENTAL'S COUNSEL

3/29/18
Date

_____
Jay P. Walters
Steven J. Adams
GABLE GOTWALS

Taylor Pope
Eric S. Eissenstat
CONTINENTAL RESOURCES, INC.

Guy S. Lipe
VINSON & ELKINS, L.L.P.

Glenn A. Devoll
GUNGOLL, JACKSON, COLLINS, BOX & DEVOLL, P.C.

Exhibit A
(Settlement Agreement)

IN THE DISTRICT COURT OF BLAINE COUNTY
STATE OF OKLAHOMA

BILLY J. STRACK, 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,	)	CASE NO. CJ-10-75 JUDGE DENNIS W. HLADIK
VS.	)	
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

AMENDED PETITION[1]

COME NOW the Plaintiffs, Billy J. Strack, Trustee of the Patricia Ann Strack Revocable Trust dated 2/15/99 and the Billy Joe Strack Revocable Trust dated 2/15/99, and Daniel A. Renner, Sole Successor Trustee of the Paul Ariola Living Trust and the Hazel Ariola Living Trust (hereafter referred to as "Plaintiffs"), for themselves and all others similarly situated, (hereinafter the Plaintiffs and the putative Class members are collectively referred to as the "Class" or "Plaintiff Class" or "Strack") and for their cause of action, allege and state as follows:

PARTIES, JURISDICTION AND VENUE

The parties to this action are as follows:

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[1] This Amended Petition is being filed pursuant to the Scheduling Order entered by the Court on September 10, 2014.

1. Plaintiff Billy J. Strack is a resident of Blaine County, Oklahoma. Plaintiff Daniel A. Renner is a resident of Oklahoma County. Plaintiffs' claims arose in Blaine County, Oklahoma.

2. Defendant Continental Resources, Inc. is an Oklahoma corporation with its principal place of business in Enid, Oklahoma. Continental Resources, Inc., and its unnamed principal shareholder(s), have numerous unnamed operating, marketing, gathering and/or gas processing affiliated entities, all of which Continental Resources, Inc. manages and controls the operations thereof in such a manner that they are mere instrumentalities or alter-egos of Continental Resources, Inc. (hereinafter Continental Resources, Inc. and these unnamed affiliates shall be collectively referred to as "Continental" or "CLR"[2]). Continental operates numerous oil and gas wells in the State of Oklahoma, including wells located in Blaine County in which Plaintiffs are royalty owners.

3. Plaintiff Billy J. Strack, Trustee of the Patricia Ann Strack Revocable Trust dated 2/15/99, owns oil, gas and other minerals underlying Section 9, Township 16 North, Range 12 West of the Indian Meridian; Section 10, Township 16 North, Range 12 West of the Indian Meridian; Plaintiff Billy J. Strack, Trustee of the Billy Joe Strack Revocable Trust dated 2/15/99, owns oil, gas and other minerals underlying Section 33, Township 17 North, Range 11 West of the Indian Meridian, all of which are located in Blaine County, Oklahoma. Plaintiff Daniel A. Renner, Sole Successor Trustee of the Paul Ariola Living Trust and the Hazel Ariola Living Trust, owns oil, gas and other minerals underlying Section 17, Township 16 North, Range 11 West of the Indian Meridian, Blaine County, Oklahoma. The above-stated mineral interests are,

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[2] "CLR" is Continental's ticker symbol on the New York Stock Exchange.

or were, subject to oil and gas leases between Plaintiffs and Continental, with said mineral interests being included in governmentally-sanctioned drilling and spacing units. Continental, as operator and a working interest owner, drilled, completed and produced wells on such units ("Plaintiffs' wells"). Continental distributes royalties on Plaintiffs' wells. Plaintiffs may also own other minerals in which Continental is/was a working interest owner and/or operated oil and gas wells within units which encompass such minerals.

4. The remaining Class members own or have owned oil, gas and other minerals underlying tracts of land in Oklahoma which are subject to various oil and gas leases and/or pooling and/or spacing orders of the Oklahoma Corporation Commission pursuant to which Continental is/was a working interest owner in oil and gas wells, and/or operated oil and gas wells within units which encompass such minerals. All of the above-referenced wells are hereafter referred to as the "Continental Wells."

5. In the operation and production of the Continental Wells, and the marketing of hydrocarbons produced from said wells, Continental acted as the agent, joint venturer and mining partner for other unnamed individuals and entities.

6. Upon information and belief, the amount in controversy, exclusive of attorney's fees, litigation expenses, costs and interest, exceeds the sum of $5,000,000.00.

7. Venue and jurisdiction are properly laid in the District Court of Blaine County, State of Oklahoma.

CLASS ACTION ALLEGATIONS

The allegations set forth above are incorporated herein by reference.

8. Plaintiffs bring this action as the representatives of a class pursuant to 12 O.S. §2023 for all similarly situated mineral interest owners in the State of Oklahoma.

9. The Class numbers in the thousands of members; the members reside in many different states; and the Plaintiff Class is so numerous and geographically diverse that joinder of all members is impracticable.

10. This action is governed by Oklahoma law.

11. The averments of fact and questions of law herein are common to the Class.

12. Plaintiffs' claims are typical of the Class' claims.

13. Plaintiffs' will fairly and adequately protect the interest of the Class. Plaintiffs' interests do not conflict with the interests of the Class. Plaintiffs are represented by counsel both skilled and experienced in oil and gas accounting and complex civil litigation matters, including oil and gas royalty class actions. Counsel is accustomed to handling substantial litigation matters.[3]

14. The averments of fact and questions of law herein which are common to the members of the Class predominate over any questions affecting only individual members. A class action is superior to other available methods for the fair and efficient adjudication of this controversy for the following reasons:

a. The questions of law and fact are so uniform across the Class that there is no reason why individual Class members would want to control the prosecution of their own actions, at their own expense;

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[3] The Court has previously appointed Plaintiffs' counsel to serve as Interim Counsel for the putative class.

> The Court finds that Plaintiffs' counsel will fairly and adequately protect the interests of the putative class members until such time that this Court has considered and ruled upon Plaintiffs' motion for class certification. IT IS ORDERED, ADJUDGED AND DECREED THAT, Douglas E. Burns and Terry L. Stowers, of Burns & Stowers, P.C. and Kerry W. Caywood and Angela Caywood Jones of Park, Nelson, Caywood, Jones LLP., be, and are hereby, designated as interim counsel to act on behalf of the putative class of royalty owners described above.

Order Designating Interim Counsel for the Putative Class (1/6/2011) ("The court may designate interim counsel to act on behalf of a putative class before determining whether to certify the action as a class action. Class counsel shall fairly and adequately represent the interests of the class." 12 O.S. §2023(F)(3) & (4)).

b. To Plaintiffs' knowledge, there is no pending litigation by any individual Class member, with the same scope of Class membership sought herein, against Continental relating to improper deductions from royalties, failure to pay royalties on the proceeds Continental received for the sale of gas and other hydrocarbons, and the fraudulent self-dealing by Continental related to the Continental Wells;

c. The interests of all parties and the judiciary in resolving these matters in one forum without the need for a multiplicity of actions is great;

d. The difficulties in managing this class action will be slight in relation to the potential benefits to be achieved on behalf of each and every class member, and not just those who can afford to bring their own actions; and,

e. Continental has fraudulently concealed its actions which give rise to the Class members' cause of action. Many, if not all, of the Class members may never discover the wrongful acts of Continental. Thus, in the absence of a class action, Continental, through its concealment, may successfully be unjustly enriched by millions of dollars to the detriment of the unknowing Class members.

15. For the reasons stated herein, a class action is superior to other available methods for the fair and efficient adjudication of this controversy.[4]

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[4] Further, this case is appropriate for "issue certification", "bifurcation", and prosecution as a "hybrid" class action.

Issue Certification: "[Federal] Rule 23(c)(4)(A) [which is identical to 23 O.S. §2023(c)(6)(A)] permits a class to be certified for specific issues or elements of claims raised in the litigation." *Manual for Complex Litigation*, §21.24 - Role of Issues Classes. 12 O.S. §2023(C)(6) provides that "[w]hen appropriate: (a) an action may be brought or maintained as a class action with respect to particular issues . . . . The provisions of this section shall then be construed and applied accordingly".

Bifurcation: "Bifurcation is a means for managing lawsuits whereby a court divides a case into separate parts and has the parties pursue them in an ordered fashion. Courts will bifurcate in both simple and complex cases, but there is often more bifurcation the more complex the lawsuit." *Newberg on Class Actions* (5th) §10:6. "An issues-class approach contemplates a bifurcated trial where the common issues are tried first. . . ." *Manual for Complex Litigation*, §21.24 - Role of Issues Classes.

Hybrid Certification: "[M]ost commonly, courts use the phrase "hybrid class action" to refer to a single case in which plaintiffs seek both injunctive relief and monetary damages through certification under more than one section of Rule 23. . . . [C]ourts bifurcate the litigation into liability and damage phases and then typically begin by determining the defendant's liability; in so doing, courts may certify a (b)(2) class for the liability phase or determine liability using issue certification under Rule 23(c)(4) [§2023(C)(6)(a)]. If the defendant is found liable, courts adopting this approach will then decide whether to certify a (b)(3) class for *(Continued....)*.

GENERAL ALLEGATIONS AND FACTUAL BACKGROUND

The allegations set forth above are incorporated herein by reference. Further, Plaintiffs have supplemented this Amended Petition to provide additional detail related to their claims set forth in their original Petition, as developed through ongoing discovery from CLR in this case. The supplemental facts and allegations included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference, as if fully restated herein.

16. During the times at issue herein, Continental drilled and operated numerous gas wells located in Blaine County and throughout the State of Oklahoma. In addition, Continental participated in the drilling, completion and production of various other oil and gas wells throughout the State of Oklahoma wherein Continental was not the operator. Collectively, these wells are hereinafter referred to as the "Continental Wells."

17. The Continental Wells were drilled on units organized and created pursuant to the oil and gas leases and Oklahoma Statutes.

18. The relationship between Continental and Plaintiff Class is such that the Plaintiff Class has reasonably placed trust and confidence in Continental.

19. Continental has superior access to information relating to the claims herein.

20. Continental has superior bargaining power *vis a vis* Plaintiff Class.

21. Continental is in a fiduciary or other special relationship with Plaintiff Class created by the oil and gas leases, pooling orders or unitization orders of the Oklahoma

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money damages purposes and/or an additional (b)(2) class for final injunctive relief." *Newberg on Class Actions* (5th) §4:38. "Certification of a hybrid action is often thought to be the best of both worlds, achieving the judicial economies associated with group litigation while also respecting the due process rights of individuals with monetary claims should the defendant be found liable during the first phase of the trials." *Newberg on Class Actions* (5th) §4:38.

Corporation Commission, by virtue of the historical relationship of the parties and/or Oklahoma statutes.

22. As a result of this relationship, Continental is (1) held accountable to the Plaintiff Class, (2) held to a high degree of good-faith in its dealings, and (3) not permitted to make use of the relationship to realize unauthorized benefits or profits to their own personal interests at the expense of the Plaintiff Class.

23. Continental has used Continental's position as the operator of the Continental Wells to skim monies rightfully belonging to the Plaintiff Class.

24. Continental has a duty to timely disclose to the putative Class members the true value of oil, gas and other hydrocarbons produced and sold from Continental Wells. Continental did not fulfill this duty.

25. Continental wrongfully deducted from royalties, and in some instances paid itself and/or Continental-related companies, a fee for gathering, compressing, dehydrating, field fuel, treating and/or transporting Continental's gas (including all of the gas for which Continental retained the marketing rights and the gas of those owners for whom Continental acted as the agent, joint venturer and mining partner) from the production equipment located at the well site of the Continental Wells to a market, without regard to the location of that market. All fees charged and deducted from the gross value of the gas, including volumetric reductions, from the Continental Wells for gathering, compression, dehydration, field fuel, and similar services are hereinafter referred to as the "GCDF Fee".

26. The GCDF Fee was for services incurred prior to Continental placing the gas into a marketable or merchantable condition. The GCDF Fee did not enhance an already marketable product. If any portion of the GDCF Fee was for services incurred after the gas became a

marketable product, the GDCF Fee deducted from the royalty exceeded the actual costs incurred by Continental. Furthermore, the GCDF Fee was not reasonable and did not increase the royalties due Plaintiff Class proportionately to the GCDF Fee.

27. The GCDF Fee was deducted from the gross value of the gas prior to royalties being paid to Plaintiff Class. The full extent of these GCDF Fees were fraudulently concealed from the Plaintiff Class by: (a) falsely reporting the full volume of production and/or the gross value and price of the gas sold on royalty check stubs; (b) falsely reporting on the royalty check stubs that no GCDF Fee deductions had been made and/or falsely under-reporting the extent of the GCDF Fee deductions being made; and (c) by otherwise using said check stubs and 1099's to deceive Plaintiff Class into believing that no deductions and/or a lesser amount of deductions had been made from their royalties for GCDF Fees.

28. Continental used Continental-related companies' gathering lines, gathering systems and/or gas plants to retain unreported volumes of gas and unreported liquid hydrocarbons from the Continental Wells. Continental converted these gas volumes and liquid hydrocarbons for its own benefit. Continental never reported these gas volumes and liquid hydrocarbons to the Plaintiff Class and never paid royalties on the proceeds from the sale and/or use of these gas volumes and liquid hydrocarbons. These gas volumes and liquid hydrocarbons were fraudulently concealed from the Plaintiff Class by falsely reporting the gross volume of the gas and liquid hydrocarbons produced and/or the true gross value of the hydrocarbons on royalty check stubs and by using said check stubs to deceive the Plaintiff Class into believing that they had been paid royalties on all hydrocarbons produced from the Continental Wells at their true value.

29. In violation of the implied covenant to market contained in the oil and gas leases, and in violation of its duties, Continental has failed, and continues to fail, to make diligent efforts to secure the best terms available for the sale of oil, gas and other hydrocarbons from the Continental Wells, and the Plaintiff Class has received reduced production royalties from the Continental Wells as a result thereof. In addition, Continental has failed to pay the Plaintiff Class royalties on the full value of oil, gas and other hydrocarbons produced from the Continental Wells by: (1) structuring and implementing sales of unit production in a self-dealing manner; (2) charging to the royalty owners improper and excessive GDCF Fees; (3) not accounting for and paying royalty on all hydrocarbons produced; (4) paying royalty at below-market prices; and (5) otherwise not paying royalty on the true value of the hydrocarbons taken from the Continental Wells.

30. Continental has fraudulently misrepresented and misled the Plaintiff Class into believing they had been paid on the full value of oil, gas and other hydrocarbons produced from the Continental Wells by falsifying and creating misleading check stubs, 1099's, correspondence and other communications sent to the Plaintiff Class related to the payment of royalties.

31. Continental knew that the check stub and 1099 representations were false and intended that the Plaintiff Class rely upon the misrepresentations made on the check stubs and 1099's. Continental's misrepresentations were intentional, or were made with reckless disregard for the truth.

32. The Plaintiff Class did rely upon the information on their check stubs as being correct, and were damaged by relying on Continental's misrepresentation.

33. The tortious acts of Continental go far beyond simple breach of contract and amount to independent torts resulting in damages to the Plaintiff Class.

34. The self-dealing, fraud, deceit and other breaches described herein served to financially benefit Continental at the expense and to the detriment of the Plaintiff Class through the reduction of value the Plaintiff Class received for their oil and gas royalty on production from the Continental Wells.

I. BREACH OF CONTRACT AND STATUTORY OBLIGATIONS

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

35. Continental has breached its contractual and statutory obligations and duties owed to the Plaintiff Class to pay royalties based upon the true value of the gas and hydrocarbons.

36. The Plaintiff Class has been damaged by Continental's breach of contracts and statutory obligations in an amount in excess of $5,000,000.00.

II. BREACH OF FIDUCIARY AND/OR STATUTORY DUTIES

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

37. Continental is in a fiduciary or special relationship with the Plaintiff Class created by the oil and gas leases, pooling orders and/or the unitization orders of the Oklahoma Corporation Commission, by virtue of the historical relationship of the parties and/or Oklahoma statutes.

38. Continental owes the Plaintiff Class a fiduciary and/or statutory duty. Continental breached its duty in a tortious manner to the prejudice and damage of Plaintiff Class. The Plaintiff Class relied on Continental to be honest and follow the law in paying royalties, reporting the true gross value of oil and gas production, and reporting the true deductions taken

by Continental. Continental tortiously failed to fulfill the fiduciary and/or statutory duties owed to the Plaintiff Class.

39. The Plaintiff Class has been damaged by Continental's breach of fiduciary and/or duties in excess of $5,000,000.00.

III. BREACH OF DUTIES TO MARKET

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

40. Continental has a duty to market hydrocarbons (both oil and gas) produced from the Continental Wells at the best price and terms available, to act as prudent operator, and to deal fairly with the Class members. Continental has a further duty to not base royalty payments to the Class members on affiliated transactions between Continental-related entities. Continental breached these duties resulting in damages to the Class.

41. Continental's actions were an intentional violation of the rights of the Class.

42. Continental Resources, Inc., its unnamed principal shareholder(s) and their unnamed affiliated operating, marketing, gathering, gas processing, saltwater disposal and oil treatment entities conspired together to defraud, deceive and breach statutory and/or fiduciary duties owed to the Class.

43. The tortious acts of Continental go far beyond simple breach of contract and statutory duties and amount to independent torts resulting in damages to the Class in an amount in excess of $5,000,000.00.

IV. BREACH OF DUTY AS OPERATOR

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

44. Continental owes the Plaintiff Class a duty of candor, the obligation of good faith and the duty of fair dealing, in the performance of its express and implied obligations and as operator of the Continental Wells.

45. Continental has violated its duty of candor, obligation of good faith and the duty of fair dealing owed to the Plaintiff Class.

46. Continental has abused its position as Operator of the Continental Wells and engaged in a fraudulent scheme, design, plan, conspiracy and pattern of unlawful activity and self-dealing to the detriment of the Class and has intentionally violated the rights of the Plaintiff Class.

47. The Plaintiff Class has been damaged by Continental's abuse of its position as Operator of the Class Wells in an amount in excess of $5,000,000.00.

V. ACTUAL FRAUD

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

48. In violation of its duty of candor, Continental falsely represented to the Plaintiff Class the volumes of hydrocarbons produced, the price and terms upon which such production was sold, the deductions taken in the computation of royalties, and the amount of royalty due on such production; however, implying that Continental was paying royalties properly.

49. Continental knew that the royalties were not, in fact, being reported and paid properly.

50. Continental made false representations to the Plaintiff Class of the volumes and values of hydrocarbons produced from the Continental Wells, the amount of deductions made from royalties, and that royalties were properly being paid with the intent that the Plaintiff Class would rely on them to its detriment.

51. The Plaintiff Class justifiably relied on Continental's false representations.

52. The Plaintiff Class was damaged by relying on Continental's false representations.

53. Continental intentionally violated the rights of the Plaintiff Class.

54. The Plaintiff Class has been damaged by Continental's fraud in excess of $5,000,000.00.

VI. DECEIT

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

55. In violation of its duty of candor, Continental falsely represented to the Plaintiff Class the volumes of hydrocarbons produced, the price and terms upon which such production was sold, the deductions taken in the computation of royalties, and the amount of royalty due on such production; however, implying that Continental was paying royalties properly.

