

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

CHIEFTAIN ROYALTY)
COMPANY,)
Plaintiff,)
v.) Case No. CIV-011-177-D
SM ENERGY COMPANY,)
et al.)
Defendants)

If You Are a Current or Former Royalty Owner in an Oil and Gas Well in Oklahoma, You Could Be a Part of a Proposed Class Action Settlement

There is a Proposed Partial Settlement in a class action lawsuit about royalties on natural gas produced from certain oil and gas wells in Oklahoma. The proposed Settlement consists of a cash payment of \$52,000,000.00. The lawsuit is called *Chieftain Royalty Company v. SM Energy Company, et al.* The lawsuit is pending in the United States District Court for the Western District of Oklahoma before Judge Timothy D. DeGiusti.

This notice is a summary only. For more detailed information regarding the rights and obligations of Class Members, you should read the Full Notice and other documents related to the proposed Settlement, which can be found at the website listed at the bottom of this document. Capitalized terms not otherwise defined in this notice shall have the meanings attributed to those terms in the Stipulation and Agreement of Settlement ("Settlement Agreement") referred to below.

On September 1, 2015, the Court preliminarily approved a Settlement in the above-captioned litigation (the "Litigation") between Plaintiff, Chieftain Royalty Company ("Plaintiff"), on behalf of itself and the Class, and EnerVest Energy Institutional Fund XIII-A, L.P., EnerVest Energy Institutional Fund XIII-WIB, L.P., EnerVest Energy Institutional Fund XIII-WIC, L.P., EnerVest Operating, L.L.C. (collectively "EnerVest") and FourPoint Energy, LLC ("FourPoint"), (EnerVest and FourPoint are collectively referred to as the "Settling Parties"). The Settling Parties have agreed to pay \$52,000,000.00 in cash ("Settlement Cash Amount") and provide other relief in settlement of all Class claims that relate to gas and its constituents marketed by SM Energy Company ("SM") and the Settling Parties from certain Oklahoma wells through August 1, 2015.

What Is the Lawsuit About?

The lawsuit claims that Defendants' underpaid royalties on natural gas and its constituents produced from certain gas wells in Oklahoma. The Court did not decide which side was right. The Settling Parties still deny all liability but have agreed to the proposed Settlement to avoid the uncertainty, burden and expense of continued litigation.

Who Are Class Members?

The Class includes:

All non-excluded persons or entities who are or were royalty owners in those Oklahoma wells acquired by one or more EnerVest and/or FourPoint entities from SM pursuant to a Purchase and Sale Agreement dated November 4, 2013, and where an EnerVest, FourPoint and/or SM entity is or was the operator (or, as a non-operator, an EnerVest, FourPoint and/or SM entity separately marketed gas). The Class Claims relate only to payment for gas and any of its constituents (e.g., helium, residue gas, natural gas liquids, nitrogen and condensate) produced from the Class Wells, and not to payment for gas and any of its constituents produced from the SM-Retained Properties. The Class does not include overriding royalty owners or other owners who derive their interest through the oil and gas lessee.

The persons or entities excluded from the Settlement Class are: (1) agencies, departments or instrumentalities of the United States of America and the State of Oklahoma; (2) publicly traded oil and gas exploration companies and their affiliates; (3) persons or entities that Plaintiff's counsel is, or may be prohibited from representing under Rule 1.7 of the Oklahoma Rules of Professional Conduct; and (4) officers of the Court.

Please visit the website listed at the bottom of this document for a complete list of wells included in the proposed Settlement and for more detailed information concerning the proposed Settlement.

What Does the Settlement Provide?

In consideration of the Settlement, the Settling Parties have agreed to pay \$52,000,000.00 in cash. In addition, the Settling Parties have agreed that for three years they will continue to follow the methods described in the Settlement Agreement for computing royalties paid to Class Members with respect to the Class Wells and with respect to the Settling Parties' ownership shares of production from those wells, including the Settling Parties' non-deduction of certain expenses. See the Settlement Agreement for full details. The Settling Parties' agreement in that respect does not in any way release or compromise any claims the Class Members might have against the Settling Parties as to production

from the Class Wells produced and sold after August 1, 2015, to the extent that Class Members contend that the described method of computing royalties fails to fulfill the obligations of the Settling Parties to those royalty owners.

