

There is a Proposed Settlement in a class action brought against Energen Resources Corporation on behalf of certain royalty owners.

You may be able to obtain benefits

A court authorized this notice. This is NOT a solicitation from an attorney.

A Proposed Settlement (“Energen Settlement”) has been reached in a class action lawsuit against Energen Resources Corporation (“Energen”). The lawsuit is about the alleged underpayment of royalty payments made by Energen on the production of natural gas in Colorado. This Notice is being sent to you because you may be a member of the Energen Settlement Class who is eligible to receive monetary benefits from the Energen Settlement. Please read this Notice carefully.

A SUMMARY OF YOUR RIGHTS AND CHOICES	
REMAIN A ENERGEN SETTLEMENT CLASS MEMBER	To remain a member of the Energen Settlement Class, you do not need to take any action. Energen Settlement Class Members will receive money from the Energen Settlement as outlined in Section 4 of this Notice. Due Date: <u>Automatic Distribution</u>
EXCLUDE YOURSELF FROM THE PROPOSED ENERGEN SETTLEMENT	You can exclude yourself from (opt out of) the Energen Settlement and not be bound by the Court’s rulings. You will also not share in the distribution of monetary relief. You may bring your own lawsuit. <i>See Section 7 of this Notice.</i> Due Date: <u>Post-marked on or before February 22, 2021</u>
OBJECT OR COMMENT ON THE PROPOSED ENERGEN SETTLEMENT	If you are a Class Member, you can object to or comment on the Energen Settlement on your own or through your attorney. <i>See Section 8 of this Notice.</i> Due Date: <u>Post-marked on or before March 4, 2021</u>

1. WHY YOU RECEIVED THIS NOTICE.

Records show that you have received a royalty payment from Energen from wells located in the state of Colorado. This Notice is sent to you to inform you about the proposed settlement of a class action lawsuit, captioned *Carol Thiele and Lynn Swanemyer, individually and on behalf of all others similarly situated, v. Energen Resources Corporation*, Civil Action No. 1:18-cv-01475-DME-KLM, in the United States District Court for the District of Colorado (the “Lawsuit”), brought on behalf of certain royalty payees who received royalty payments from Energen for natural gas or natural gas liquids (“Gas”) produced in the state of Colorado. The settlement has been preliminarily approved by the Court as being fair, reasonable and adequate. As explained below, you will be entitled to monetary benefits under this Energen Settlement if you do not opt out of the Energen Settlement and the Energen Settlement is finally approved by the Court.

You are a member of the class of royalty payees defined below who are covered by a proposed settlement of the Lawsuit. In this Notice, the settlement is referred to as the “Energen Settlement” and the class of Energen royalty payees covered by the Settlement is referred to as the “Energen Settlement Class.” The Energen Settlement Class includes the following:

All persons and entities, including their respective successors and assigns, to whom Energen has paid royalties or overriding royalties (collectively, “Royalties”) on natural gas produced by Energen from wells located in the state of Colorado pursuant to leases, overriding royalty agreements or other agreements which do not expressly authorize Energen to deduct monetary costs, including but not limited to gathering and/or processing costs, and/or the New Mexico natural gas processors’ tax, from the sale prices Energen receives from the sale of marketable natural gas at the first commercial market in the calculation of Royalties.

The defined Class excludes: (a) the United States; (b) the state of Colorado; and (d) Energen and its affiliates, and its respective employees, officers and directors.

The Court has appointed the Plaintiffs in the Lawsuit as class representatives for the Energen Settlement Class, and the Plaintiffs’ attorneys as counsel for the Energen Settlement Class (“Class Counsel”).

This Notice outlines the terms of the Energen Settlement, who is a Energen Settlement Class member, your right to remain a member of the Energen Settlement Class, how Energen Settlement monies will be paid, how to comment on or object to the proposed Energen Settlement, and how to exclude yourself from the Energen Settlement Class. This Notice also explains that the Court will hold a Final Fairness Hearing to decide whether to approve the Energen Settlement on **March 18, 2021, at 1:30 p.m.**, in Courtroom A-401, Fourth Floor of the United States District Court of the District of Colorado, 901 19th Street, Denver, Colorado.