56. Continental knew that the royalties were not, in fact, being reported and paid properly.

57. Continental disclosed only a portion of the information regarding the true volume and value of the hydrocarbons produced from the Continental Wells. the amount of deductions made from royalties, and the royalties due on gas and oil produced from Continental Wells.

58. Continental made false representations, or failed to fully disclose the truth, concerning the proper amount of royalties due with the intent that the Plaintiff Class would rely on them to its detriment.

59. The Plaintiff Class justifiably relied on Continental's representations.

60. The Plaintiff Class was damaged by relying on Continental's representations.

61. Continental intentionally violated its duty of candor and the rights of the Plaintiff Class.

62. The Plaintiff Class has been damaged by Continental's deceit in excess of $5,000,000.00.

VII. CONSTRUCTIVE FRAUD

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

63. Continental owes a duty of candor to the Plaintiff Class ("The PRSA provisions give the royalty owners a right to be accurately informed of the facts and place a legal duty on the respondents to accurately inform the plaintiffs of the facts on which the royalty payments are based." *Howell v Texaco*, 2004 OK 92, ¶ 31.) The Plaintiff Class has the right to be accurately informed of the volume and value of the hydrocarbons produced from the Continental Wells. the amount of deductions made from royalties, and the royalties due on gas and oil produced from Continental Wells. "[T]he Production Revenue Standards Act, 52 O.S.2001, §§ 570.1-.15

(PRSA), provides a legal duty on which the plaintiffs can base a claim for constructive fraud." *Id.* at ¶ 30.

64. Continental concealed from the Plaintiff Class the true volume and sales price of the hydrocarbons produced from the Continental Wells. the full extent of deductions which Continental made from royalties owed the Plaintiff Class, and the full value of the hydrocarbons upon which the royalty was due.

65. The Plaintiff Class justifiably relied on Continental's representation.

66. The Plaintiff Class was damaged by relying on Continental concealments.

67. The Plaintiff Class has been damaged by Continental's fraud in excess of $5,000,000.00.

VIII. CONVERSION

68. The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

69. Pursuant to the Production Revenue Standards Act ("PRSA"), "[a]ll proceeds from the sale of production shall be regarded as separate and distinct from all other funds of any person receiving or holding the same until such time as such proceeds are paid to the owners legally entitled [and] [a]ny person holding revenue or proceeds from the sale of production shall hold such revenue or proceeds for the benefit of the owners legally entitled thereto."

70. Continental, as "the holder of the revenue or proceeds of oil and gas production is an implied trustee who has no rights in or to such revenue or proceeds and who is under a statutory duty to pay the revenue or proceeds of oil and gas production to the implied beneficiaries; i.e., the owners legally entitled thereto [in this case, the Class]. The holder of the

revenue or proceeds of oil and gas production [i.e., Continental] acquires no right, title or interest in such revenue or proceeds." *Oklahoma Attorney General Opinion*, 2008 OK AG 31, ¶22.

71. Continental intentionally and wrongfully diverted for its own use volumes of gas and liquid hydrocarbons, including oil, as well as the separate and distinct proceeds belonging to the Class.

72. Continental's actions constitute conversion of Plaintiff Class members' hydrocarbons and proceeds.

73. The Plaintiff Class has been damaged by Continental's conversion in excess of $5,000,000.00.

IX. UNJUST ENRICHMENT

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

74. The self-dealing, fraud, deceit and other breaches described herein served to financially benefit Continental at the expense and to the detriment of the Plaintiff Class through the reduction of value the Plaintiff Class received for their oil and gas royalty on production from the Continental Wells.

75. Continental has been unjustly enriched as a result of its improper actions. Continental should not be allowed to retain any portion of its ill-gotten gains, or profits on those ill-gotten gains. Continental should be required to disgorge and pay as additional damages, all such gains, and profits on such gains.

X. CIVIL CONSPIRACY

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

76. Continental, the Continental-related and affiliated companies and other unnamed individuals and companies conspired to deprive the Plaintiff Class of royalties by the fraudulent skimming schemes described herein and initiated by Continental and to continue fraudulently and deceptively conceal these schemes by falsely reporting information, or failing to report information, to the Plaintiff Class.

77. The Plaintiff Class has been damaged by this conspiracy, and other relationships, in excess of $5,000,000.00.

XI. PUNITIVE DAMAGES

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

78. The tortious acts of Continental described herein were done intentionally, maliciously and with utter disregard for the rights of the Plaintiff Class. Continental should pay punitive damages as punishment and as an example to others of like mind.

XII. DECLARATORY, INJUNCTIVE AND/OR MANDAMUS RELIEF (INCLUDING AN ACCOUNTING)

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

79. Beginning with the 1933 Proration Act, and significant modification thereto in 1935 and 1945, including renaming it the "Conservation Act", the Oklahoma legislature has

developed a comprehensive regulatory scheme to protect the correlative rights of all owners of oil and natural gas rights, and prevent waste of these valuable Oklahoma natural resources.

80. As part of that comprehensive regulatory scheme, in 1980, the Oklahoma legislature enacted 52 O.S. §540 which established the "general rule of conduct for the oil and gas industry that [was] designed to protect correlative rights through affirmative requirements for distribution of proceeds from sales of production." *Oryx Energy v. Plains Resources*, 1994 OK CIV APP 185, ¶4, 918 P.2d 397. "Section 540 was enacted for a purpose - to ensure that those entitled to royalty payments would receive proceeds in a timely fashion. . . . In enacting § 540, the Legislature has expressed its intent that it shall be the public policy in Oklahoma for royalty owners to receive prompt payment from the sale of oil and gas products." *Hull v. Sun,* 1989 OK 168, ¶14, 789 P.2d 1272.

81. Expanding upon this general rule of conduct, in 1984, the Oklahoma legislature proscribed the minimum amount of information that had to accompany every payment to every royalty owner every month, S*ee*, 52 O.S. §568 (1984), commonly referred to as the Oklahoma "check stub statute".

82. In 1992, the legislature again expanded the general rule of conduct by creating the "Production Revenue Standards Act" ("PRSA") (52 O.S. §570.1 through §570.15), adding to, modifying and renumbering 52 O.S. §540 and §568:

> [T]he Oklahoma Legislature substantially rewrote, strengthened and expanded the scope of Section 540 . . . [in] furtherance of the general regulatory scheme to protect correlative rights . . . [and] imposed an affirmative obligation on any person who has received and is holding the revenue or proceeds to "hold such revenue or proceeds for the benefit of the owners legally entitled thereto."
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> * * *
>
> [T]he Act is a comprehensive regulatory scheme and sets out general rules of conduct for the oil and gas industry in respect of the payment of proceeds of production from oil and gas wells in Oklahoma, and is designed specifically to

protect a broad societal interest in the correlative rights of the owners of that production and the proceeds and revenue therefrom. Included in that comprehensive regulatory scheme and the general rules of conduct is Section 570.10(A), which addresses the ownership of proceeds of production and the payment of those proceeds to the rightful owners.

The Act establishes a number of obligations in respect of payment of production proceeds from the time the oil and gas is produced until the owners get paid for that production:

1. Section 570.3 establishes that the Act applies to "all owners" and "all producing wells, regardless of the date pooled, drilled or of the date of the underlying leases[.]"

* * *

3. Section 570.4(A) communitizes3 the royalty share in all proceeds derived from the sale of gas production from a well.

   [fn. 3 ""Communitize" or "communitization" are terms specific to the area of oil and gas law, and refer to the bringing together of smaller tracts in order to create a tract of sufficient size for the granting of a well permit under applicable rules for the spacing of wells."]

4. Section 570.4[B] establishes a mechanism for the payment of the communitized royalty share.

* * *

7. Section 570.10(B) establishes the rights of owners in the proceeds of or revenues from the sale of production and the time for payment of those proceeds. These rights are not limited to royalty owners but rather extend to all "owners." If the proceeds are not timely paid to the "persons legally entitled thereto" within the statutory time frames, those "persons legally entitled thereto" are owed interest on "their" money by the delaying party. . . . [Citations omitted.]

2008 OK AG 31, ¶5, 9 & 10.

83. "The PRSA provisions give the royalty owners a right to be accurately informed of the facts and place a legal duty on the respondents to accurately inform the plaintiffs of the facts on which the royalty payments are based." *Howell v Texaco*, 2004 OK 92, ¶ 31.

84. "The Legislature intended an implied trust (whether resulting or constructive) under the provisions of Section 570.10(A) of Title 52. . . . [T]he holder of the revenue or proceeds of oil and gas production is an implied trustee who has no rights in or to such revenue or proceeds and who is under a statutory duty to pay the revenue or proceeds of oil and gas

production to the implied beneficiaries; i.e., the owners legally entitled thereto [such as the royalty owners]. The holder of the revenue or proceeds of oil and gas production acquires no right, title or interest in such revenue or proceeds." [Citations omitted.] 2008 OK AG 31, ¶22.

85. The Oklahoma legislature has further expanded the general rules of conduct for the oil and gas industry, *e.g.*, the Oil & Gas Owners' Lien Act of 2010 (52 O.S. §549.1, *et seq.*); the Exploration Rights Act of 2011 (52 O.S. §801, *et seq.*); and the Energy Litigation Reform Act (52 O.S. §901, *et seq.*).

86. Continental has asserted, among other things, that Plaintiffs' case is grounded in: (1) "attorney-driven theories that have no real-world merit in fact or law"[5]; and (2) "untested theories invented by the Plaintiffs' Class Action Bar"[6].

87. Clearly, there are conflicting positions of the parties concerning the interpretation and application of the general rules of conduct for the oil and gas industry (*e.g.*, the PRSA) *vis-à-vis* Continental and its royalty owners (*i.e.*, the Class) (*e.g., see* Continental's "Affirmative Defenses and Matters Constituting Avoidance" asserted by Continental in Defendant's Amended Answer to Plaintiffs' Petition served October 31, 2014, ¶12 & 17).

88. Further, positions taken by Continental in this case demonstrate that there exist numerous conflicting positions of the parties concerning the application of Oklahoma law to Continental's conduct and obligations owed to its royalty owners (*i.e.*, the Class), *see e.g.*:

a. Various "Affirmative Defenses and Matters Constituting Avoidance" asserted by Continental in Defendant's Amended Answer to Plaintiffs' Petition served October 31, 2014;

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[5] Motion to Vacate or Modify Agreed TRO Regarding Communications with Putative Class Members, p.1.

[6] Motion for Entry of Supplement to Stipulated Confidentiality Agreement, p. 2.

b. Continental's assertions as to what constitutes a "marketable product"[7] under Oklahoma law and its obligations owed to its royalty owners pursuant to the "implied covenant to market";

c. The legal implications of Continental's comingling of the royalty owners' oil with oil and saltwater from non-Continental wells;[8]

d. Continental's obligation to bear various production costs, such as costs to separate the oil and saltwater;[9]

e. Continental's obligations owed to its royalty owners when Continental takes possession of, and markets, the royalty owners' share of oil from the Continental Wells (Does Continental only have to pay royalties on a portion of the consideration it received, or all of the consideration received, including the right to receive the oil back at the market center, where it was resold at a higher price?);[10] and

f. The legal implications on Continental's royalty reporting and payment obligations when it "sells" oil or gas to affiliated marketing company.[11]

89. As a result of the conflicting positions of the parties concerning: (1) the interpretation and application of the general rules of conduct for the oil and gas industry (*e.g.*, the

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[7] *See, e.g.*, "Affirmative Defenses and Matters Constituting Avoidance" asserted by Continental in Defendant's Amended Answer to Plaintiffs' Petition served October 31, 2014, ¶16.

[8] *See* Continental Resources' Consolidated Reply (10/10/2014), p. 4 ("The vast majority of waste oil on which Plaintiffs want royalties did not come from a Continental well. Other Oklahoma operators unaffiliated with Continental pay Continental, as operator of commercial saltwater disposal wells, to dispose of saltwater produced from those other operators' wells. Plaintiffs seek a windfall, claiming millions of dollars in royalties on oil extracted from saltwater produced from those other operators' producing wells in which Continental's royalty owners have no interest.")

[9] *See* Continental Resources' Consolidated Reply (10/10/2014), p. 4 ("The cost of extracting oil from saltwater far exceeds the revenue from sales of waste oil extracted from that saltwater. Plaintiffs want to be paid royalties on the value of the extracted oil without bearing any of the costs of extraction. Under Oklahoma law, producers owe no duty to extract oil from saltwater free of cost to the royalty owners. By seeking royalties on waste oil without having to bear any share of the costs of extraction, Plaintiffs again want a windfall.")

[10] *See* Continental Resources' Consolidated Reply (10/10/2014), p. 4 ("Oil sold from on-lease storage tanks is a marketable product in the tanks, and the cases Plaintiffs cite merely hold that royalty owners are entitled to be paid on the value of the oil at the tanks. Contrary to those cases, Plaintiffs want to participate in trading profits (but apparently not trading losses) in oil trading transactions at the Cushing market center. Again, Plaintiffs seek a windfall.")

[11] *See* Continental Resources' Consolidated Reply (10/10/2014), p. 4 ("Plaintiffs rely on cases addressing "illusory" or "collusive" gas purchase contracts and "intra-company" sales. There is nothing "illusory" or "collusive" about the Continental/Hiland sales contracts, and those contracts were not "intra-company" sales but instead were sales between separate companies in separate businesses.")

PRSA), and (2) the numerous conflicting positions of the parties concerning the application of Oklahoma law to Continental's conduct and obligations owed to its royalty owners, as demonstrated by (but not limited to) the examples set forth above, there are multiple issues that can and should be resolved by a declaratory order of the Court.[12] Therefore, the Plaintiff Class seeks an order of declaratory judgment on all issues determined to be appropriate for declaratory relief by the Court pursuant to 12 O.S. §1651-1657.

90. The Plaintiff Class further requests that the Court enter an order for injunctive and/or mandamus relief pursuant to 12 O.S. §1381, *et. seq.* and §1451, *et. seq.*, requiring Continental to properly account for the production and proceeds attributable to the Continental Wells and to accurately inform the Class of the facts on which their royalties were based.

XIII. TEMPORARY RESTRAINING ORDER

The allegations set forth above, and included in the attached Exhibit 1, Supplement to Plaintiffs' Amended Petition, are incorporated herein by reference.

91. The putative Class members are, for the most part, owners of small mineral interests.

92. Continental must be restrained from contacting any putative Class member concerning any issue herein, unless the Court is specifically advised of the proposed communication and approves the content and form of such communication. This judicial

---

[12] The very assertions made by Continental in this case as ¶17 of its "Affirmative Defenses and Matters Constituting Avoidance" (Defendant's Amended Answer to Plaintiffs' Petition served October 31, 2014), was plead by Continental as an appropriate subject matter for declaratory judgment in *Stamp Brothers v. Continental*, CIV-14-182-C, U.S. District Court, Western Oklahoma, *see, Stamp Brothers*, Answer and Counterclaims (2/16/2014), Count One. Further, in *Stamp Brothers*, Continental sought a declaratory judgment concerning the proper interpretation of, and Continental's compliance with, the PRSA (*see, Stamp Brothers*, Answer and Counterclaims (2/16/2014), Count Two).

scrutiny is necessary to prevent the potential for inadequate, misleading, incomplete, or erroneous representations and communications and to prevent any intimidation, annoyance, harassment, or undue influence.

93. This Court has discretion to so restrain Continental pursuant to 12 O.S. §2023(d)(2), which generally provides the Court with authority to enter appropriate orders for the protection of putative members of the Class and for the fair conduct of the action.

94. Continental maintains files containing the names and addresses of the putative Class members. If Continental is allowed to contact the putative Class members in an attempt to settle the above claims for inadequate consideration, the damage to the putative Class members would be irreparable and monetary damages would be insufficient or simply unavailable to compensate them. The putative Class members do not have another plain, adequate and speedy remedy at law to protect their interests.

95. In view of the fact that Continental has concealed its actions from the putative Class members for many years, no detriment will result to Continental from such an order. The putative Class members would receive the protection of 12 O.S. §2023(e) which requires that no compromise of any claims be made without approval of the Court upon appropriate notice to all Class members.[13]

WHEREFORE, Plaintiff seeks an order of this Court granting them judgment against the Defendant for: (a) declaratory, injunctive and/or mandamus relief (including an accounting), (b)

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[13] The District Court granted the requested relief, *i.e.*, an "Agreed Temporary Injunction", on January 6, 2011. The Court denied Continental's request to vacate the Injunction on October 16, 2014.

actual damages in excess of $5,000,000.00,[14] (c) punitive damages, (d) interest, (e) attorney's fees, (f) expert and litigation costs, (g) court costs, (h) an order temporarily restraining the Defendant, its agents, servants, employees, and attorneys, or persons acting for or on its behalf from contacting any putative Class member concerning the status or settlement of any claims asserted herein until entry of an order certifying or refusing to certify the Class, and (f) such other relief as the Court may deem just and proper.

[14] *See* Plaintiffs' Initial Disclosures filed 1/14/2011 and Amended Initial Disclosures filed simultaneously herewith.

JURY TRIAL DEMANDED
ATTORNEY'S LIEN CLAIMED

Respectfully submitted,

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ATTORNEYS FOR THE PLAINTIFFS AND INTERIM COUNSEL FOR THE PUTATIVE CLASS OF ROYALTY OWNERS

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of November, 2014, a true and correct copy of the above was emailed (with a copy placed in the U.S. Mail) to:

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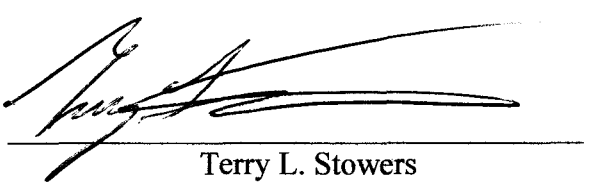

Terry L. Stowers

Exhibit 1

To

Plaintiffs' Amended Petition

IN THE DISTRICT COURT OF BLAINE COUNTY
STATE OF OKLAHOMA

BILLY J. STRACK, 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,	)	CASE NO. CJ-10-75
	)	JUDGE DENNIS W. HLADIK
PLAINTIFFS,	)	
VS.	)	
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

Exhibit 1 - Supplement to Plaintiffs' Amended Petition

Plaintiffs' ("Strack") hereby supplement their Amended Petition to provided additional detail related to their claims developed through ongoing discovery from Defendant, Continental Resources, Inc. ("CLR")[1]. This Supplement is incorporated into the Amended Petition by reference as if fully restated therein.

I. Skim Oil Sales

1. Documents produced by CLR, and Oklahoma Tax Commission records obtained by CLR and produced to Strack, reveal that CLR produced oil from CLR operated wells in Oklahoma (which was commingled with produced saltwater from the CLR wells, and then commingled with saltwater and oil produced from other CLR wells and non-CLR wells) that was

[1] "CLR" is Continental's ticker symbol on the New York Stock Exchange.

sold by CLR at CLR's off-lease saltwater disposal wells ("SWD Wells") and/or at the central treating unit ("CTU") operated by CLR or its affiliates.[2]

2. CLR's oil sales from its Oklahoma SWD Wells and/or CTU totaled over $70 million.[3]

3. Oil sold from saltwater disposal wells or treating facilities is often referred to in the industry as "**skim oil**"[4] or "reclaimed oil".