The Settling Parties have agreed to pay \$52,000,000.00 into an account for Class Members called the Settlement Fund. The Court will deduct attorneys' fees, the Plaintiff's Case Contribution Award, and other fees and expenses, including expenses associated with effectuating the Settlement, from the Settlement Fund, and the remainder of the fund (the "Net Settlement Fund") will be distributed to eligible Class Members based on a variety of factors. These factors include the amount of natural gas produced from the wells, the dates of gas production, and the royalty ownership of each well. Complete information on the benefits of the Settlement, including information on the distribution of the Net Settlement Fund, can be found in the Settlement Agreement posted on the website listed at the bottom of this document. In exchange, Class Members will release any Released Claim they have against the Released Parties, as more fully described in the Settlement Agreement.

Who Represents Me?

Two law firms represent the Class: Barnes & Lewis, LLP and Nix, Patterson & Roach, LLP. You may hire your own attorney, if you wish. However, you will be responsible for that attorney's fees and expenses.

What Are My Legal Rights?

Stay in the Class: You do not have to do anything to stay in the Class and receive the benefits of the proposed Settlement. If you stay in the Class, you may also object to the proposed Settlement. If you stay in the Class, you will be bound by all orders and judgments of the Court, and you will not be able to sue, or continue to sue, the Settling Parties for the legal claims in this case.

• **Remain in the Class and receive benefits:** If you remain in the Class and the Court approves the proposed Settlement, you or your successors will receive the benefits of the proposed Settlement.

• **Object to the Proposed Settlement:** You or your lawyer has the right to file a written objection and appear before the Court to object to the proposed Settlement and/or the fees and expenses. Your written objection must contain the information described in the Full Notice found at the website listed below and must be **RECEIVED** by the Clerk of Court and delivered into the hands of Class Counsel and the Settling Parties' Counsel by **November 9, 2015 at 5 p.m. CST**. For mailing addresses and more information about properly objecting, please see the Full Notice and other documents relevant to the Settlement at the website listed below.

Exclude Yourself From the Class: To exclude yourself from the Class, you must send a letter by mail to the Settlement Administrator at the address below. Your letter must include your name, address, telephone number, and notarized signature and must state that you want to be excluded from the Class in *Chieftain Royalty Company v. SM Energy Company, et al.* To be effective, your written request for exclusion must be **RECEIVED** into the hands of the Settlement Administrator at the address below no later than **November 9, 2015 at 5 p.m. CST**. You cannot exclude yourself on the website, by telephone, or by e-mail. If you do not follow these procedures—including meeting the date and time for exclusion set out above—you will not be excluded from the 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. For mailing addresses and more information about properly excluding yourself from the Class, please see the Full Notice and other documents relevant to the Settlement at the website listed below.

When Will the Court Determine Whether to Approve the Proposed Settlement?

The Court will hold a final fairness hearing on **November 30, 2015 at 1:30 p.m. CST** at the United States District Court for the Western District of Oklahoma, 200 NW 4th Street, Oklahoma City, Oklahoma 73102. At the hearing, the Court will consider whether the proposed Settlement is fair, reasonable, and adequate. The Court will also consider the motion for fees and expenses. If objections have been submitted in the manner required, the Court will consider them as well. **Please note that the date of the Final Fairness Hearing is subject to change without further notice. If you plan to attend the hearing, you should check with the Court and www.chieftain-enervest.com to be sure no change to the date and time of the hearing has been made.**

Where Can I Get More Information About the Settlement?

Visit: www.chieftain-enervest.com
Call Toll-Free: 1-877-522-0448

Or write to: **Chieftain-EnerVest Settlement**
c/o Rust Consulting, Settlement Administrator
PO Box 2405
Faribault, MN 55021-9100

¹ Insofar as the Litigation relates to the EnerVest-FourPoint Properties, SM Energy Company ("SM") is a Released Party under the Settlement Agreement and a named beneficiary of all the protections, safeguards and other benefits provided under the Settlement Agreement; however, SM is not a party or signatory to the Settlement Agreement as the Settling Parties alone (in such proportions as they have agreed to among themselves, and as successors in interest to SM) are delivering the settlement consideration that is required in order to obtain the releases and other benefits provided for in the Settlement Agreement. Nothing in this Settlement Agreement is intended to compromise, settle or release any claims the Settlement Class has against SM as to wells and leases other than those that SM sold and assigned to certain of the EnerVest entities, who in turn assigned an interest in the acquired wells to FourPoint.