2. WHAT IS A CLASS ACTION?

A class action is a type of lawsuit in which a named Plaintiff brings a suit on behalf of all of the members of a similarly-situated group to recover damages and other relief for the entire group, without the necessity of each member filing an individual lawsuit, incurring expenses, or appearing as an individual plaintiff. Class actions are used by the courts when the claims raise issues of law or fact that are common, making it fair to bind all class members to the orders and judgments in the case, without the necessity of multiple lawsuits involving hearing the same claims over and over.

3. THE LAWSUIT.

Plaintiffs, on behalf of themselves and all other similarly situated royalty payees, filed the Lawsuit against Energen on April 24, 2015, in the District Court of La Plata County, Colorado, which subsequently was removed to the United States District Court for the District of Colorado on July 13, 2015. This Lawsuit seeks monetary relief

against Energen for a class of natural gas royalty payees. The Lawsuit has been pending before the Honorable David M. Ebel, Senior Circuit Judge of the United States Court of Appeals for the Tenth Circuit, sitting by designation in the United States District Court for the District of Colorado.

Plaintiffs have alleged that Energen deducted or adjusted from royalties certain charges for costs that should not have been deducted. Specifically, Plaintiffs have asserted that Energen improperly deducted post-production costs from the sale of residue gas, natural gas liquids, and condensate produced from wells located in Colorado. These post-production cost deductions are referred to in this Notice as “Disputed Deductions.”

Class Counsel has extensively reviewed and analyzed information and documents regarding Energen’s calculation of royalties paid to the members of the Energen Settlement Class. The Parties also have engaged in continuous negotiations over the resolution of the claims alleged by the Plaintiffs (the “Claims”). The Energen Settlement described in this Notice is the result of those negotiations.

Class Counsel and the Plaintiffs believe that the issues before the Court are complex, and there is uncertainty as to the outcome of the Energen litigation should it proceed to trial. Energen denies all of the Plaintiffs’ Claims and continues to deny any wrongdoing or liability to Plaintiffs or any member of the Energen Settlement Class in connection with the Claims. Energen contends that the Claims have no merit, and that Energen would prevail at trial in the Lawsuit, including any necessary appeal.

Class Counsel and the Plaintiffs have considered both the monetary benefits of the proposed Energen Settlement and the risks of proceeding if the Energen Settlement was rejected. Class Counsel and the Plaintiffs have concluded that the proposed Energen Settlement provides members of the Energen Settlement Class with substantial monetary benefits, resolves disputed issues without prolonged litigation and expense, avoids the delay and expense of likely appeals, eliminates inherent risks of litigation, and is in the best interests of the Energen Settlement Class. Plaintiffs and Class Counsel have concluded that the proposed Energen Settlement is fair, reasonable, and adequate.

4. THE SETTLEMENT.

Energen has agreed to pay the sum of \$1,400,000 in order to settle the Lawsuit (the “Settlement Fund”), to be paid into an interest-bearing escrow account on or before December 28, 2020. The amount of the Settlement Fund that will be available for distribution to each member of the Energen Settlement Class (*i.e.*, the members who do not “opt out” of the Energen Settlement Class) will be determined by each member’s proportionate share of the Disputed Deductions.

The Court has preliminarily approved the Energen Settlement for the Energen Settlement Class.

The expenses and attorneys’ fees of the Plaintiffs and Class Counsel and any incentive awards to class representatives, as approved by the Court, will be subtracted from the Settlement Fund to determine the amount available for distribution to the members of the Energen Settlement Class. Class Counsel will request that the Court award attorneys’ fees in the amount of thirty five percent of the Class Settlement Fund. Class Counsel will be seeking a total of \$67,320 for the out-of-pocket expenses Class Counsel has expended in prosecuting this action and for future expenses related to the notice and administration of the Energen Settlement Agreement. Class Counsel will be seeking an incentive award of fifteen thousand dollars for each of the two named Plaintiffs. You may receive a copy of Class Counsel’s application regarding attorneys’ fees and out-of-pocket expenses by contacting Class Counsel as identified in Section 10 of this Notice.