4. It is clear from public filings, CLR's skim oil operations are considered a significant profit center warranting separate public disclosure under SEC rules and regulations.

> Our crude oil and natural gas service operations consist primarily of the treatment and sale of lower quality crude oil, or reclaimed crude oil. The table below shows the volumes and prices for the sale of reclaimed crude oil for the periods presented.
>
> **Year Ended December 31, Increase**
>
> | **Reclaimed crude oil sales** | **2012** | **2011** | **(Decrease)** |
> |---|---|---|---|
> | Average sales price ($/Bbl) | $91.64 | $92.30 | $(0.66) |
> | Sales volumes (MBbls) | 272 | 259 | 13 |
>
> The increase in sales volumes reflected above, partially offset by lower realized sales prices, resulted in a $1.3 million net increase in reclaimed oil revenues to $25.1 million for the year ended December 31, 2012. Additionally, revenues from saltwater disposal and other services increased $5.4 million to $14.0 million resulting from increased activity. Associated crude oil and natural gas service operations expenses increased

[2] For most of the Class Period, it appears that CLR (as the operator or the well) had CLR's affiliate, Hamm & Phillips ("H&P") haul oil and saltwater from the lease to CLR's own saltwater disposal wells ("SWD Wells). At the CLR SWD Wells, CLR (as the saltwater disposal well operator) then fictionally "sold" the oil to CLR (as the oil purchaser), who then had CLR's affiliate, H&P, once again haul the oil, this time to CLR's central treating unit ("CTU"). CLR once again conditionally "sold" the oil at the tailgate of its CTU, this time to a third-party "purchaser" who was obligated to sell the oil back to CLR at Cushing (*see*, Strack's claim regarding the "barrel-back" scheme, which also includes the oil sold at the tailgate of the CTU), CLR then reacquired the oil at Cushing, where it resold the oil.

[3] This amount represents the amount included in the OTC-produced spreadsheets from July 1990 through April 2012. Strack has identified numerous gaps in the data produced that, once filled, will dramatically increase the value of the skim oil sold by CLR (it is expected that the value will increase to over $100 million in sales).

[4] *See, e.g.*, "'Skim-oil', the crude oil that is entrained in the waste water is skimmed at the disposal well, separated and sold." Salt Water Disposal Institute, http://amerexoil.com/saltwater-disposal-institute/.

> $5.5 million to $32.2 million for the year ended December 31, 2012 due mainly to an increase in the costs of purchasing and treating reclaimed crude oil for resale and in providing saltwater disposal services." [Emphasis added.]

CLR 2012 Annual Report, p. 55-56.

5. CLR never disclosed the skim oil sales to the royalty owners (or CLR's working interest partners).

6. CLR never allocated any of the skim oil sales back to the CLR wells.

7. CLR never accounted to the royalty owners (or CLR's working interest partners) for their share of the oil sold from CLR's saltwater disposal wells.

8. No royalties have been paid to the mineral owners on CLR sales of the mineral owners' oil at the SWD Wells or CTU.

9. Despite not paying royalties on these oil sales, CLR did pay gross production and severance taxes on these oil sales to the State of Oklahoma.[5]

10. This very issue (royalties due on skim oil sales) has previously been certified as a class action in Oklahoma, and affirmed on appeal. Strack has identified at least one case where the District Court certified a royalty owner class action against Phillips Petroleum, et al. related to unpaid royalties due by the operator on skim oil sales (*Dodson v Phillips Petroleum*, Case No. CJ-2004-119, District Court of Beckham County). Class certification was affirmed on appeal, *see, Dodson v Phillips*, Case No. 103,535, Oklahoma Court of Civil Appeals, Opinion (8/7/2007). Phillips, et al. ultimately settled the *Dobson* class action in 2010, paying $10.4 million to the plaintiff class (*see, Dodson* Settlement Agreement (6/9/2010), Case No. CJ-2004-119, District Court of Beckham County).

[5] It is clear that there are significant gaps in the data received from the Oklahoma Tax Commission. Whether CLR paid gross production taxes on the skim oil during these unaccounted for time periods has is undetermined.

11. CLR has sold over $70 million worth of oil hauled to, and sold from, its Oklahoma SWD Wells and/or CTU since July 1990. The royalty share of the proceeds CLR received for the sale of this oil is over $11 million (not including the additional royalty due on the gap periods described above, or the additional value resulting from the barrel-back scheme described below). The royalty share of the number of barrels of oil (oil actually owned by royalty owners) which CLR converted from the royalty owners is over 2,250,000 barrels (based upon the Oklahoma Tax Commissions' records).

II. Oil Barrel-Back Transactions

12. A "barrel-back" arrangement or scheme commonly refers to the situation where a well operator conditionally "sells" oil at the well for a certain price, but also has an agreement with that "purchaser" that the well operator (or one of its affiliated companies) will "buy" the very same number of barrels of oil back at Cushing (i.e., the term "barrel-back"), less a price differential representing the costs to transport the oil from the well to Cushing (*i.e.*, the "purchaser" is simply paid the margin to transport the oil from the wells to Cushing). After the well operator (or one of its affiliated companies) "buys" the oil back, it un-conditionally re-sells the oil at Cushing (or some other downstream location), presumably for a higher price (this arm's length, unconditional sale is sometimes referred to as an "outright sale"). Royalties are then paid on the fictional "first sale" at the well, not for the real price the well operator (or its affiliated company) actually received when it made an outright sale of the oil at Cushing, less the transportation costs.

13. For a more detailed explanation of the barrel-back scheme, *see, In Re Lease Oil Anti-trust Litigation*, 186 F.R.D. 403 (1999), MDL Docket No. 1206, United States District Court for the Southern District of Texas, Corpus Christi Division, Order No. 75 (5/12/1999):

> The antitrust allegations are best stated in the MDL–1206 Consolidated Complaint wherein the plaintiffs have identified the kind of price-fixing behavior they suspect Defendants engaged in. . . . [T]he basic mechanism for depressing pricing may be illustrated by considering a typical scheme which occurs in the following four transactions—one contractual exchange, two sham sales at posted prices, and one arm's length sale on the market:
>
> **(1) Contractual Transaction at the Lease Location**
> The Defendant Operator takes possession of all of the oil produced at the lease . . . .
>
> **(2) First Sale: At the Lease Location**
> Operator sells the oil to Transporter (another Defendant who will transport the oil to the Trading Center) at the lease, based on the Posted Price. Plaintiff's royalty or working interest payment is calculated from this price.
>
> **(3) Second Sale: At the Trading Center**
> After Transporter has taken the oil to the Trading Center, Transporter sells the oil back to the Operator at the same Posted Price plus the actual cost of the transportation services.
>
> **(4) Third Sale: On the Market**
> Operator sells the oil to an arm's length Buyer on the market at Market Price (which exceeds the Posted Price plus transportation costs), reaping anticompetitive profit.

Id. at 412-413.

This MDL litigation was pursued for both working interest owners and royalty owners in various states, including Oklahoma, and resulted in Global and Stand Alone Settlements totaling over $188 million (not including other related payments and settlements), with over $11.25 million being allocated to Oklahoma royalty owners.

14. The *In Re Lease Oil Anti-trust Litigation* described above, and this case against CLR, have not been the only class actions filed involving an operator's liability for additional royalties being due on oil sales because of self-dealing and/or barrel-back arrangements:

- ***Young v. West Edmond Hunton Lime Unit*, 1954 OK 195**: The unit operator paid royalties based upon sales to itself at operator's own posted price of $2.65 despite $3.00 being available to the unit. Royalty owners were entitled to royalties at "the highest market price available at the time of such production";

- ***Rudman v Texaco*, CJ-97-1, District Court of Stephens County**: The unit operator sold oil to an affiliate at affiliate's posted price, the affiliate then delivered like-barrels of oil to operator's refinery, *see Rudman v Texaco*, CJ-97-1, District Court of Stephens County, Finding of Fact, Conclusions of Law and Order on Plaintiffs' Motion for Class Certification (9/8/1998); *Rudman v. Texaco*, Appeal No. 92,012, Oklahoma Court of Civil Appeals, Memorandum Opinion (9/14/1999), *affirming Class Certification*, p.2. Texaco ultimately settled the *Rudman* class action in 2001, paying $25 million to the plaintiff class; and

- ***Brown v. Citation*, CJ-04-217, District Court of Caddo County**: *see,* Order Certifying Class (7/1/2009), p. 2, for the description of the "barrel-back" scheme engaged in by Citation (the same scheme CLR engaged as described above). Citation ultimately settled the *Brown* statewide class action in 2009, paying $5.25 million to the plaintiff class, *see*, *Brown v. Citation*, CJ-04-217, District Court of Caddo County, Settlement Agreement.

15. Based upon the documents produced thus far by CLR,[6] it is clear that CLR has engaged in typical "barrel-back" arrangements for at least the past fifteen (15) years with regard

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[6] For example, on June 19, 1998, effective with July 1998 production, Sue Ann Hamm, V.P. of Oil Marketing for CLR, entered into a single contract with Plains Marketing and Transportation ("Plains") that provided in:

"Part A": Plains would deliver to CLR at the ARCO facility in Cushing, 1,800 barrels per day of "Domestic Sweet" oil at the NYMEX price, **plus 60¢ per barrel**; and

"Part B": CLR would deliver to Plains at approximate 500 well locations throughout Oklahoma, 1,800 barrels per day of "Domestic Sweet" oil at the NYMEX price. [CLR-329487 though CLR-329500].

The net effect of this contract is that Plains received 60¢ per barrel to transport "CLR's" oil to Cushing (this was not only CLR's oil, but the oil of CLR's working interest owner partners and CLR's royalty owners).

On September 24, 1998 (after 2 ½ months of production under this contract), Plains sent "Amendment No. 1" of the contract to CLR. There is no indication in the documents produced as to who requested the amendment. The Amendment had a typed effective date of September 1, 1998, but on October 20, 1998 (now after 3 ½ months of production), CLR made a hand-written interlineation and backdated the amendment to July 1, 1998, retroactively effecting 3 months of production already delivered under the contact. The backdated amendment changed the pricing structure, effective with the original date of the contract. The effect of the change reflected in the Amendment (~~**Deletions**~~/**Additions**) is as follows:

"Part A": Plains would deliver to CLR at the ARCO facility in Cushing, 1,800 barrels per day of "Domestic Sweet" oil at the NYME price, ~~**plus 60¢ per barrel**~~; and

"Part B": CLR would deliver to Plains at approximate 500 well locations throughout Oklahoma, 1,800 barrels per day of "Domestic Sweet" oil at the NYME price, **less 60¢ per barrel**. [CLR-329458 through 329471].

The net effect of the backdated Amendment No. 1 to the contract is that Plains still received 60¢ per barrel to transport CLR's oil to Cushing. But, CLR retroactively reduced the price upon which it paid its royalty owners and working interest partners for oil by 60¢ per barrel, in addition to still having CLR's (and CLR's working interest partners' and royalty owners' oil) available to sell at Cushing at the higher market center price.

Another representative example of CLR's barrel-back scheme is CLR's sham oil sale to ConocoPhillips. ConocoPhillips conditionally "purchased" the oil at the lease, subject to the condition that it re-sell the oil to CLR by *(continued .....)*

to what appears to be production from all of the CLR operated wells and CLR's SWD Wells and/or CLR's CTU.

16. CLR never disclosed the existence or terms of the oil barrel-back arrangement to CLR's royalty owners (or CLR's working interest partners).

17. CLR never disclosed the existence or terms of its oil sales at the oil market center(s) (*i.e.*, Cushing, OK), or to end users, to CLR's royalty owners (or CLR's working interest partners).

18. CLR never accounted to CLR's royalty owners (or CLR's working interest partners) for their share of: (1) the volume of oil re-delivered to CLR at the market center (Cushing, OK); (2) the value of the barrel-back contractual term; or (3) the value of the oil sales at the market center (Cushing, OK) or to end users.

19. No royalties have been paid to the mineral owners for: (1) the value of the barrel-back contractual term related to the sales of the mineral owners' share of the oil by CLR; or (2) the increased value of the mineral owners' share of the oil sales at the market center (Cushing, OK) or to end users.

20. CLR appears to have no documentation which authorizes CLR to sell oil which belonged to its royalty owners. In the absence of legal authorization to sell such oil, CLR's purported sales of such oil is conversion of property belonging to another.

Continued....
in-line transfer at a specific location in Cushing (*see e.g.*, "**Crude Oil Sell vs. Lease Agreement**" CLR-329139 to CLR-329148). At Cushing, CLR then re-sells the oil to ConocoPhillips (or some other purchaser) by in-line transfer at the exact same location in Cushing, this unconditional oil sales contract being titled a "**Crude Oil Outright Purchase Agreement**" (*see e.g.*, CLR-564223 to CLR-564224). Under the "Crude Oil Outright Purchase Agreement", "*Continental warrants that the barrels sold herein are an outright purchase by ConocoPhillips. ConocoPhillps is under no obligation, express or implied, to exchange, sell, or in any way pay back barrels to Continental as a condition of this purchase*"; there is no such warranty in the "Crude Oil Sell vs. Lease Agreement").

> The detriment caused by the wrongful conversion of personal property is presumed to be:
>
> 1. The value of the property at the time of the conversion with the interest from that time; or,
> 2. Where the action has been prosecuted with reasonable diligence, the highest market value of the property at any time between the conversion and the verdict, without interest, at the option of the injured party; and,
> 3. A fair compensation for the time and money properly expended in pursuit of the property.
>
> 23 O.S. §64.

21. In the event CLR did have authorization to sell oil belonging to the royalty owners, then at a minimum, CLR had the obligation to sell such oil on the best price and terms available, and in no event less than the value of all consideration received in an unaffiliated, arm-length sale.

III. Gas and Gas Liquids (NGLs) Issues

CLR and CLR's Gas Marketing Affiliates:

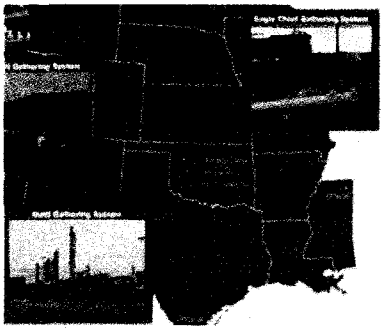
22. Beginning in the early 1990s, when CLR marketed gas from Oklahoma wells, CLR "negotiated" and entered into sales contracts with a wholly owned subsidiary marketing affiliate named Continental Gas, Inc. ("Continental Gas").[7] In 1992, Continental Gas also began building and acquiring gas gathering systems (also known as mid-stream facilities) in areas where CLR was actively operating.

> We [Hiland Partners, LP] commenced our midstream operations in 1990 when Continental Gas, Inc., then a subsidiary of Continental Resources, constructed the Eagle Chief gathering system in northwest Oklahoma. Since 1990, we have grown through a combination of building gas gathering and processing assets in areas where Continental Resources has active exploration and production assets and through acquisitions of existing systems which we have then expanded.[8]

[7] Continental Gas was incorporated on April 24, 1990.

[8] Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 11 of 611.

23. At the time of the creation of Hiland Partners, LP ("Hiland")[9] in 2004, Continental Gas was not only the "purchaser" of CLR's gas, but it also owned and operated two gathering systems and gas plants in Oklahoma that were transferred, along with its gas purchase contracts, to Hiland.[10]

> Our midstream assets include the following:
> • ***Eagle Chief Gathering System***. The Eagle Chief gathering system is a 524-mile gas gathering system located in northwest Oklahoma that gathers, compresses, dehydrates and processes natural gas. Our Eagle Chief gathering system has a capacity of 30,000 Mcf/d and the average volume of natural gas flowing through the system, or throughput, was approximately 20,020 Mcf/d for the nine months ended September 30, 2004.
>
> 
>
> * * *
> • ***Matli Gathering System***. The Matli gathering system is a 23-mile gas gathering system located in central Oklahoma that gathers, compresses, dehydrates, treats and processes natural gas. Our Matli gathering system has a capacity of 20,000 Mcf/d and average throughput was approximately 15,200 Mcf/d for the nine months ended September 30, 2004. [Emphasis added.][11]

24. In 2007, Hiland began construction of the Woodford Shale Gathering System.

> • **Woodford Shale Gathering System**. The Woodford Shale gathering system is a 55-mile gathering system located in southeastern Oklahoma

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[9] Hiland Partner, LP was formed as a publicly traded master limited partnership. Although publicly traded, Hiland was controlled by Hamm, as reflected in Hiland's own public disclosures.

[10] "The current owners of Continental Gas . . . will contribute to us [Hiland], prior to consummation of this offering, all of the assets and operations of Continental Gas, other than a portion of its working capital assets. . . . Continental Gas currently owns all of our natural gas gathering, processing, treating and fractionation assets . . . . Prior to July 21, 2004, Continental Gas was owned by Continental Resources, an independent exploration and development company owned by Harold Hamm, the Chairman of the Board of our general partner, the Harold Hamm DST Trust and the Harold Hamm HJ Trust, which we collectively refer to as the Hamm Trusts. Harold Hamm and the Hamm Trusts are collectively referred to herein as the Hamm Parties. On July 21, 2004, Continental Resources completed the sale of Continental Gas to the Hamm Parties." [Emphasis added.] Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 16 of 611.

[11] Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 5 & 12 of 611.

> and is designed to provide low-pressure gathering, compression and dehydrating services. The system includes four compressor stations and has approximately 17,400 horsepower installed. Natural gas gathered on the Woodford Shale gathering system is processed at third party processing facilities. Our Woodford Shale gathering system has a capacity of 65,000 Mcf/d and average throughput was 27,447 Mcf/d of natural gas which produced approximately 1,214 Bbls/d of NGLs[12] for the year ended December 31, 2008.[13]

25. In 2009, through a merger with affiliates of Hamm, Hiland ceased to be publicly traded and CLR's gas marketing affiliate once again became wholly owned by Hamm, the Hamm Trusts and other affiliates of Hamm.

> The Hiland companies, Hiland Partners, LP (Nasdaq: HLND) and Hiland Holdings GP, LP (Nasdaq: HPGP), today announced that each of the Hiland companies has signed a separate definitive merger agreement with an affiliate of Harold Hamm, pursuant to which affiliates of Mr. Hamm have agreed to acquire for cash all of the outstanding common units of each of the Hiland companies that are not owned by Mr. Hamm, his affiliates or Hamm family trusts.[14]

26. Whether it was: (1) Continental Gas as a wholly owned subsidiary of CLR; (2) Hiland as a publicly traded master limited partnership[15]; or (3) Hiland as an entity owned by Hamm, the Hamm Trusts and other Hamm affiliates, one thing is for certain – there has always been common control of CLR and the entity marketing CLR's gas. The common control of course was Harold Hamm[16] ("We [Hiland] began our midstream operations in 1990 when then

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[12] Royalties were not paid on the NGLs. Damages related to the failure to pay royalties on the NGLs are reflected as "NGL Uplift" in the Class damage model.

[13] Hiland Partners, LP, 2008 Annual Report, SEC 10-K, p. 11 of 162, http://www.annualreports.com/HostedData/AnnualReports/PDF/hlnd2008.pdf.

[14] National Association of Publicly Traded Partnerships, *Hiland Partners, LP and Hiland Holdings GP, LP Enter into Merger Agreements to be Acquired by Affiliates of Harold Hamm*, 6/1/2009, http://www.naptp.org/News/PTPsNews/Hiland_Merger_Agreements.html.

[15] Although Hiland was a publicly traded master limited partnership, Hiland acknowledged publicly that "Harold Hamm controls our general partner, which has sole responsibility for conducting our business and managing our operations" Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 13 of 611.

[16] Even today, Hamm controls both CLR and Hiland, not only as the majority equity owner of both entities, but as their Chairman of the Board of Directors. "Harold G. Hamm has served as Chief Executive Officer and a director *(continued .....)*

privately held Continental Resources, Inc. formed a gas gathering/processing company to support its exploration and production activities. Hiland and Continental Resources are separate entities, with Harold Hamm as the controlling equity holder of both."[17]).[18]

27. The Oklahoma Supreme Court has repeatedly warned producers, such as CLR, that affiliate sales contracts cannot be the basis for calculating royalties due in Oklahoma.

> Courts should take care not to allow lessors to be deprived or defrauded of their royalties by their lessees entering into illusory or collusive assignments or gas purchase contracts. Whenever a lessee or assignee is paying royalty on one price, but on resale a related entity is obtaining a higher price, the lessors are entitled to their royalty share of the higher price.[19] The key is common control of the two entities.

Tara Petroleum Corp. v. Hughey, 1981 OK 65, ¶ 20, 630 P.2d 1269.

28. In *Howell v. Texaco, Inc.*, 2004 OK 92, 112 P.3d 1154, the Oklahoma Supreme Court expressly reaffirmed its holding in *Tara* that: "A royalty owner has a right to be paid on the best price available. . . . The plaintiffs here are entitled to have their royalty payments based on the prevailing market price or the work-back method, whichever one results in the higher

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Continued....
since our [CLR's] inception in 1967 and currently serves as Chairman of the board of directors [of CLR]. He also serves as Chairman of the board of directors of the general partner of Hiland Partners LP and as Chairman of the board of directors of the general partner of Hiland Holdings GP, LP ("Hiland Holdings"). Hiland Holdings owns the general partner interest and units in Hiland Partners LP." http://www.clr.com/about/leadership/harold-g-hamm.

[17] Hiland 2008 Annual Report, p. 4 of 162,
http://www.annualreports.com/HostedData/AnnualReports/PDF/hlnd2008.pdf.

[18] The common control of CLR and Continental Gas/Hiland was not limited to Harold Hamm; consider Randy Moeder. "***Randy Moeder*** was elected Chief Executive Officer, President and a director of our [Hiland's] general partner in October 2004. Mr. Moeder has been Manager of Hiland Partners, LLC since its inception in October 2000. He also has been President of Continental Gas, Inc. since January 1995 and was Vice President from November 1990 to January 1995. Mr. Moeder was Senior Vice President and General Counsel of Continental Resources, Inc. from May 1998 to August 2000 and was Vice President and General Counsel from November 1990 to April 1998." Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 105 of 611.

[19] CLR's "related entity", Continental Gas and Hiland, sold residue gas and NGLs for a higher price or greater value than it paid CLR under its "percentage-of-proceeds" ("POP"), "percentage-of-index" ("(POI") and "fixed-fee" contracts. It was those lower POP, POI and fixed-fee prices and values that CLR calculated and paid its royalty obligations to the Class, in violation of *Tara* (and *Howell*).

market value. We hold that an intra-company gas sale cannot be the basis for calculating royalty payments." *Id.* at ¶ 22.

29. In calculating its royalty obligations to Class Members, CLR used as its basis the illusory "wellhead" gas sales contract between CLR and its gas marketing affiliate Continental Gas/Hiland.

30. Under Oklahoma law, the starting point for CLR's royalty calculations should have been, and must be, the point at which Continental Gas, Hiland or CLR sold marketable residue gas and marketable NGLs removed from the raw gas stream to an unaffiliated third party purchaser. That point is either: (1) the tailgate of Eagle Chief Gathering System; (2) the tailgate of the Malti Gathering System; (3) the tailgate of the Woodford Shale Gathering System; (4) the tailgate of third-party owned gathering systems; and/or (5) further downstream of the tailgate of said gathering systems.[20]

Midstream Services Provided by Continental Gas and Hiland Were Necessary to Make CLR's Gas (and NGLs) "Marketable" And are Not Deductible in the Calculation of Class Royalties:

31. Only "costs incurred after the gas becomes marketable may be apportioned between the royalty owner and the producer." [Emphasis added.] *Howell*, 2004 OK 92 at ¶ 21.

32. Midstream services provided by Continental Gas, Hiland and third parties were necessary to make CLR's raw gas (and NGLs) into a "marketable product."

33. Hiland described these midstream services in public filings as follows (the red oval added by Strack in the diagram Hiland prepared represents typical midstream services[21]):

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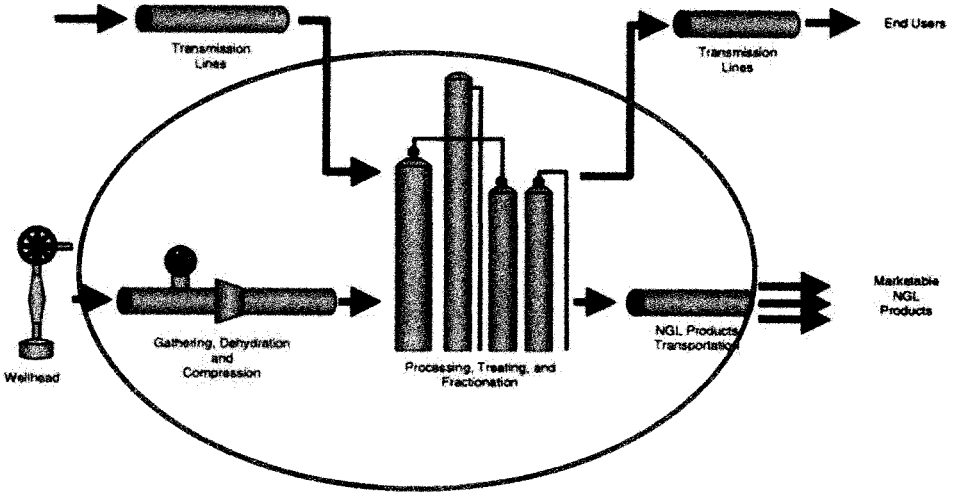
[20] *See, e.g.,* Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 92-97.

[21] This illustration can be found at: Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 90.



Overview

[W]e connect the wells of natural gas producers in our market areas to our gathering systems, treat natural gas to remove impurities, process natural gas for the removal of NGLs, fractionate NGLs into NGL products and provide an aggregate supply of natural gas and NGL products to a variety of natural gas transmission pipelines and markets.

* * *

Our midstream operations consist of the following:

- **gathering and compressing** natural gas to facilitate its transportation to our processing plants, third-party pipelines, utilities and other consumers;
- **dehydrating** natural gas to remove water from the natural gas stream to meet pipeline quality specifications;
- **treating** natural gas to remove or reduce impurities such as carbon dioxide, hydrogen sulfide and other contaminants to ensure that the natural gas meets pipeline quality specifications;
- **processing** natural gas to extract NGLs and selling the resulting residue natural gas and, in most cases, the NGLs; and
- **fractionating** a portion of our NGLs into a mix of NGL products, including ethane, propane and a mixture of butane and natural gasoline, and selling these NGL products to third parties. [Hiland does not own any fractionating facilities in Oklahoma.] [Emphasis added.][22]

* * *

Natural gas gathering and compression. The natural gas gathering process begins with the drilling of wells into gas bearing rock formations. Once a well has been completed, the well is connected to a gathering system. Gathering systems generally consist of a network of small diameter pipelines that collect natural gas from points near producing wells and transport it to larger pipelines for further transmission.

[22] Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 85-86.

Gathering systems are operated at design pressures that will maximize the total throughput from all connected wells. Since wells produce at progressively lower field pressures as they age, it becomes increasingly difficult to deliver the remaining production in the ground against a higher pressure that exists in the connecting gathering system. Natural gas compression is a mechanical process in which a volume of gas at an existing pressure is compressed to a desired higher pressure, allowing gas that no longer naturally flows into a higher-pressure downstream pipeline to be brought to market. Field compression is typically used to allow a gathering system to operate at a lower pressure or provide sufficient pressure to deliver gas into a higher downstream pipeline. If field compression is not installed, then the remaining natural gas in the ground will not be produced because it cannot overcome the higher gathering system pressure. In contrast, if field compression is installed, then a well can continue delivering natural gas that otherwise would not be produced.

Natural gas dehydration. Produced natural gas is saturated with water, which **must be removed** because the combination of natural gas and water can form ice that can plug various parts of the pipeline gathering and transportation system. Water in a natural gas stream can also cause corrosion when combined with carbon dioxide or hydrogen sulfide in natural gas. In addition, condensed water in the pipeline can raise pipeline pressure. To avoid these potential issues and to meet downstream pipeline and end-user gas quality standards, natural gas is dehydrated to remove the saturated water.

Natural gas treating. Natural gas has a varied composition depending on the field, the formation and the reservoir from which it is produced. Natural gas from certain formations can be high in carbon dioxide or hydrogen sulfide. Natural gas with high carbon dioxide or hydrogen sulfide levels may cause significant damage to pipelines and is generally not acceptable to end-users. To alleviate the potential adverse effects of these contaminants, many pipelines regularly inject corrosion inhibitors into the gas stream.

* * *

Natural gas processing. Natural gas processing involves the separation of natural gas into pipeline quality natural gas and a mixed NGL stream. The principal components of natural gas are methane and ethane, but most natural gas also contains varying amounts of other NGLs. Most natural gas produced by a well is not suitable for long-haul pipeline transportation or commercial use and must be processed to remove the heavier hydrocarbon components. Natural gas is processed not only to remove unwanted NGLs that would interfere with pipeline transportation or use of the natural gas, but also to separate from the gas those hydrocarbon liquids that have higher value as NGLs. The removal and separation of individual

hydrocarbons by processing is possible because of differences in weight, boiling point, vapor pressure and other physical characteristics.

Fractionation. Fractionation is the process by which NGLs are further separated into individual, more valuable components. NGL fractionation facilities separate mixed NGL streams into discrete NGL products: ethane, propane, isobutane, normal butane and natural gasoline. . . . Because the fractionation process uses large quantities of heat, energy costs are a major component of the total cost of fractionation. . [Hiland does not own any fractionating facilities in Oklahoma.]

Natural gas transportation. Natural gas transportation pipelines receive natural gas from other mainline transportation pipelines and gathering systems and deliver the processed natural gas to industrial end-users and utilities and to other pipelines. We currently do not engage in natural gas transportation.

NGL transportation. NGLs are transported to market by means of pipelines, pressurized barges, rail car and tank trucks. The method of transportation utilized depends on, among other things, the existing resources of the transporter, the locations of the production points and the delivery points, cost-efficiency and the quantity of NGLs being transported. Pipelines are generally the most cost-efficient mode of transportation when large, consistent volumes of NGLs are to be delivered. We currently do not engage in NGL transportation.[23]

34. Hiland is not the only midstream service company that publically recognizes that their services are necessary to convert raw natural gas into "marketable" products. For example, ONEOK, Oklahoma's largest natural gas distributor, asserts:

> Through gathering systems, natural gas is aggregated [gathered] and treated or processed for removal of water vapor, solids and other contaminants, and to extract NGLs in order to provide marketable natural gas, commonly referred to as residue gas.[24]

Further, Duke Energy and Spectra Energy, both of whom are associated with DCP Midstream, another large midstream company in Oklahoma, define 'marketable' gas as:

> **Marketable (Merchantable)** – Raw natural gas from which impurities

[23]Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005, p. 90-92.

[24] ONEOK 10-K, http://www.sec.gov/Archives/edgar/data/1039684/000103968411000029/form_10-k.htm.

> have been removed so that the natural gas meets the quality specifications of the pipeline transmission facility that will receive it for transportation to market. Also called PIPELINE QUALITY GAS.[25]

35. The Counsel of Petroleum Accountants Societies (COPAS) also makes reference to "Marketable Gas" in its publications and supports the above definition, *e.g.*, COPAS AG-15:

> Generally low pressure gas must be compressed to be marketable. Gas with high carbon dioxide, nitrogen, hydrogen sulfide, or other contaminants must be treated to meet gas pipeline specifications. Occasionally gas well gas is commingled prior to the separation of the gas and condensate. The gas brought together in the gathering system or transmission line may be delivered directly to a gas pipeline for transportation or sale, it may be compressed or treated to make the gas marketable (meet the pipeline specifications for pressure/quality) . . . . Gas in a particular gathering system may require compression in order to be sold or transported, used in field operation such as injection or gas lift, or processed for the extraction of liquid hydrocarbons. Gas pipelines and processing plants have specific operating pressure and the gas from the gathering line must equal or exceed that pressure in order to flow into the pipeline or plant. [Emphasis added]. *Id.* at 3-2 and 3-5.

36. "[T]he transformation of raw gas into residue gas, which requires gas to be gathered and moved from wellhead to processing plant, is generally a necessary part of the production of gas as a marketable commodity."[26]

37. The Oklahoma Supreme Court in *Mittelstaedt v. Santa Fe Minerals, Inc.*, 1998 OK 7, ¶2, 954 P.2d 1205, and the Oklahoma Court of Appeals in *Laverty v. Newfield Exploration Mid-Continent, Inc.*, Okla. Ct. App. Case No., 102,525 (August 25, 2006), held that a lessee is prohibited from deducting costs before a marketable product is created and that as a precondition of making such deductions, the lessee must show that any costs deducted are

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[25] *See*, http://www.duke-energy.com/glossary-of-energy-terms/g.asp, and http://www.spectraenergy.com/Natural-Gas-101/Glossary-of-Energy-Terms/G/.

[26] *Duke Energy Nat. Gas Corp. v. Commissioner of Internal Revenue*, 172 F.3d 1255, 1258 (10th Cir. 1999); *see also, Apache Corp. v. State*, 2004 OK 48, ¶ 13, 98 P.3d 1061, (Apache sought a tax refund based on evidence "that raw hydrocarbons are not marketable at the moment they reach the surface, and that field processing is required by all buyers of oil and natural gas.").

reasonable and enhance the value of an already marketable product.[27]

38. An oil and gas lessee (like CLR) is prohibited "from deducting a proportionate share of transportation, compression, dehydration, and blending costs when such costs are associated with creating a marketable product." *Mittelstaedt* at ¶2. *See also, TXO v. CLO,* 1994 OK 131, ¶17, 903 P.2d 259, 263 (holding lessee is not entitled to deduct cost of gas compression from royalty owners' interest); *Wood v. TXO,* 1992 OK 100, 903 P.2d 206 (holding lessee is not entitled to deduct cost of gas gathering from royalty owner interest). "In order to burden the royalty interest with a proportionate share of the costs, the producer [like CLR] must show: (1) that the costs enhanced the value of an already marketable product, (2) that such costs are reasonable, and (3) that actual royalty revenues increased in proportion with the costs assessed against the nonworking interest." *Howell* at ¶21, quoting *Mittelstaedt*, at ¶2.

39. There is a rebuttable presumption against the making of deductions from the royalty owners' proceeds and the burden is placed upon the producer to rebut that presumption before any deduction can be made.

> In sum, a royalty interest **may** bear post-production costs of transporting, blending, compression, and dehydration, when [1] the costs are reasonable, [2] when actual royalty revenues increase in proportion to the costs assessed against the royalty interest, [3] when the costs are associated with transforming an already marketable product into an enhanced product, and [4] **when the lessee meets its burden of showing these facts.** [Emphasis added.]

Mittelstaedt, at ¶30.

40. The basis of the Oklahoma rule that royalty is not subject to any deductions before the products become marketable is the "lessee's duty to market" (also called the "implied covenant to market"), which is included in all oil and gas leases unless (and only to the extent)

[27] *Mittelstaedt* and *Newfield* both involved direct sales to third party purchasers; under *Howell* and *Tara*, the affiliated "first sales" are ignored for royalty purposes.

modified by specific, express language allowing deductions to make the gas marketable. The "implied duty to market means a duty to get the product to the place of sale in marketable form." *Mittelstaedt* at ¶12 (*quoting TXO v. CLO*, 903 P.2d at 262, *quoting Wood v. TXO*, 854 P.2d at 882). "The costs for compression, dehydration and gathering are not chargeable to [royalty owner] because such processes are necessary to make the product marketable under the implied covenant to market." *TXO Production Corp. v. State ex. rel Commr's of Land Office*, 903 P.2d at 260.

41. The Oklahoma Supreme Court unequivocally confirmed that it "decided the royalty owner cases based on the implied covenant of marketability under the oil and gas lease." *XAE Corp. v. SMR Property Management Co.*, 1998 OK 51, ¶10, 968 P.2d 1201.

42. All of the fees charged, deducted or absorbed into the price paid by Continental Gas and Hiland, or by third-party purchasers[28] (for gathering, compression, dehydration, fuel. treating, blending and processing) to CLR, which CLR then secretly deducted from the royalty owners,[29] were costs necessary to make the raw gas (and NGLs) into marketable residue gas and NGLs.

43. Unless CLR's lessor explicitly modified the implied covenant to market with express language in the lease allowing deductions to make the gas marketable, none of these deductions were appropriate deductions to the royalty owners.

44. Even in those leases where express lease covenants allow these deductions, CLR may only deduct its (Continental Gas and Hiland's) reasonable costs for the services, i.e., CLR and its affiliates may not profit by it. In this case, none of the deductions were either reasonable

[28] Some of CLR's gas was sold by CLR to third-party gas purchasers.

[29] In recent years, beginning about the time this case was filed, CLR began reporting some, but not all of the fees on the royalty check stub.

or limited to recovery of the real "costs".

Continental Gas and Hiland "Charged" CLR
For Midstream Services in Three Different Ways:

45. The improper deductions from royalty owners were deducted and concealed through three different types of contracts entered into between CLR and Continental Gas/Hiland.

46. These three types of contracts were described by Hiland as follows:

> - ***Percent-of-proceeds arrangements***. Under percent-of-proceeds arrangements, we generally purchase natural gas from producers at the wellhead, gather, treat, and process the natural gas, in some cases fractionate the NGLs into NGL products, and then sell the resulting residue gas and NGLs or NGL products at index-related prices. We remit to the producers either an agreed upon percentage of the proceeds or an index-related price for the natural gas and the NGLs.
>
> * * *
>
> - ***Percentage-of-index arrangements***. Under percentage-of-index arrangements, we purchase natural gas from the producers at the wellhead at a price that is at a fixed percentage of the index price for the natural gas that they produce. We then gather, treat and process the natural gas, in some cases fractionate the NGLs into NGL products and then sell the residue gas and NGLs or NGL products pursuant to natural gas or NGL arrangements described above. Since under these types of arrangements our costs to purchase the natural gas from the producer is based on the price of natural gas, our total segment margin under these arrangements increase as the price of NGLs increase relative to the price of natural gas.
>
> * * *
>
> - ***Fixed-fee arrangements***. Under fixed-fee arrangements, we purchase natural gas from the producers at the wellhead at an index based price less a fixed fee to gather, dehydrate, compress, treat and/or process their natural gas. These types of arrangements typically require us to pay the producer for the value of the wellhead gas less the applicable fee.[30]

47. In addition to keeping a portion of the value of the NGLs through the arrangements described above, there appears to have been other NGL sales that were not reported to the royalty owners.