Upon final Court approval, all members of the Energen Settlement Class who choose not to timely exclude themselves from the Energen Settlement Class (*i.e.*, who do not “opt out” of the Energen Settlement Class) will receive the monetary benefits of the Energen Settlement and will be bound by the resulting Order in the Lawsuit, barring them from bringing any claim against Energen related to royalty calculations that are covered by the Energen Settlement Agreement (“Settled Claims”). If a member of the Energen Settlement Class does not opt out, that member will receive payment of a portion of the Settlement Fund as described above, and may not thereafter bring Claims.

For more detailed information regarding the terms of the Energen Settlement, please read the Energen Settlement Agreement, which you may review online at www.georgebartonlaw.com, or you may obtain a copy of the Energen Settlement Agreement by contacting Class Counsel as identified in Section 10 of this Notice.

5. THE COURT HAS CONDITIONALLY APPROVED THE SETTLEMENT.

The Court has provisionally determined that the Energen Settlement is fair, reasonable and adequate. The Court has also ordered that, for purposes of the proposed Energen Settlement only, this case may proceed as a class action and that the Energen Settlement Class shall be conditionally certified. This does not mean that Plaintiffs would be successful if the case went to trial. The Court has made no final determination as to the merits of the Lawsuit, and this Notice and the proposed Energen Settlement do not imply that Energen is liable to Plaintiffs or to any member of the Energen Settlement Class for any of the Claims. Furthermore, if the Energen Settlement is not finally approved or is withdrawn at any time, the Parties have agreed that the conditional class certification shall be void and of no effect. There are also other circumstances under which the Parties may cancel the Energen Settlement. In any such event, the Lawsuit would proceed as though no class had been previously certified .

6. REMAINING A MEMBER OF THE SETTLEMENT CLASS.

If you chose to remain a Energen Settlement Class member, you do not need to take any action whatsoever. Plaintiffs and Class Counsel will represent your interests as a member of the Energen Settlement Class. You will not be charged for their services or any expenses other than the payment of attorneys' fees and litigation expenses from the Settlement Fund that are approved by the Court. You may enter an appearance in the Lawsuit by yourself or through your attorney, at your own expense. You will be bound by the judgment and final disposition of the Lawsuit, and you should receive a distribution check for your share of the Settlement Fund approximately 14 days after the Approval Event specified in the Energen Settlement Agreement (as defined by the Energen Settlement Agreement). If you are an Energen Settlement Class member, you will be barred from bringing any further legal action against Energen, its affiliates, and its predecessors.

Should you remain in the Energen Settlement Class, and the Energen Settlement is approved, you will:

- 1) Receive your allocated share of the Settlement Fund.
- 2) Release all Settled Claims.

7. REQUEST TO BE EXCLUDED FROM THE ENERGEN SETTLEMENT CLASS.

You may elect to be excluded from the Energen Settlement Class. If you elect to be excluded from the Energen Settlement Class, you will not be bound by any judgment, disposition, or settlement of the Lawsuit, nor will you receive any monetary benefits of the Energen Settlement. You will retain, and will be free to pursue, any claims you may have on your own behalf against Energen. Energen will be free to assert any defenses or counterclaims it may have against you.

To be excluded from the Class, you must mail a written election to be excluded from the Energen Settlement Class to **George Barton, Law Offices of George A. Barton, P.C., 7227 Metcalf Ave. Suite 301, Overland Park, Kansas 66204**. The election must contain the full name, current address, telephone number, and signature of the person requesting exclusion. **The written election must be postmarked on or before February 22, 2021.** If your spouse or anyone else shares your interest in the royalty payments, they must also follow this procedure if they want to be excluded from the Class.

Any potential Energen Settlement Class member may revoke that member's election to be excluded from the Energen Settlement Class. If you wish to revoke your request to be excluded from the Energen Settlement Class, you must mail a written signed statement that you request to revoke your election to be excluded from the Energen Settlement Class to **George Barton, Law Offices of George A. Barton, P.C.** by **February 22, 2021**. By revoking the election to be excluded, the potential Energen Settlement Class member becomes a Energen Settlement Class member with all rights of a Energen Settlement Class member at the time of the revocation.