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[30]Hiland Partners, LP, SEC Form S-1, Registration Statement, Amendment No. 3, 2/1/2005.

48. In public filings with the Security Exchange Commission (SEC) it has been revealed that CLR's affiliate, Hiland, sold over 1,200 barrels of liquid hydrocarbons per day in 2008 (i.e., over 440,000 barrels during 2008) from CLR operated wells on its gathering system in Southeast Oklahoma known as the "Woodford Shale Gathering System". The sales of these liquid hydrocarbons were never disclosed to the royalty owners, and no royalties were paid on the sales of these liquid hydrocarbons.

> Woodford Shale Gathering System. The Woodford Shale gathering system is a 55-mile gathering system located in southeastern Oklahoma and is designed to provide low-pressure gathering, compression and dehydrating services. The system includes four compressor stations and has approximately 17,400 horsepower installed. Natural gas gathered on the Woodford Shale gathering system is processed at third party processing facilities. Our Woodford Shale gathering system has a capacity of 65,000 Mcf/d and average throughput was 27,447 Mcf/d of natural gas which produced approximately **1,214 Bbls/d of NGLs for the year ended December 31, 2008**." [Emphasis added.]

Hiland Partners, LP, 2008 Annual Report, SEC 10-K, p. 11 of 162, http://www.annualreports.com/HostedData/AnnualReports/PDF/hlnd2008.pdf.

49. Other documents already produced in this case reflect that CLR and/or Hiland sold condensate (i.e., liquid hydrocarbons) from various compressor sites on the Eagle Chief and Matli gathering systems in Northwest Oklahoma. As sample months only, records reflect 189.21 barrels were sold in January 2009 (Hiland-365), 190.21 barrels sold in November 2004 (Hiland366), 320.44 barrels sold in March 2010 (Hiland404). The sales of the condensate from the CLR-owned compressor sites were never disclosed to the royalty owners, and no royalties were paid on the sales of the condensate from these compressor sites. The condensate found in the gas gathering lines or associated "drip pots" is commonly referred to as "**scrubber oil**" or "**slop oil**" and royalties are due thereon.

50. CLR has not disclosed or accurately informed CLR's royalty owners of the true, complete and accurate facts on which the natural gas and natural gas liquids (and oil as discussed above) royalty payments were based.

51. Before CLR secretly made deductions from its royalty owners, CLR made no showing to meet its burden to negate Oklahoma's rebuttable presumption against making deductions from royalties.

Exhibit B
(Settlement Agreement)

EXHIBIT "B" TO SETTLEMENT AGREEMENT
SCHEDULE OF DEADLINES

No.	Description	Schedule
1.	Effective Date of the Settlement Agreement	2/16/2018
2.	*In Camera* Hearing for Preliminary Approval of Settlement (Location: Garfield County Courthouse, Enid, OK)	4/3/2018 at 1:30 p.m.
3.	Notice Date (for mail out)	4/17/2018
4.	Class Counsel to Prepare and Provide to CLR Preliminary by-Well Net Sub-Class 1 Payment Distribution Allocation	4/17/2018
5.	End of Opt-out Period and Deadline for Service of Objections to the Settlement or Application for Fees and Expenses	5/17/2018
6.	CLR's Deadline to Exercise of option to terminate settlement due to excessive opt-out	6/1/2018
7.	Fairness Hearing, including hearing on Attorneys' Fees and Expenses and issuances of related orders (Location: Garfield County Courthouse, Enid, OK)	6/11/2018 at 9:00 a.m. (additional date if needed 6/14/2018 at 9:00 a.m.)
8.	Order Approving Settlement Becomes Final and Unappealable	As provided in the Settlement Agreement
Distribution of Sub-Class 1 Payment		
9.	Sub-Class 1 Payment of Attorneys' Fees and Expenses Distributed to Class Counsel	10 Business Days After Date 8
10.	Net Sub-Class 1 Payment Distribution to Class Members to be made by CLR	On or before 60 days from the later of Date 8 or the date the Court approves the allocation and distribution of the Net Sub-Class 1 Payment
11.	CLR to Provide a Report reflecting the Balance of Net Sub-Class 1 Payment not Cashed or Member not in "Pay Status"	180 days from Date 10
12.	CLR to Pay Residual Sub-Class 1 Payment to Court-Approved Account for Further Disposition and Order of the Court	Upon approval by the Court of the Report referenced in No. 11
13.	Disposition of Undistributed Residual Sub-Class 1 Payment	Upon Application of Class Counsel and Order of the Court following Date 12

EXHIBIT "B" TO SETTLEMENT AGREEMENT
SCHEDULE OF DEADLINES

Determination of Sub-Class 2 Payment		
14.	Gas Production, Proceeds and Charges Booking Procedure Review Period begins	2/16/2018
15.	Lease Review Period begins	5/17/2018
16.	CLR to Conclude Gas Production, Proceeds and Charges Booking Procedure Review Period and Lease Review Period	As Expeditiously as Reasonably Possible
17.	CLR to Provide Class Counsel a Report of Additional Consideration to be Paid for Period 2	Within a reasonable time after completing the Additional Consideration calculations provided for in Section 3.4 of the Settlement Agreement
18.	Class Counsel's to Review the Report referenced in No. 18 and Obtain Court Approval of Sub-Class 2 Payment and Distribution for Net Sub-Class 2 Payment	ASAP after Date 17
Distribution of Sub-Class 2 Payment		
19.	Sub-Class 2 Payment Attorney's Fees and Expenses Distributed to Class Counsel	Within 10 business days after the later of (i) Date 8 and (ii) the date the Court approves the determination of the amount of the Additional Consideration to be paid and distributed by Continental for the Claim Period 2
20.	Net Sub-Class 2 Payment Distribution to Class Members to be made by CLR	Within 60 days after the later of (i) Date 8 and (ii) the date the Court approves the Sub-Class 2 Payment determined pursuant to paragraph 3.4 of the Settlement Agreement
21.	CLR to Provide a Report reflecting the Balance of Net Sub-Class 2 Payment not Cashed or Member not in "Pay Status"	180 days from Date 20
22.	CLR to Pay Residual Sub-Class 2 Payment to Court-Approved Account for Further Disposition and Order of the Court	Upon approval by the Court of the Report referenced in No. 21
23.	Disposition of Undistributed Residual Sub-Class 2 Payment	Upon Application of Class Counsel and Order of the Court following Date 22
Beginning of Future Production Period		
24.	Beginning of "Future Production Period"	First Production Month after the month of production Continental can reasonably include in the Additional Consideration report to be provided to Class Counsel pursuant to paragraph 3.4 of the Settlement Agreement.

Exhibit C
(Settlement Agreement)

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.	)	CASE NO. CJ-10-75
	)	(JUDGE HLADIK)
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

ORDER ON PLAN OF NOTICE

This matter came on for hearing on the 3rd day of April, 2018, on the joint motion for preliminary approval of the settlement between the Class Representatives and Continental (as those terms, as well as the other terms used herein, are defined in the Settlement Agreement), and for the approval of the Plan of Notice to Class Members. Having preliminarily approved the Settlement and Certifying the Settlement Class by separate Order, the Court hereby approves and orders the following Plan of Notice to the Class Members:

1. The form of the Notice of Proposed Class Action Settlement ("Notice for Mailing") attached hereto as Exhibit 1 and to the Settlement Agreement as Exhibit C-1, subject to appropriate formatting for printing purposes, will adequately inform the members of the Settlement Class of the scope and effect of the proposed settlement between Class Representatives and Continental, as well as their rights related thereto. Therefore, the Court approves the form of the proposed Notice for Mailing.

2. Continental shall use its current and historic royalty payment decks in its possession for purposes of determining the identity of Class Members and their last known mailing address, if available ("Class Member List"). Continental shall provide the Class Member List to the Class Representatives within five (5) days from the date of this Order.

3. Utilizing the Class Member List, the Notice for Mailing shall be sent (or caused to be sent) by Class Representatives, by first-class mail, to all Class Members identified on the Class Member List for whom a mailing address is indicated. The mailing of the Notice for Mailing should be sent on or before the 17th day of April, 2018.

4. Class Representatives shall create and maintain a website (www.StrackvsContinental.com) whereon the Notice for Mailing, Settlement Agreement, exhibits thereto, a list of Class Wells, and various other pleadings, orders or notices that Class Counsel determines are appropriate, will be posted and available to download by the Class Members. Class Counsel may also include on said website other information related to the Settlement.

5. Class Representative shall also publish (or cause to be published) an abbreviated Notice of Proposed Class Action Settlement ("Notice for Publication"), a copy of which is attached hereto as Exhibit 2 and to the Settlement Agreement as Exhibit C-2, subject to appropriate formatting for printing purposes, one time in each of the following newspapers: a) The Oklahoman, a paper of general circulation in Oklahoma; b) the Tulsa World, a paper of general circulation in Oklahoma; and c) the Journal Record, a paper of general circulation in Oklahoma. Said publication shall occur on or before April 17, 2018.

6. Paragraphs 1 through 5 shall collectively be referred to as the "Plan of Notice".

7. The Court finds the Plan of Notice constitutes the best notice practicable under the circumstances. The Court further finds the Plan of Notice complies with 12 O.S.

§2023(C)(4) [1] and constitutes due and sufficient notice of: (a) the Class Action Settlement between Class Representatives and Continental (as well as Class Counsels' requests for Attorneys' Fees and Expenses); and (b) the time, date and place of the Fairness Hearing; and constitutes due and sufficient due process notice for all purposes to all persons legally entitled to receive such notice.

8. Class Counsel shall file with the Court an affidavit of mailing reflecting the names, addresses and date of mailing of the Notice for Mailing ("Affidavit of Mailing"), and shall also file affidavits of publication of the Notice for Publication ("Affidavits of Publication"), both filed at least ten (10) days prior to the Fairness Hearing. The Court finds that pursuant to 12 O.S. § 3226(C) and 51 O.S. §§ 24A.25, 24A.29, and 24A.30, the Exhibit to the Affidavit of Mailing containing the compilation of the names and addresses of Continental's royalty owners should be filed under seal and subject to the Amended Protective Order entered in this case.

Done and Ordered this 3rd day of April, 2018.

_____
The Honorable Dennis Hladik

[1] "The notice shall clearly and concisely state in plain, easily understood language: a. the nature of the action, b. the definition of the class certified, c. the class claims, issues or defenses, d. that a class member may enter an appearance through an attorney if the member so desires, e. that the court will exclude him from the class if he so requests by a specified date, f. that the judgment, whether favorable or not, will include all members who do not request exclusion, and g. that any member who does not request exclusion may, if he desires, enter an appearance through his counsel." 12 O.S. §2023(C)(4).

Exhibit C-1

(Order on Plan of Notice)

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.	)	CASE NO. CJ-10-75
CONTINENTAL RESOURCES, INC., DEFENDANT.	)	(JUDGE HLADIK)

NOTICE OF: (1) PROPOSED SETTLEMENT OF CLASS ACTION; (2) MOTION FOR ATTORNEYS' FEES AND EXPENSES; AND (3) FAIRNESS HEARING

This is not a solicitation from a lawyer. This notice is given pursuant to the Order of the District Court of Blaine County, Oklahoma (the "Court"), pursuant to Okla. Stat. tit. 12, § 2023.
If you belong to the Settlement Class and this Settlement is approved, your legal rights will be affected. YOU DO NOT NEED TO DO ANYTHING TO REMAIN A PART OF THIS SETTLEMENT CLASS. IF YOU DO NOT WANT TO BE IN THE SETTLEMENT CLASS, YOU HAVE TO NOTIFY THE COURT USING THE OPT-OUT PROCEDURE SET OUT BELOW.
Read this Notice carefully to see what your rights and options are in connection with this Settlement.

- On April 3, 2018, the Court preliminarily approved a Settlement in the above-captioned Class Action Litigation (capitalized terms not otherwise defined in this notice shall have the meanings attributed to those terms in the Settlement Agreement.)[1]
- This Settlement relates ONLY to Continental Resources, Inc's ("Continental") royalty payments (not overriding royalty payments) for the Class Wells located in the State of Oklahoma, and ONLY to payment for hydrocarbons produced from the Class Wells to the extent of Continental's working interest ownership in the Class Wells. To determine if a well in which you own a royalty interest is included in this Settlement, **you may obtain a list of the Class Wells by visiting www.StrackvsContinental.com.**
- If you received this Notice, or if you received oil or gas royalty payments from Continental (or possibly from another well operator who was distributing royalties for Continental) on a Class Well since July 1, 1993, you are likely a member of the Settlement Class (or possibly a royalty distributor who distributed royalties for Continental). Please see the formal definition of the Settlement Class listed below in Question No. 1 "**Why did I receive this Notice?**"
- This Settlement involves three separate time periods (Continental's agreement as to each time period is different) and your participation in this Settlement may relate to any one, two or all three of the time periods, depending upon the production dates from your Class Well:

	"Claim Period 1"	**"Claim Period 2"**	**"Future Period"**
Beginning of period	July 1993 Production	December 2015 Production	First Production Month after the end of the Adjustment and Additional Consideration Period (*estimated mid-2019*)
End of period	November 2015 Production	End of the Adjustment and Additional Consideration Period (*estimated mid-2019*)	Perpetual (unless the law changes)
To settle the Released Claims, Continental has agreed to:	Pay Sub-Class 1 Members their allocated share of $49,800,000.00	Pay Sub-Class 2 Members for gathering charges deducted, with 9% interest, unless the lease has an Express Deduction Clause	Not deduct Gathering Charges, unless the lease has an Express Deduction Clause; Not deduct Processing or Transportation Charges if the lease has an Express No Deduction Clause prohibiting such deductions

[1] **This Notice only summarizes the Settlement Agreement and the documents referenced therein, which fully describe the terms of the Settlement. Please refer to the Settlement Agreement for a complete description of the terms and provisions of the Settlement available at www.StrackvsContinental.com.**

YOUR LEGAL RIGHTS AND OPTIONS

You Do Not Need To Take Any Further Action To Participate In The Settlement

If the Settlement is approved, you do not need to take any further action to participate in the Settlement (but if you no longer own your minerals, then see below). The portion of the Net Sub-Class 1 Payment and/or Net Sub-Class 2 Payment to which you are entitled will be calculated and paid as part of the administration of the Settlement. Further, **you will also automatically receive the benefit of Continental's agreement during the Future Period** to: (1) not deduct Gathering Charges from your royalties, unless your lease has an express clause that allows Continental to make deductions for Gathering Charges from your royalties (an "Express Deduction Clause"); (2) not deduct Processing Charges from your royalties, if your lease has an express clause that prohibits Continental from making deductions for Processing Charges from your royalties (an "Express No Deduction Clause" for Processing Charges); and (3) not deduct Transportation Charges from your royalties, if your lease has an express clause that prohibits Continental from making deductions for Transportation Charges from your royalties (an "Express No Deduction Clause" for Transportation Charges).

You Have The Right To Opt-Out Of The Settlement Class, Or File Written Comments Or Objections, To the Settlement Or Attorneys' Fees And Expenses, But If You Elect To Do So, You Must File It With The Court By May 17, 2018 at 5 p.m. CDT

Opt-Out: You May Exclude Yourself From The Settlement By Opting-out Of The Settlement	If you do not wish to be a member of the Settlement Class, you must exclude yourself and you will not receive any payment from the Settlement or the Future Production Period benefits. See the required process described in Answer to Question No. 21.
Written Comment: If You Remain In The Settlement Class, You May File A Written Comment (Supporting Or Opposing) The Settlement Or The Attorneys' Fees And Expenses	If you remain a member of the Settlement Class, you may submit written comments concerning the Settlement and/or Class Counsel's request for an award of Attorney's Fees and Expenses, either supportive or non-supportive. See the required process described in Answer to Question No. 23.
Objection To The Settlement: If You Remain In The Settlement Class, You May File An Objection To The Settlement	If you remain a member of the Settlement Class, you may object to the fairness of the Settlement by submitting a written objection to the Settlement. See the required process described in Answer to Question No. 24.
Objection To The Attorneys' Fees And Expenses: If You Remain In The Settlement Class, You May File An Objection To Class Counsels' Request for Attorneys' Fees And Expenses	If you remain a member of the Settlement Class, you may object to the reasonableness of Class Counsel's Request for an award of Attorneys' Fees and Expenses by submitting a written objection. See the required process described in Answer to Question No. 24.
Objection To Payments To Current Owner Rather Than The Prior Owner	If you no longer own minerals in a Class Well, the Payments will be made to the current owner, not you. If you object to this payment, you must file an objection. See Answer to Question No. 15.

The Fairness Hearing On The Settlement And Attorneys' Fees And Expenses Will Be Held On June 11, 2018 at 9:00 A.M. At the Garfield County Courthouse In Enid, OK

Fairness Hearing: June 11, 2018 at 9:00 A.M. At the Garfield County Courthouse In Enid, OK	The Fairness Hearing is open to the public. **You are NOT required to attend the Fairness Hearing to be part of the Settlement Class. However, you are required to appear in-person or through your own attorney at the Fairness Hearing to present any Objection you may have filed**. Your failure to submit a proper Objection (or appear in-person or through counsel) may result in the Objection being treated as a Written Comment, rather than an Objection. See Answer to Question No. 24.

INDEX TO NOTICE

1. WHY DID I RECEIVE THIS NOTICE?

You are being sent this Notice because you may be a member of the Settlement Class in the Class Action Litigation. Continental's payment history records reflect you have received payments from Continental (or you have distributed royalties on behalf of Continental) for oil and gas production proceeds from oil and gas wells in Oklahoma during the Claim Period (*see* Answer to Question No. 2). This Notice is not intended to be, and should not be construed as, an expression of any opinion with respect to the merits of the allegations in the Amended Petition filed in the Litigation and attached to the Settlement Agreement as Exhibit "A." This Notice explains the claims being asserted in the Litigation, explains the Settlement, and explains your rights related to the Settlement.

The Court caused this Notice to be sent to you because, if you fall within this group and are not otherwise excluded from the Settlement Class (*see* Answer to Question 2, "Who are the Class Members?"), your rights will be affected and you have a right to know about the proposed Settlement, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, after any Opt-outs, Objections and appeals are resolved, the Court-appointed Settlement Administrator and Continental will cause payments to be made to Class Members in accordance with the Settlement Agreement, and Continental will implement for Class Members the appropriate no deduction benefits for the Future Production Period.

2. WHO ARE THE CLASS MEMBERS?

The Court has entered an order which certified the Settlement Class, for settlement purposes only, pursuant to 12 O.S. § 2023 (B)(3) and (C)(6)(b) and which defines who the Class Members are, both in general, and for Sub-Class 1 for Claim Period 1 and Sub-Class 2 for Claim Period 2. The "**Settlement Class**" and "**Sub-Class 1**" and "**Sub-Class 2**" are defined as:

> All non-excluded persons or entities who are or were royalty owners in Oklahoma wells that had oil or natural gas production at any time during the period from and after July 1, 1993, and prior to February 1, 2018, where Continental Resources, Inc., or any affiliate of Continental Resources, Inc. (collectively "Continental Resources, Inc."), is or was the operator and/or working interest owner/lessee under oil and gas leases, or under forced pooling orders. The Class Claims relate only to payment for hydrocarbons produced from the wells and only to the extent of Continental Resources, Inc.'s working interest ownership in the Class Wells. The Class does not include overriding royalty owners or other owners who derive their interest solely through an oil and gas lessee.
>
> The persons or entities excluded from the Class are: (1) agencies, departments or instrumentalities of the United States of America and the State of Oklahoma, except the Commissioners of the Land Office (which is included in the Class), (2) publicly traded oil and gas exploration companies and their affiliates, and (3) any other person or entity Plaintiffs' counsel is, or may be prohibited from representing under Rule 1.7 of the Oklahoma Rules of Professional conduct.
>
> **Sub-Class 1 (Claim Period 1):**
> All persons or entities who are Class Members during Claim Period 1.
>
> **Sub-Class 2 (Claim Period 2):**
> All persons or entities who are Class Members during Claim Period 2 and entitled to a Sub-Class 2 Payment as determined pursuant to paragraph 3.4 of the Settlement Agreement,

3. WHO ARE THE CLASS REPRESENTATIVES?

The Court has appointed: (1) Mark Stephen Strack as Sole Successor Trustee of the Patricia Ann Strack Revocable Trust dated 2/15/99 and the Billy Joe Strack Revocable Trust dated 2/15/99; and (2) Daniela A. Renner, Sole Trustee of the Paul Ariola Living Trust and the Hazel Ariola Living Trust, as Class Representatives.

4. WHO ARE THE CLASS COUNSEL?

The Court appointed the following experienced attorneys to represent the Settlement Class as Class Counsel: (1) Douglas E. Burns and Terry L. Stowers of Burns & Stowers, P.C. and Kerry W. Caywood and Angela Caywood Jones of Park, Nelson, Caywood, Jones LLP.

5. WHO ARE THE RELEASED PARTIES?

The "Released Parties" under the terms of the Settlement Agreement are: Continental Resources, Inc., any subsidiaries or affiliates of Continental, and any officers, directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof.

6. WHAT IS THE CLASS ACTION LITIGATION ABOUT?

Plaintiffs filed a petition as a putative class action against Continental on November 4, 2010 and filed an Amended Petition on November 5, 2014. There are over 1,600 Class Wells and over 32,000 Class Members involved in the Class Action Litigation. In the Amended Petition, Class Representatives alleged Continental: (1) failed to pay royalties on all hydrocarbons, made improper deductions for gathering, compressing, dehydrating, field fuel, treating, processing, transporting and/or marketing; (2) provided insufficient reporting; and (3) failed to receive the best price available for oil and gas production from the Class Wells. Class Counsel further asserted Continental engaged in systematic schemes to misreport and skim oil and gas production and royalty proceeds from royalty owners for over 20 years. Specifically, Class Representatives alleged breach of contract and statutory obligations, breach of fiduciary duties, breach of duties to market, breach of duties as operator, actual fraud, deceit, constructive fraud, conversion, unjust enrichment, civil conspiracy, and sought both actual and punitive damages, and sought an accounting for oil and gas production and proceeds from the Class wells. For a more detailed understanding of the Litigation, you may review the Amended Petition which is attached as Exhibit "A" to the Settlement Agreement, which may be obtained at www.StrackvsContinental.com.

Continental has denied, and continues to deny, any and all liability to the Class Representatives, on behalf of themselves and

as representatives of the Settlement Class.

7. WHAT ARE THE PRODUCTION PERIODS INVOLVED IN THE SETTLEMENT?

There are three separate periods of production or Claim Periods under the terms of the Settlement Agreement.

	"Claim Period 1"	"Claim Period 2"	"Future Period"
Beginning of period	July 1993 Production	December 2015 Production	First Production Month after the end of the Adjustment and Additional Consideration Period (*estimated mid-2019*)
End of period	November 2015 Production	End of the Adjustment and Additional Consideration Period (*estimated. mid-2019*)	Perpetual (unless the law changes)
Sub-Class	Sub-Class 1	Sub-Class 2	All Class Members

8. WHAT HAS CONTINENTAL AGREED TO DO UNDER THE SETTLEMENT?

- **Claim Period 1**: Continental has agreed to pay the Sub-Class 1 Members their allocated share of a Gross Settlement Payment of **Forty-Nine Million Eight Hundred Thousand Dollars ($49,800,000.00)**.
- **Claim Period 2**: Continental will review its Oklahoma oil and gas leases to identify leases with "Express Deduction Clauses" or "Express NO Deduction Clauses," to make adjustments for Claim Period 2 and the Future Production Period (the "Lease Review Period"). Continental will also review its gas production, proceeds and charges booking procedures as a result of the Settlement (the "Gas Production, Proceeds and Charges Booking Procedure Review Period").

  If the controlling lease, as determined during the Lease Review Period, does not contain an Express Deduction Clause allowing the deduction of Gathering Charges, no deduction of gathering charges identified and accounted for as such on Continental's payment system in effect during Sub-Class 1 time period under Continental's policies and procedures during that period for booking gas production, proceeds and charges from the Sub-Class 2 Members' royalty payments for Continental's working interest share of production shall be made by Continental, and **if such gathering deductions were made during Claim Period 2, Continental will calculate the Sub-Class 2 Payment due to the Sub-Class 2 Members based on such gathering charges, and add 9% simple interest to any Claim Period 2 refund to determine the Gross Settlement Payment for Sub-Class 2 Claims**.

  Although the amount of the Gross Settlement Payment for Sub-Class 2 Claims cannot be determined until after the Lease Review Period has concluded, Class Counsel have estimated the ultimate Gross Settlement Payment for Claim Period 2 to be approximately Seven Million Five Hundred Thousand Dollars ($7,500,000.00).
- **Future Production Period**: Beginning with the first month of production after Claim Period 2, and all times thereafter (the "Future Production Period"), but subject to paragraph 11.2 (Change in Law) of the Settlement Agreement, the following will apply to Continental's royalty payments on Oklahoma oil and natural gas production from the Class Wells:
  - **Future Gathering Charges**: During the Future Production Period, Continental will not deduct Gathering Charges from its leased royalty owner payments on Continental's working interest share of production unless the lease contains an Express Deduction Clause allowing for the deduction of Gathering Charges.
  - **Future Processing Charges:** During the Future Production Period, Continental will not deduct Processing Charges from its leased royalty owner payments on Continental's working interest share of production if the lease contains an Express NO Deduction Clause prohibiting the deduction of Processing Charges in the calculation of the royalty due the owner during the Future Production Period.
  - **Future Transportation Charges**: During the Future Production Period, Continental will not deduct Transportation Charges from its leased royalty owner payments on Continental's working interest share of production if the lease contains an Express NO Deduction Clause prohibiting the deduction of Transportation Charges in the calculation of the royalty due the owner during the Future Production Period.
  - **Force Pooling**: During the Future Production Period, unleased mineral owners subject to a forced pooling order wherein Continental was the applicant or recipient of the Class Members' right to drill under the forced pooling order ("Force Pooled Interests") will be treated under the Settlement Agreement consistent with "Future Gathering Charges"

above as not containing an Express Deduction Clause related to Gathering Charges. As such, Force Pooled Interests, for settlement purposes only, under the Settlement Agreement, will not be subject to Gathering Charges on Continental's working interest share of production during Claim Period 2 or the Future Production Period.

- **Other Situations:** Except as specifically set forth under this "Future Production Period" section, the Parties have made no agreement on whether Continental may or may not deduct Gathering Charges, Processing Charges or Transportation Charges during the Future Production Period.

The value of the agreement with Continental to the Settlement Class is dependent on Continental's future production and development in Oklahoma and is difficult to ascertain. However, **Class Counsel have estimated the value of the agreement with Continental during the first ten (10) years of the Future Production Period to be in excess of Fifty Million Dollars ($50,000,000.00)**.

- **Administrative and Compliance Costs**: Continental will incur substantial costs associated with performing the lease review required by this Settlement, and substantial costs associated with compliance with this Settlement Agreement. Continental shall use its current and historic royalty payment decks in its possession, and production and sales history in its possession, for purposes of determining the Class Well list and Class Member list. As part of the Plan of Allocation and Distribution, Continental will also make Payments to Class Members from Claim Period 1 and Claim Period 2. Continental shall bear the costs it incurs associated with researching, preparing and providing the Class Well and Class Member lists as well as making the initial Payments (as opposed to Residual Sub-Class Payments, if any).

9. WHAT IS THE TOTAL VALUE OF THE SETTLEMENT TO THE CLASS?

For Claim Period 1, Continental has agreed to pay Sub-Class Members their allocated share of $49,800,000.00. For Claim Period 2 and the Future Production Period, the value of the settlement will be determined by the lease review, determination of the amount of gathering charges deducted during Claim Period 2 and Continental's future production in Oklahoma during the Future Time Period. As a result, estimating the value of the Settlement during Claim Period 2 and the Future Production Period is difficult and speculative. However, Class Counsel have estimated the value of the Settlement during Claim Period 2 to be approximately $7,500,000.00 and the value during the Future Production Period to be in excess of $50,000,000.00.

	"Claim Period 1"	"Claim Period 2"	"Future Period"	Total Value*
Value of the Settlement to the Class	$49,800,000.00 Sub-Class 1 Payment	$7,500,000.00 estimated	$50,000,000.00 estimated	**$107,300,000.00***

*Sub-Class 1 Payment + Estimated Values of Sub-Class 2 Payment and the Future Production Period benefits.

10. HOW ARE THE TERMS "GATHERING CHARGES", "PROCESSING CHARGES" AND "TRANSPORTATION CHARGES" DEFINED IN THE SETTLEMENT AGREEMENT?

For purposes of the Settlement Agreement, the Parties have defined "Gathering Charges", "Processing Charges" and Transportation Charges" as follows:

- "**Gathering Charges**" shall mean all types of fees, charges, and volumetric or price adjustments reflecting the consideration for services performed by the owner of a gathering system to move natural gas from the custody transfer meter on or near the well location to the inlet of a gas processing facility, or if the gas is not processed at a gas processing facility, to the inlet of an intrastate or interstate pipeline, including any consideration for gathering, fuel, compression, dehydration, and treating services performed upstream of the inlet to the gas processing plant (or upstream of the inlet to the intrastate or interstate pipeline for gas not processed at a gas processing plant).

- "**Processing Charges**" shall mean all types of fees, charges, price adjustments, reductions in value, reductions in volume, in-kind fuel, percentage of proceeds, percentage of index, and any other consideration related to the processing and movement of natural gas from the gas plant inlet meter to custody transfer meter on or near the tailgate of the processing facility into a mainline transmission pipeline; including but not limited to, processing, compression, dehydration, treating, blending, fuel, line loss, and any other services occurring inside the gas processing plant.

- "**Transportation Charges**" shall mean all types of fees, charges, price adjustments, reductions in value, reductions in volume, in-kind fuel, percentage of proceeds, percentage of index, and any other consideration related to movement of natural gas on a mainline transmission pipeline; including but not limited to, compression, dehydration, treating, blending, fuel, line loss, and any other services occurring on the mainline transmission line.

11. HAVE THE CLASS REPRESENTATIVES AGREED IN THIS SETTLEMENT THAT CONTINENTAL IS ENTITLED TO MAKE ANY DEDUCTIONS FROM THE CLASS?

No. **The Settlement is structured in terms of what Continental cannot deduct from the Class Members in Claim Period 2 and the Future Production Period.** ("*Except as set forth in this paragraph 4 [included in this Notice as the Answer to Question 8, "What Has Continental Agreed To Do Under The Settlement"], the Parties have made no agreement on whether Continental may or may not deduct Gathering Charges, Processing Charges or Transportation Charges during the Future Production Period*." See Settlement Agreement, ¶4.5.)

12. DURING CLAIM PERIOD 2, WHY IS THERE AN EXPECTED 12 TO 18-MONTH "ADJUSTMENT AND ADDITIONAL CONSIDERATION PERIOD"?

In order for Continental to implement the Settlement Agreement related to the Future Production Period, it is necessary for Continental to: (1) review the terms of its oil and gas leases from its royalty owners ("Lease Review Period"); (2) review its gas production, proceeds and charges booking procedures (the "Gas Production, Proceeds and Charges Booking Procedure Review Period"); and (3) modify its accounting system. This extensive process will take substantial time and resources to complete, and the Parties have agreed this process "shall be completed as expeditiously as reasonably possible."

13. AM I REQUIRED TO HIRE AN ATTORNEY?

No. The Court has appointed Class Counsel to represent you and all other Class Members in this Litigation. You will not be directly responsible to pay these attorneys for their services to you or the Class. If the Court approves the Settlement, the Court will determine how much the attorneys will be paid from the Gross Settlement Payments before the Settlement Proceeds are paid to you. If you want to be represented by your own attorney at the Fairness Hearing, you may hire one at your own expense.

14. HOW WILL CLASS COUNSEL BE PAID FOR THEIR SERVICES?

Class Counsel have filed a motion for: (a) an award of an attorneys' fee of 40% of the Gross Settlement Payments for Claim Period 1 and Claim Period 2; (b) a Class Representatives award (sometimes called a "Case Contribution Award") of $100,000.00 to each of the four (4) Plaintiff trusts (i.e., a total award of $400,000.00); and (c) expert and consultant fees, litigation expenses and Administrative Expenses, including the fees and expenses of the Settlement Administrator, in an amount not to exceed $1,000,000.00, (collectively the "Attorneys' Fees and Expenses"). Class Counsel will not be seeking any additional fees based upon the value of the Settlement related to the Future Time Period.

15. I SOLD MY MINERAL INTEREST; WILL I RECEIVE A SETTLEMENT PAYMENT?

No. 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 the Plan of Allocation and Distribution (a copy may be obtained at www.StrackvsContinental.com). 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 the Plan of Allocation and Distribution. Those Sub-Class 1 Members who are Prior Sub-Class 1 Owners must object to the allocation of the Net Sub-Class 1 Payments to the Current Sub-Class 1 Owners to assert a claim for distribution of a portion of the Net Sub-Class 1 Payment attributable to the time they were an owner. The procedures for resolution of potential claims between Current Sub-Class 1 Owners and Prior Sub-Class 1 Owners are set forth in the Plan of Allocation and Distribution.

If you are a Prior Sub-Class 1 Owner, you shall have until **May 17, 2018 at 5 p.m. CDT** to submit in writing your intention to dispute allocation of the settlement payment from a particular royalty interest solely to the Current Sub-Class 1 Owner. Your written objection must contain:

(1) A heading referring to "Case No. CJ-2010-75, District Court of Blaine County, Oklahoma;
(2) Information sufficient to identify the royalty interest being challenged;
(3) Information sufficient to identify the legal basis for your objection, including proof that you, as the Prior Sub-Class 1 Owner, did not relinquish your right to recover on claims accruing during your time of ownership when title passed to your successor;
(4) Your current address;
(5) Your current telephone number; and
(6) Your signature executed before a Notary Public.

Your written objection **must** be mailed on or before **May 17, 2018 at 5 p.m. CDT** to both of the following addresses:

Court Clerk of Blaine County	**Strack v Continental Notice Administrator**
212 N. Weigle	**c/o KCC Class Action Services**
Watonga, OK 73772	**P.O. Box 404041**
	Louisville, KY 40233-4041

If no objection to allocation of the settlement payment to the Current Sub-Class 1 Owner is received from you, 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.

16. HOW WILL THE AMOUNT OF MY PAYMENTS BE DETERMINED?

The complete procedures for allocation and distribution of the Gross Settlement Payments are set forth in the Plan of Allocation and Distribution, a copy of which may be obtained at www.StrackvsContinental.com.

Sub-Class 1 Payments: Relying upon 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 and the distribution of the Net Sub-Class 1 Payments at the Class Well level (the "Distribution Model"). Utilizing the Distribution Model, the Sub-Class 1 Gross Payment was allocated by gathering system or claim 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

The Settlement Administrator shall determine the Net Sub-Class 1 Payment by subtracting the award of Attorneys' Fees and Expenses and possible gross production taxes due, if any, 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".

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. The Settlement Administrator shall then provide to Continental a report of the Sub-Class 1 Net Payment by System or Claim Allocation to the Class Well level and submit it to the Court for approval.

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 based upon the member's decimal interest in a Class Well as identified in Continental's royalty payment accounting system.

Sub-Class 2 Payments: A similar procedure to the Sub-Class 1 Payments will be used for the Sub-Class 2 Payments, except Continental shall calculate the Sub-Class 2 Payment due to the Sub-Class 2 Members based on the gathering charges deducted during Claim Period 2 as they were identified and accounted for on Continental's payment system. Continental shall then add 9% simple interest to the Claim Period 2 adjustment and provide Class Counsel a report containing information sufficient to verify the Gross Settlement Payments for Claim Period 2 and submit it to the Court for approval.

After obtaining Court approval of the Gross Settlement Payments for Claim Period 2, Continental shall proportionality reduce the Sub-Class 2 Payments by the Attorney's Fees and Expenses awarded by the Court for Claim Period 2 and distribute to Sub-Class 2 Members through Continental's normal payment system the Net Sub-Class 2 Payments.

You should periodically check the website at www.StrackvsContinental.com for updated information on the allocation and distribution process.

17. IF I DON'T EXCLUDE MYSELF FROM THE CLASS, WHAT CLAIMS AGAINST CONTINENTAL WILL BE RELEASED BY THE SETTLEMENT?

If you remain in the Settlement Class, you will be releasing the "Released Claims" against Released Parties, including Continental. Pursuant to the Settlement Agreement, the "**Released Claims**" shall mean the settled and released Class Claims which include the "**Released Claims for Sub-Class 1**" and the "**Released Claims for Sub-Class 2**").

"**Released Claims for Sub-Class 1**" shall mean all Class Claims of the Sub-Class 1 Members or any subsidiaries or affiliates of Sub-Class 1 Members and any officers, directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof against Continental, any subsidiaries or affiliates of Continental, and any officers,

directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof (collectively "the Released Parties"), whether asserted or unasserted, known or unknown, in contract, tort, based on statute, or any other legal or equitable ground or theory, arising out of or related to the payment, calculation, or reporting of the amount, nature, quality or quantity of production, proceeds, or royalties on hydrocarbons produced from the Class Wells during Claim Period 1, including but not limited to claims that were or could have been alleged in the Amended Petition in the Litigation, ***but not the Excluded Claims as defined below***.

"**Released Claims for Sub-Class 2**" shall mean all Class Claims of the Sub-Class 2 Members or any subsidiaries or affiliates of Sub-Class 2 Members and any officers, directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof against Continental, any subsidiaries or affiliates of Continental, and any officers, directors, employees, agents, representatives, predecessors, successors, members, partners and assigns thereof (collectively "the Released Parties"), whether asserted or unasserted, known or unknown, in contract, tort, based on statute, or any other legal or equitable ground or theory, arising out of or related to the payment, calculation, or reporting of the amount, nature, quality or quantity of production, proceeds, or royalties on natural gas and natural gas liquids produced from the Class Wells during Claim Period 2, including but not limited to claims that were or could have been alleged in the Amended Petition in the Lawsuit, ***but not the Excluded Claims as defined below***, ***and further, specifically limited to only those Sub-Class 2 Claims for gathering charges which were identified and quantified pursuant to Paragraph 3.4 of the Settlement Agreement and included as part of the Sub-Class 2 Payment***. Further, prior to the Release Date for Claim Period 2, the Court shall retain exclusive jurisdiction over the Sub-Class 2 Members' Sub-Class 2 Claims, and during the pendency thereof, the Sub-Class 2 Members shall be prohibited from maintaining any other litigation against the Released Parties as to the Sub-Class 2 Claims which are to be released pursuant to this Settlement Agreement.