Class Counsel will provide the Court a compilation of all potential Class members who request to be excluded from the Energen Settlement Class.

8. RIGHT TO OBJECT TO THE ENERGEN SETTLEMENT.

If you do not opt out of the Energen Settlement Class, you may object to the proposed Energen Settlement, Class Counsel's application for attorneys' fees, litigation expenses, or the request for class representative incentive awards. **All objections shall be in writing and must be filed on or before March 4, 2021**, with the Court at the address of the District Court Clerk as it appears below. Your objection must set forth your full name, current address, and telephone number. In addition, your objection must include **a written statement of the position that you wish to assert**. Your objection also must be mailed to each of the following and postmarked on or before March 4, 2021:

Class Counsel

George A. Barton
Stacy A. Burrows
LAW OFFICES OF GEORGE A. BARTON, P.C.
7227 Metcalf Ave. Suite 301
Overland Park, KS 66204

Counsel for Energen

Christopher A. Chrisman
Michelle R. Seares
HOLLAND & HART LLP
555 Seventeenth Street, Suite 3200
Denver, CO 80201-8749

You or your attorney may appear at the Final Fairness Hearing, but are not required to do so. **In order to be heard at the Final Fairness Hearing you must file a Notice of Intent to Appear at the Final Fairness Hearing with the Court on or before March 1, 2021.** Any Energen Settlement Class member who does not file a notice of intent to appear at the Final Fairness Hearing may be prohibited from participating at that Hearing.

9. FINAL FAIRNESS HEARING.

A Final Fairness Hearing will be held on March 18, 2021, at 1:30 p.m. in Courtroom A-401 of the United States District Court for the District of Colorado, located at 901 19th Street, Denver, Colorado 80294. The purpose of the Hearing will be to finally determine whether the proposed Energen Settlement is fair, reasonable, and adequate, and whether a final judgment approving the Energen Settlement Agreement should be entered. The amount of the attorneys' fees and litigation expenses to be paid from the Settlement Fund to Class Counsel, and the requested incentive awards to the class representatives, will also be considered at the Final Fairness Hearing. The Hearing may be continued or adjourned without further notice to the Energen Settlement Class.

If the Energen Settlement is approved, Plaintiffs and each member of the Energen Settlement Class who has not properly and timely elected to be excluded from the Energen Settlement Class will be bound by the Energen Settlement. Additionally, the respective heirs, executors, administrators, representatives, agents, successors, and assigns of the Energen Settlement Class members will be deemed bound by the Energen Settlement as to that member's interests. Likewise, the Energen Settlement will bind Energen and its successors and assigns.

10. ATTORNEYS FOR THE PARTIES.

Attorneys for the Plaintiffs and the Energen Settlement Class ("Class Counsel")

George A. Barton
Stacy A. Burrows
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Fax: (303) 291-8261
cachrisman@hollandhart.com
mrseares@hollandhart.com

ANY QUESTIONS CONCERNING THE SETTLEMENT SHOULD BE DIRECTED TO CLASS COUNSEL.

In any written correspondence with the attorneys or submissions to the Court, it is important that the envelope and any documents inside contain the following case name and identifying number:

Thiele v. Energen Resources Corporation
Civil Action No. 1:15-cv-01475-DME-KLM

In addition, you must include your full name, address, and telephone number.

11. IF YOU WANT TO INSPECT THE COURT FILE.

The complaints, answers, pleadings, court orders, and other documents, including the Energen Settlement Agreement, are available online at www.georgebartonlaw.com. In addition, all pleadings are on file in this case and may be inspected at the following address:

United States District Court of the District of Colorado
Alfred A. Arraj United States Courthouse, Room A-441
901 19th Street
Denver, Colorado 80294

DO NOT WRITE OR TELEPHONE THE CLERK'S OFFICE if you have any questions about this Notice or the Energen Settlement. Please address any questions regarding this Notice or the proposed Energen Settlement in writing to Class Counsel, at the address identified in Section 10 of this Notice, or by telephone to Class Counsel, at the telephone number identified in Section 10 of this Notice.

DO NOT CALL THE COURT OR THE COURT CLERK