"Excluded Claims" shall mean:

i. The claims asserted in Stamp Brothers vs. Continental Resources, CIV-14-182-C, U.S. District Court, Western Oklahoma;
ii. The "Settling Owners'" released claims in *Bryan Mannering, et al. v. Continental Resources, Inc*., No. CJ-2016-47, Dist. Ct. Custer County, Oklahoma, which are as identified in the Settlement Agreement and Release entered in that case and which are limited to those Settling Owners' interests in the Akin 1-27-22XH and Pickens Quarter 1-34-27XH wells;
iii. Claims for interest on royalty payments made by Continental unrelated to the Class Claims and made outside the time frames prescribed by the Production Revenue Standards Act;
iv. Royalty Payments in the Ordinary Course of Business for production months prior to the Release Date;
v. Claims for royalty for production months for which no payment on production for that production month has been made to that royalty owner as of the Release Date;
vi. Claims Continental failed to comply with obligations to protect the Class Members from drainage; or
vii. Claims Continental breached obligations to the Class Members to develop Oklahoma oil and gas leases.

"**Royalty Payments in the Ordinary Course of Business**" shall mean that portion of the royalty payment a Class Member is entitled to receive on production from the Royalty Share of production proceeds paid, or to be paid, from Class Wells for a particular production month that occurs prior to the Release Date and which is:

i. the result of retroactive price, volume or value adjustments made by a third-party purchaser of production from Continental that have not been the subject of a payment adjustment to such Class Member as of the Release Date;
ii. the result of volumetric or cash balancing that has not been the subject of a payment adjustment to such Class Member as of the Release Date; or
iii. being held in Continental's suspense accounts as of the Release Date, excluding any Net Settlement Payments attributed to this Settlement Agreement.; and
iv. any statutory interest that may be due on items i, ii or iii.

18. IF I DON'T EXCLUDE MYSELF FROM THE CLASS, CAN I SUE THE RELEASED PARTIES FOR UNDERPAYMENT OF ROYALTIES?

Not if the underpayments are based upon the Released Claims, **but there are certain exceptions from the Released Claims that would allow for the future recovery of underpaid royalties if the underpayment is based upon the exceptions**. For example, during both Claim Period 1 and Claim Period 2, you would not be **NOT** releasing the "***Excluded Claims***", which includes the "***Royalty Payments in the Ordinary Course of Business***", as those terms are defined above. Further, during Claim Period 2, the Released Claims for Sub-Class 2 are "***specifically limited to only those Sub-Class 2 Claims for gathering charges which were identified and quantified pursuant to Paragraph 3.4 of this Settlement Agreement and included as part of the Sub-Class 2 Payment***". Finally, there is **NO RELEASE** related to royalty payments related to the Future Production Period. Accordingly, if you believe you have a claim against Continental for any of these exceptions or limitations to the Released Claims, you may still assert those claims and bring an action against Continental on those claims, even if you do not exclude yourself from this Class Settlement.

19. I HAVE TWO CLASS WELLS INVOLVED IN THIS LITIGATION; CAN I EXCLUDE MYSELF FROM THE SETTLEMENT AS TO ONE WELL AND REMAIN IN THE CLASS AND RECEIVE THE SETTLEMENT BENEFITS FOR THE OTHER WELL?

NO. You have to decide whether to exclude yourself from the Settlement Class or remain in the Settlement Class. Your decision must apply to **ALL** of your Class Wells involved in this Class Action Litigation; you cannot make a partial election.

20. WHAT'S THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING MYSELF?

Objecting is advising the Court you are protesting something about the Settlement or the request for Attorneys' Fees and Expenses. **You can object only if you remain a Class Member**. Excluding yourself is telling the Court you do not want to be part of the Settlement Class. If you exclude yourself from the Settlement Class, you have no basis to object, because the Settlement no longer affects you. If you do not exclude yourself from the Settlement Class, you will remain a member of the Settlement Class and will be bound by the terms of the Settlement Agreement (including the release contained therein) and all orders and judgments entered by the Court regarding the Settlement regardless of whether the Court accepts or denies your objection.

21. IF I DECIDE TO EXCLUDE MYSELF FROM THE SETTLEMENT ("OPT-OUT"), WHAT DO I NEED TO DO?

To exclude yourself from the Settlement Class, you must "Opt-out" of the Settlement Class by **May 17, 2018 at 5 p.m. CDT** by submitting in writing your desire to be excluded from the Class. Your written Opt-out must generally contain the following:

(1) A heading referring to "Case No. CJ-2010-75, District Court of Blaine County, Oklahoma;
(2) A statement indicating your desire to be excluded from the Settlement Class such as:

> "*I want to exclude myself from the Settlement Class in Strack v. Continental, Case No. CJ-2010-75, District Court of Blaine County, Oklahoma. I understand it will be my responsibility to pursue any claims I may have against Continental, if I so desire, at my own and at my expense. Further, I understand that if I own minerals in more than one Class Well, this Opt-out shall apply to all Class Wells.*"

(3) The name your mineral interest(s) are held in;
(4) Your current address;
(5) Your current telephone number; and
(6) Your signature.

Your written Opt-out **must** be mailed on or before **May 17, 2018 at 5 p.m. CDT** to both of the following addresses:

Court Clerk of Blaine County
212 N. Weigle
Watonga, OK 73772

Strack v Continental Notice Administrator
c/o KCC Class Action Services
P.O. Box 404041
Louisville, KY 40233-4041

If you do not follow these procedures—including meeting the date for exclusion set out above—you will not be excluded from the Settlement Class, and you will be bound by all of the orders and judgments entered by the Court regarding the Settlement, including the release of claims.

If you already have a pending case against any of the Released Parties based upon any Released Claims, and you wish to continue with that pending case related to the Released Claims, you must exclude yourself from this Settlement Class by mailing the Opt-out notice in accordance with the procedure set forth above.

If you validly request exclusion as described above: (1) you will not receive a distribution of the Net Sub-Class 1 Payments or Net Sub-Class 2 Payments and will not receive the Future Time Period benefits; (2) you cannot object to the Settlement or the request for Attorneys' Fees and Expenses; and (3) you will not have released the Released Claims against the Released Parties. You will not be legally bound by anything that happens in the Litigation. Do not request exclusion if you wish to participate in the Settlement.

22. WHAT'S THE DIFFERENCE BETWEEN OBJECTING AND SUBMITTING A WRITTEN COMMENT ON THE SETTLEMENT?

Objecting is advising the Court you are protesting something about the Settlement or the request for Attorneys' Fees and

Expenses. Submitting a Written Comment is telling the Court there is something about the Settlement or the request for Attorneys' Fees and Expenses you either support or don't support, but you do not intend to formally object.

23. IF I DECIDE TO SUBMIT A WRITTEN COMMENT, WHAT DO I NEED TO DO?

If you decide to submit a Written Comment, you must submit it by **May 17, 2018 at 5 p.m. CDT**. Your Written Comment must generally contain the following:

(1) A heading referring to "Case No. CJ-2010-75, District Court of Blaine County, Oklahoma;
(2) Your written statement advising the Court of your desired Comment about the Settlement or the request for Attorneys' Fees and Expenses;
(3) Your name;
(4) Your royalty owner identification numbers with Continental;
(5) Your current address;
(6) Your current telephone number; and
(7) Your signature.

Your Written Comment **must** be mailed on or before **May 17, 2018 at 5 p.m. CDT** to both of the following addresses:

Court Clerk of Blaine County
212 N. Weigle
Watonga, OK 73772

Strack v Continental Notice Administrator
c/o KCC Class Action Services
P.O. Box 404041
Louisville, KY 40233-4041

If you do not follow these procedures—including meeting the date for submission set out above—your Written Comment will not be considered by the Court.

24. If I DON'T EXCLUDE MYSELF FROM THE SETTLEMENT, BUT I DECIDE TO OBJECT TO SOMETHING ABOUT THE SETTLEMENT OR THE REQUEST FOR ATTORNEYS' FEES AND EXPENSES, WHAT DO I NEED TO DO?

If you do not exclude yourself from the Settlement, but you decide to object to something about the Settlement **or** the request for Attorneys' Fees and Expenses, you must submit your Objection by **May 17, 2018 at 5 p.m. CDT**. Your Objection **must** comply with the following:

(1) A heading referring to "Case No. CJ-2010-75, District Court of Blaine County, Oklahoma;
(2) A statement as to whether your Objection is related to the fairness of the Settlement or the request for Attorneys' Fees and Expenses;
(3) A detailed statement of the specific legal and factual basis for each and every objection;
(4) A list of any witnesses you intend to call at the Fairness Hearing, together with a brief summary of each witness' expected testimony;
(5) A list of and copies of any exhibits you may seek to use at the Fairness Hearing;
(6) A list of any legal authority you intend to present at the Fairness Hearing;
(7) Your name, current address, current telephone number, and all royalty owner identification numbers with Continental;
(8) Your signature executed before a Notary Public;
(9) Identification of your interest in Class Wells from which you have received royalty payments by or on behalf of Continental; and
(10) If you are objecting to any portion of the requested Attorneys' Fees and Expenses on the basis the amounts requested are unreasonably high, you must specifically state the portion of requested Attorneys' Fees and Expenses you believe are fair and reasonable and the portion that is not, and upon what factual and legal basis you base your Objection.

Your Objection **must** be mailed on or before **May 17, 2018 at 5 p.m. CDT** to both of the following addresses:

Court Clerk of Blaine County
212 N. Weigle
Watonga, OK 73772

Strack v Continental Notice Administrator
c/o KCC Class Action Services
P.O. Box 404041
Louisville, KY 40233

Further, in order for the Objection to be valid, you must appear either in-person or through your own counsel at the Fairness Hearing to present the Objection and allow the Court to fully examine the basis, strength and veracity of the Objection. You may retain independent counsel to represent you at the Fairness Hearing; however, failure of a Class Member to submit a proper Objection may result in the Objection being treated as a Written Comment.

The Court will review and consider all properly submitted Written Comments and Objections; however, **a Class Member who fails to follow the procedure for submitting an Objection to the Settlement and/or requested Attorneys' Fees and**

Expenses as set forth herein shall not be permitted to pursue an Objection at the Fairness Hearing or on appeal, and such failure will constitute a waiver of any Objection to the Settlement and/or award of Attorney's Fees and Expenses.

25. If THE COURT DENIES MY OBJECTION, CAN I FILE AN APPEAL?

If you submitted a valid Objection, and the Court denies the objection, you may be able to file an appeal in accordance with Oklahoma law. However, if the Court denies the Objection of an Objector and finds the Settlement and/or award of Attorneys' Fees and Expenses fair and reasonable for the remainder of the non-objecting Class Members, the Court may require the Objector to post a supersedeas bond to cover the appellate risk, cost, and delay to the rest of non-objecting Class Members, with the amount of the bond being in an amount determined sufficient by the Court. Further, if the Objector objects only to the award of Attorneys' Fees and Expenses, the Court may sever the Objector's claim from the rest of the Class Members not objecting to the award of Attorney's Fees and Expenses.

26. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT AND THE REQUEST FOR ATTORNEYS' FEES AND EXPENSES?

The Court will hold a Fairness Hearing on **June 11, 2018 at 9:00 A.M. at the Garfield County Courthouse in Enid, Oklahoma**. Please note the date and location of the Fairness Hearing is subject to change without further notice. If you plan to attend the hearing, you should check the website **www.StrackvsContinental.com** to be sure there has been no change of the date and location of the Fairness Hearing. At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. If there are Opt-outs, Written Comments or Objections, the Court will consider them at that time. After the Fairness Hearing, the Court will decide whether to approve the Settlement and the Plan of Allocation and Distribution. The Court will also conduct an evidentiary hearing on Class Counsel's request for Attorneys' Fees and Expenses, and rule thereon or take the ruling under advisement.

27. HOW DO I GET MORE INFORMATION ABOUT THE LITIGATION, THE SETTLEMENT OR MY RIGHTS AND OPTIONS?

This Notice contains only a summary of the Class Action Litigation and the proposed Settlement. The pleadings and orders filed in the case are in the Court Clerk's file which may be inspected during regular business hours at the Office of the Court Clerk, Blaine County Courthouse, Watonga, Oklahoma. The Court Clerk's Docket Sheet for the Litigation is also available on-line at the following website:

http://www.oscn.net/dockets/GetCaseInformation.aspx?db=blaine&number=CJ-2010-00075&cmid=121986.

If you would like to obtain more information about the Class Action Litigation, the Settlement or have questions about your rights and options, the following sources are also available to you:

- You may visit www.StrackvsContinental.com, which shall be maintained by Class Counsel;
- You may email specific questions to: info@StrackvsContinental.com;
- You may call Toll Free 1-(866) 666-6721;
- You may write to: Strack v Continental Notice Administrator
  c/o KCC Class Action Services
  P.O. Box 404041
  Louisville, KY 40233

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE FOR INFORMATION.

Done by Order of the District Court of Blaine County, State of Oklahoma.

Dated: April 3, 2018

Dennis Hladik
District Judge

Exhibit C-2

(Order on Plan of Notice)

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.	)	CASE NO. CJ-10-75
CONTINENTAL RESOURCES, INC., DEFENDANT.	)	(JUDGE HLADIK)

NOTICE OF: (1) PROPOSED SETTLEMENT OF CLASS ACTION; (2) MOTION FOR ATTORNEYS' FEES AND EXPENSES; AND (3) FAIRNESS HEARING

TO THE FOLLOWING DESCRIBED SETTLEMENT CLASS MEMBERS:

Please take notice the Court in the above styled case has entered an order which certified the Settlement Class, for settlement purposes only, pursuant to 12 O.S. § 2023 (B)(3) and (C)(6)(b) and which defines who the Class Members are, both in general, and as to Sub-Class 1 for Claim Period 1 and Sub-Class 2 for Claim Period 2. The "Settlement Class" and "Sub-Class 1" and "Sub-Class 2" are defined as:

> All non-excluded persons or entities who are or were royalty owners in Oklahoma wells that had oil or natural gas production at any time during the period from and after July 1, 1993, and prior to February 1, 2018, where Continental Resources, Inc., or any affiliate of Continental Resources, Inc. (collectively "Continental Resources, Inc."), is or was the operator and/or working interest owner/lessee under oil and gas leases, or under forced pooling orders. The Class Claims relate only to payment for hydrocarbons produced from the wells and only to the extent of Continental Resources, Inc.'s working interest ownership in the Class Wells. The Class does not include overriding royalty owners or other owners who derive their interest solely through an oil and gas lessee.
>
> The persons or entities excluded from the Class are: (1) agencies, departments or instrumentalities of the United States of America and the State of Oklahoma, except the Commissioners of the Land Office (which is included in the Class), (2) publicly traded oil and gas exploration companies and their affiliates, and (3) any other person or entity Plaintiffs' counsel is, or may be prohibited from representing under Rule 1.7 of the Oklahoma Rules of Professional conduct.
>
> Sub-Class 1 (Claim Period 1):
> All persons or entities who are Class Members during Claim Period 1.
>
> Sub-Class 2 (Claim Period 2):
> All persons or entities who are Class Members during Claim Period 2 and entitled to a Sub-Class 2 Payment as determined pursuant to paragraph 3.4 of the Settlement Agreement.

The Court has appointed: (1) Mark Stephen Strack as Sole Successor Trustee of the Patricia Ann Strack Revocable Trust dated 2/15/99 and the Billy Joe Strack Revocable Trust dated 2/15/99; and (2) Daniela A. Renner, Sole Trustee of the Paul Ariola Living Trust and the Hazel Ariola Living Trust, as Class Representatives.

The Court further appointed the following experienced attorneys to represent the Settlement Class as Class Counsel: (1) Douglas E. Burns and Terry L. Stowers of Burns & Stowers, P.C. and Kerry W. Caywood and Angela Caywood Jones of Park, Nelson, Caywood, Jones LLP.

Plaintiffs filed a petition as a putative class against Continental on November 4, 2010 and filed an Amended Petition on November 5, 2014. The Settlement Class consists of over 32,000 Class Members with interests in over 1,600 Class Wells. In the Amended Petition, Class Representatives alleged Continental: (1) failed to pay royalties on all hydrocarbons, made improper deductions for gathering, compressing, dehydrating, field fuel, treating, processing, transporting and/or marketing; (2) provided insufficient reporting; and (3) failed to receive the best price available for oil and gas production from the Class Wells. Class Counsel further alleged Continental engaged in systematic schemes to misreport and skim oil and gas production and royalty proceeds from royalty owners for over 20 years. Specifically, Class Representatives alleged breach of contract and statutory obligations, breach of fiduciary duties, breach of duties to market, breach of duties as operator, actual fraud, deceit, constructive fraud, conversion, unjust enrichment, civil conspiracy, and sought both actual and punitive damages, and sought an accounting for oil and gas production and proceeds from the Class Wells. For a more detailed understanding of the Litigation, you may review the Amended Petition which is attached as Exhibit "A" to the Settlement Agreement, which may be obtained at www.StrackvsContinental.com.

Continental has denied, and continues to deny, any and all liability to the Class Representatives, on behalf of themselves and as representatives of the Settlement Class.

If you are a possible member of this Settlement Class, you may need to take action on or before May 17, 2018. The pleadings and orders filed in the case are in the Court Clerk's file which may be inspected during regular business hours at the Office of the Court Clerk, Blaine County Courthouse, Watonga, Oklahoma. The Court Clerk's Docket Sheet for the Litigation is also available on-line at the following website:

http://www.oscn.net/dockets/GetCaseInformation.aspx?db=blaine&number=CJ-2010-00075&cmid=121986.

If you would like to obtain more information about the Class Action Litigation, the Settlement or have questions about your rights and options if you are a member of the Settlement Class, the following sources are also available to you:

- You may visit www.StrackvsContinental.com, which shall be maintained by Class Counsel;
- You may email specific questions to: info@StrackvsContinental.com;
- You may call Toll Free 1-(866) 666-6721;
- You may write to: Strack v Continental Notice Administrator
  c/o KCC Class Action Services
  P.O. Box 404041
  Louisville, KY 40233

The Court will hold a Fairness Hearing on June 11, 2018 at 9:00 A.M. at the Garfield County Courthouse in Enid, Oklahoma. Please note the date and location of the Fairness Hearing is subject to change without further notice. If you plan to attend the hearing, you should check the website www.StrackvsContinental.com to be sure there has been no change of the date and location of the Fairness Hearing. At the Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. If there are Opt-outs, Written Comments or Objections, the Court will consider them at that time. After the Fairness Hearing, the Court will decide whether to approve the Settlement and the Plan of Allocation and Distribution. The Court will also conduct an evidentiary hearing on Class Counsel's request for Attorneys' Fees and Expenses, and rule thereon or take the ruling under advisement.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE FOR INFORMATION.

Done by Order of the District Court of Blaine County, State of Oklahoma.

Dated: April 3, 2018

Dennis Hladik
District Judge

Exhibit D
(Settlement Agreement)

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.	)	CASE NO. CJ-10-75
	)	(JUDGE HLADIK)
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

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 Systems[1]
$ 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 __ day of _____, 2018.

_____

The Honorable Dennis Hladik

Exhibit E
(Settlement Agreement)

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.	)	CASE NO. CJ-10-75 (JUDGE HLADIK)
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

ORDER ON JOINT MOTION FOR CERTIFICATION OF SETTLEMENT CLASS

This matter came on for hearing on the 3rd day of April, 2018, on the joint motion filed by Plaintiffs and Defendant, requesting preliminary certification of this matter as a class action, for settlement purposes pursuant to 12 Okla. Stat. §2023.[1] Based upon the Findings set forth below, **for settlement purposes only**, the Court hereby certifies the following Class of royalty owners for class action treatment, pursuant to 12 Okla. Stat. §2023(B)(3) and (C)(6)(b):

> All non-excluded persons or entities who are or were royalty owners in Oklahoma wells that had oil or natural gas production at any time during the period from and after July 1, 1993, and prior to February 1, 2018, where Continental Resources, Inc., or any affiliate of Continental Resources, Inc. (collectively "Continental Resources, Inc."), is or was the operator and/or working interest owner/lessee under oil and gas leases, or

[1]The Court hereby incorporates the terms and definitions adopted by Plaintiffs and Defendant as set forth in the Settlement Agreement filed with the Court as though restated herein.

under forced pooling orders. The Class Claims relate only to payment for hydrocarbons produced from the wells and only to the extent of Continental Resources, Inc.'s working interest ownership in the Class Wells. The Class does not include overriding royalty owners or other owners who derive their interest solely through an oil and gas lessee.

The persons or entities excluded from the Class are: (1) agencies, departments or instrumentalities of the United States of America and the State of Oklahoma, except the Commissioners of the Land Office (which is included in the Class), (2) publicly traded oil and gas exploration companies and their affiliates, and (3) any other person or entity Plaintiffs' counsel is, or may be prohibited from representing under Rule 1.7 of the Oklahoma Rules of Professional conduct.

Sub-Class 1 (Claim Period 1):
All persons or entities who are Class Members during Claim Period 1.

Sub-Class 2 (Claim Period 2):
All persons or entities who are Class Members during Claim Period 2 and entitled to a Sub-Class 2 Payment as determined pursuant to paragraph 3.4 of the Settlement Agreement,

(hereinafter "Settlement Class" or "Class", including "Sub-Class 1" and "Sub-Class 2").

Based upon the pleadings, evidence and arguments presented to the Court, and having been fully advised on the matter, the Court makes the following Findings. The following Findings are not as to the merits of the claims and defenses; rather, the Findings represent the Court's determination that the requisites for proceeding as a class action, for settlement purposes only, pursuant to applicable Oklahoma law have been satisfied at this stage of the proceedings. The Findings are expressly conditioned upon, and subject to, final approval of the settlement as set forth in the Settlement Agreement filed by the Parties. If, for any reason, the settlement set forth in the Settlement Agreement between the Parties is not finally approved according to its terms, all of the Findings set forth herein shall be deemed withdrawn, shall have no further force or effect, and shall not be used for any purpose whatsoever. Nothing in this Order shall give rise

to any collateral estoppel effect regarding the requirements for class certification in any other proceeding in which any Party to this litigation is a party.

FINDINGS

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. Plaintiff Mark Stephen Strack is Sole Successor Trustee of the Patricia Ann Strack Revocable Trust dated 2/15/99 and the Billy Joe Strack Revocable Trust dated 2/15/99 (collectively the "Strack Trusts").

3. Plaintiff Daniela A. Renner is the Sole Successor Trustee of the Paul Ariola Living Trust and the Hazel Ariola Living Trust (collectively the "Ariola Trusts").

4. The Strack Trusts and Ariola Trusts (collectively the "Trusts") are owners of oil, gas and other minerals underlying portions of Blaine County, Oklahoma ("Trusts Minerals").

5. The Trusts Minerals are, or were, subject to oil and gas leases between the Trusts and Defendant, Continental Resources, Inc. ("Continental") (or Continental is or was the assignee of the leases), with said mineral interests being included in governmentally sanctioned drilling and spacing units.

6. Continental, as operator and/or a working interest owner, drilled, completed and/or produced wells on such units, and paid royalties to the Trusts.

7. The remaining Class Members own or have owned oil, gas and other minerals underlying tracts of land in Oklahoma which are/were subject to various oil and gas leases and/or pooling orders of the Oklahoma Corporation Commission pursuant to which Continental is/was a working interest owner in oil and gas wells, and/or operated oil and gas wells within units which

encompass such minerals.

8. The Plaintiff Trusts and Continental have advised this Court they have reached a settlement of the Class Action Litigation and have previously filed, or will be simultaneously filing, the Settlement Agreement with the Court. The Trusts and Continental jointly seek this Court's certification of this matter as a class action for settlement purposes only.

9. The Settlement Class cover a time period of approximately twenty-five (25) years and consists of more than 1,600 Class Wells and approximately 32,000 past and present royalty interest owners.

10. The Court finds certification of the Settlement Class is proper, for purposes of settlement only, under 12 O.S. §2023(a) and (b)(3) because:

12 O.S. §2023(a):

(1) The Settlement Class is so numerous that joinder of all members is impracticable;

(2) There are questions of law and fact common to the Settlement Class;

(3) The claims or defenses of the Trusts are typical of the claims or defenses of the Settlement Class; and

(4) The Class Representatives and Class Counsel (as herein appointed) will fairly and adequately protect the interests of the Settlement Class; and

12 O.S. §2023(b)(3):

(1) The questions of law or fact common to the members of the Settlement Class predominate over any questions affecting only individual members; and

(2) A class action is superior to other available methods for the fair and efficient adjudication of this controversy in the manner proposed in the Settlement Agreement.

11. In determining whether the requirements of Section 2023 have been satisfied for purposes of certifying a class for settlement purposes, the Court has taken into account the fact of settlement and its impact upon the elements required for certification of the Settlement Class.

Among other impacts of settlement, the Court need not inquire whether the case, if tried, would present intractable case management problems since the result of settlement is there will be no trial.

IT IS THEREFORE ORDERED, ADJUDGED and DECREED, the joint motion requesting certification of this matter, for settlement purposes only, is **GRANTED**. The settlement of this action, shall henceforth be effectuated as a certified settlement class action as defined above related to the Class Claims (as set forth in the Settlement Agreement).

FURTHER, the Court hereby appoints Plaintiffs, Mark Stephen Strack as Sole Successor Trustee, Trustee of the Patricia Ann Strack Revocable Trust dated 2/15/99 and the Billy Joe Strack Revocable Trust dated 2/15/99, and Daniela A. Renner, Sole Trustee of the Paul Ariola Living Trust and the Hazel Ariola Living Trust, to serve as the Class Representatives of the above describe Settlement Class.

FURTHER, the Court hereby appoints Douglas E. Burns and Terry L. Stowers of Burns & Stowers, P.C. and Kerry W. Caywood and Angela Caywood Jones of Park, Nelson, Caywood, Jones LLP., as Class Counsel to represent and act on behalf of the above described Settlement Class.

Done and Ordered this 3rd day of April, 2018.

_____
The Honorable Dennis Hladik

Exhibit F
(Settlement Agreement)

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.	)	CASE NO. CJ-10-75 (JUDGE HLADIK)
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

ORDER PRELIMINARILY APPROVING SETTLEMENT, ORDER PRELIMINARILY APPROVING CLASS COUNSEL'S MOTION FOR ATTORNEYS' FEES AND EXPENSES, AND SETTING DATE FOR FAIRNESS HEARING

This matter came on for hearing on the 3rd day of April, 2018, on the joint motion for preliminary approval of the settlement between Plaintiffs and Continental Resources, Inc. ("Continental"), and setting the date for Settlement Fairness Hearing (hereinafter "Joint Motion"), as well as Class Counsel's Motion for Attorneys' Fees and Expenses, previously filed herein.[1] The Court, after reviewing the pleadings on file herein, hearing arguments of counsel and being sufficiently advised in order to make a preliminary determination, finds the motions should be, and are hereby, preliminarily granted.

THEREFORE, THE COURT FINDS AND ORDERS AS FOLLOWS:

[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 Compromise and Settlement Agreement are incorporated herein.

1. The Settlement Agreement between Class Representatives and Continental appears to the Court to be fair, reasonable and adequate to the Settlement Class, and should be preliminarily approved by the Court.

2. Class Counsel's motion for: (a) an award of an attorneys' fee of 40% of the Gross Settlement Payments; (b) a Class Representatives award (sometimes called a "Case Contribution Award") of $100,000.00 to each of the four (4) Plaintiff trusts (*i.e.*, a total award of $400,000.00); and (c) expert and consultant fees, litigation expenses and Administrative Expenses, including the fees and expenses of the Settlement Administrator, in an amount not to exceed $1,000,000.00, ("Attorneys' Fees and Expenses") appears to the Court to be fair and reasonable and should be preliminarily approved by the Court.

3. The Court further finds a Fairness Hearing should be held before the Court on the **11th day of June, 2018 at 9:00 a.m., at Garfield County Courthouse in Enid, Oklahoma**,[2] at which hearing Class Representatives, Class Counsel and Continental will present evidence and arguments in support of final approval of the Settlement Agreement, and Class Counsel will also present evidence and arguments in support of their requested award of Attorneys' Fees and Expenses, and the Court may:

(a) consider and make further findings as to whether Class Members have been afforded due process notice of the Class Action Settlement and of the Fairness Hearing;

(b) consider any proper and timely filed Opt-outs, and any proper and timely filed comments and objections to the proposed settlement and/or objections to Class Counsel's requests for an award of Attorneys' Fees and Expenses;

(c) consider and make further findings concerning whether the Settlement Agreement is fair, reasonable and adequate to the Settlement Class and whether it should therefore be finally approved by the Court;

(d) consider and make findings concerning whether Class Counsel's request for an

[2] The Honorable Dennis Hladik's (the District Judge assigned to this case) normal duty station is in the Garfield County Courthouse in Enid, Oklahoma, rather than in the Blaine County Courthouse in Watonga, Oklahoma where the case is filed. Further, the Court has reserved a second date, should it be needed, of June 14, 2018 at 9:00 a.m.

award of Attorneys' Fees and Expenses represents fair and reasonable Attorneys' Fees and Expenses to be awarded from the common fund (*i.e.*, the Gross Settlement Payments) in this case; and

(e) consider any other matters properly brought before the Court concerning the Class Action Litigation and the proposed settlement between Plaintiffs and Continental.

4. Each person who wishes to Opt-out of the Settlement Class or appear at the Fairness Hearing, either in person or through separate counsel, to challenge the fairness, reasonableness or adequacy of the Settlement Agreement, or any provision thereof, or the amount of Class Counsel's requested award of Attorneys' Fees and Expenses, shall be subject to the following guidelines and requirements:

i. **Opt-out of the Settlement Class:** Each Class Member who wishes to be excluded from the Settlement Class must submit a written request for exclusion which complies with the provisions of the Notice of Class Action Settlement provided for in the Order on Plan of Notice, or be bound by the Judgment and all other orders entered by the Court;

ii. **Written Comments on the Settlement**: Each Class Member who remains a member of the Settlement Class may submit written comments concerning the Settlement and/or Class Counsel's request for an award of Attorney's Fees and Expenses which complies with the provisions of the Notice of Class Action Settlement provided for in the Order on Plan of Notice (hereinafter "**Written Comments**");

iii. **Objection to Settlement**: Each Class Member who remains a member of the Settlement Class may object to the fairness of the Settlement by: (1) submitting a written objection to the Settlement which complies with the provisions of the Notice of Class Action Settlement provided for in the Order on Plan of Notice, and (2) appearing in-person or through counsel at the Fairness Hearing to present the objections and allow the Court to fully examine the basis, strength and veracity of the objection (hereinafter "**Objection**" and "**Objector**"). The Objector may retain independent counsel to represent him/her at the Settlement Fairness Hearing; however, failure of a Class Member to submit a proper Objection may result in the "Objection" being treated as a "Written Comment" pursuant to sub-paragraph (ii);

iv. **Objection to Attorney's Fees and Expenses**: Each Class Member who remains a member of the Settlement Class may object to the request for an award of Attorney's Fees and Expenses by: (1) submitting written objection to Class Counsel's request for an award of Attorney's Fees and Expenses which complies with the provisions of the Notice of Proposed Class Action Settlement provided for in the Order on Plan of Notice, and (2) appearing in-person or through counsel at the Fairness Hearing to present the objections and allow the Court to fully examine the basis, strength and veracity of the objection (hereinafter "**Objection**" and

"**Objector**"). The Objector may retain independent counsel to represent him/her at the Fairness Hearing; however, failure of a Class Member to submit a proper Objection may result in the "Objection" being treated as a "Written Comment" pursuant to sub-paragraph (ii);

v. **Failure to Comply with Procedure**: The Court will review and consider all properly submitted Written Comments and Objections; however, a Class Member who fails to follow the procedure for submitting an Objection to the Settlement and/or requested Attorney's Fees and Expenses as set forth in the Notice and in sub-paragraphs (iii) and (iv) herein shall not be permitted to raise or pursue an Objection at the Fairness Hearing or on appeal, and such failure will constitute a waiver of any Objection to the Settlement and/or award of Attorney's Fees and Expenses; and

vi. **Supersedes Bond and Severance of Claims**: If the Court denies the Objection of an Objector and finds the Settlement and/or award of Attorneys' Fees and Expenses fair and reasonable for the remainder of the non-objecting Class Members, the Court may require the Objector to post a supersedes bond to cover the appellate risk, cost, and delay to the rest of non-objecting Class Members, with the amount of the bond being in an amount determined sufficient by the Court. Further, if the Objector objects only to award of Attorneys' Fees and Expenses, the Court may sever the Objector's claim from the rest of the Class Members not objecting to the award of Attorney's Fees and Expenses.

5. All Class Members wishing to Opt-out of the Settlement Class, or wishing to file a Written Comment or raise an Objection to the fairness, reasonableness or adequacy of the Settlement Agreement, or any provision thereof, or the amount of Class Counsel's requested award of Attorneys' Fees and Expenses, must file their Opt-out, Written Comment or Objection with the Court Clerk of Blaine County, Oklahoma and mail a copy to Class Counsel and Continental's Counsel, on or before **May 17, 2018** ("**Opt-out/Objection Deadline**").

6. The Court further finds an Objector who fails to strictly follow the procedure for objecting to the Settlement Agreement, or request for Attorneys' Fees and Expenses, as set forth in the Notice of Proposed Class Action Settlement attached to the Order of Plan of Notice entered by the Court shall not be permitted to raise or pursue an Objection at the Fairness Hearing, and such failure shall constitute waiver of any Objection to the Settlement Agreement or request for Attorneys' Fees and Expenses.

Done and Ordered this 3rd day of April, 2018.

_____
The Honorable Dennis Hladik

Exhibit G
(Settlement Agreement)

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.	)	CASE NO. CJ-10-75
	)	(JUDGE HLADIK)
CONTINENTAL RESOURCES, INC.,	)	
DEFENDANT.	)	

JUDGMENT AND ORDER APPROVING CLASS ACTION SETTLEMENT

This matter comes on this 11th day of June, 2018, pursuant to notice for hearing to determine the fairness and appropriateness of a settlement of the above-styled litigation entered into between the Class Representatives, the Settlement Class and Continental (as those terms, as well as the other capitalized terms used herein, are defined in the Settlement Agreement). All parties were present and represented by counsel. The Court having conducted an evidentiary hearing and, after reviewing the Settlement Agreement and all related pleadings and filings, including all filings and/or objections by Class Members, and being fully advised in the premises, **FINDS, ORDERS, AND ADJUDGES** as follows:

1. Notice of this hearing, and the proposed settlement, was properly mailed by Class Counsel and the Settlement Administrator to Settlement Class Members with known valid mailing

addresses and was published as required by this Court's Order on Plan of Notice (*see* Class Counsel's Affidavit of Service concerning notice previously filed with the Court). The Court previously approved such notice and now finds, orders, and adjudges the notice to the Settlement Class of this Fairness Hearing is proper and sufficient under 12 O.S. § 2023,[1] the Due Process Clause of the United States Constitution, and the Due Process Clause of the Constitution of the State of Oklahoma, and the members of the Settlement Class have been afforded a reasonable opportunity to opt-out of the Class Action Litigation pursuant to 12 O.S. § 2023 or to object to the settlement.

2. This Court gave preliminary approval to this settlement after its terms were announced to the Court by counsel and after reviewing the Settlement Agreement on file with the Court Clerk of Blaine County, *see* Order 4/3/2018.

3. The Order on Joint Motion for Certification of Settlement Class is incorporated herein and reaffirmed by this Judgment. As stated therein, this matter is certified as a class action, for settlement purposes.[2]

4. The settlement between the Class Representatives, the Settlement Class and Continental embodied in the Settlement Agreement is fair, reasonable and adequate to the Settlement Class within the meaning of 12 O.S. § 2023 and was entered into between the Class Representatives, the Settlement Class and Continental in good faith and without collusion, and is hereby fully and finally approved as to all its terms, including without limitation the exhibits to the Settlement Agreement.

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[1] The Court finds that said notice meets the requirements of 12 O.S. §2023(C)(4), *effective 11/1/2009 and re-codified effective 9/10/2013.*

[2] The Court hereby incorporates the provisions of the Settlement Agreement previously filed with the Court, as though restated herein, and finds and adopts the same for purpose of defining the Class Claims being certified herein, in compliance with 12 O.S. §2023(C)(1), *effective 11/1/2009 and re-codified effective 9/10/2013*.

5. By agreeing to settle the Class Action Litigation, Continental has not admitted, and specifically continues to deny, any and all liability to the Settlement Class, the Class Representatives and Class Counsel.

6. The Class Action Litigation is hereby dismissed as to the Released Claims with prejudice to the refiling of same.

7. The Court shall retain sufficient limited jurisdiction to implement the terms of the Settlement and the prohibition of the Sub-Class 2 Members from maintaining any other litigation against the Released Parties as to the Sub-Class 2 Claims during the pendency of Claim Period 2. Accordingly, this case shall remain administratively open until the Plan of Allocation and Distribution has been completed.

8. Subject to the terms of the Settlement Agreement, the Settlement Class shall be deemed conclusively to have released the Released Claims against the Released Parties upon the Release Dates.

9. Subject to the terms of the Settlement Agreement, all Sub-Class 1 Members and all Sub-Class 2 Members are barred and permanently enjoined from prosecuting, commencing, or continuing any litigation of the Released Claims against the Released Parties.

10. All documents designated as confidential pursuant to the Protective Orders by any Party, shall continue to be considered subject to said Orders. Further, all documents designated as confidential by any Party pursuant to a Protective Order in this action shall be returned to the producing party in accordance with the Protective Order, except as otherwise provided by the terms of the Settlement Agreement.

11. The Court hereby expressly dissolves the Court's Agreed Temporary Injunction filed January 6, 2011 in its entirety, and Continental shall have the unrestricted ability and latitude

to communicate with and resolve royalty owner inquires in the ordinary course of business without notice to or input from the Court or Class Counsel.

12. The Court expressly finds and determines there is no just reason to delay the finality of this Judgment and, pursuant to 12 O.S. § 994 (A), the Court expressly directs the filing of this Judgment as a Final Judgment.

IT IS SO ORDERED this 11th day of June, 2018.

_____
The Honorable Dennis Hladik