

STATE OF WYOMING)
) ss.
COUNTY OF CAMPBELL)

IN THE DISTRICT COURT
SIXTH JUDICIAL DISTRICT

Kenneth B. Geer,)
)
Plaintiff,)
)
vs.)
)
Lance Oil & Gas Company, Inc.,)
A Delaware corporation,)
)
Defendant.)

CIVIL ACTION NO. 32940

NOTICE OF CLASS ACTION CERTIFICATION

TO: THE POTENTIAL MEMBERS OF THE CLASS

IMPORTANT NOTICE: THIS IS AN OFFICIAL NOTICE OF A CLASS ACTION SENT TO YOU UNDER COURT ORDER. YOUR LEGAL RIGHTS MAY BE AFFECTED BY THIS NOTICE.

PLEASE READ THIS NOTICE CAREFULLY.

Kenneth B. Geer, the named Plaintiff in the case, has asserted on his own and on your behalf claims against Defendant LANCE OIL & GAS COMPANY, INC. ("Defendant" or "Lance"). The Court has **NOT** ruled on the merits of the Plaintiff's claims or the Defendant's denials or other defenses. This is **NOT** service of a lawsuit against you.

THIS NOTICE OF CERTIFICATION OF CLASS ACTION DOES NOT REQUIRE YOU TO DO ANYTHING SHOULD YOU WISH TO REMAIN A MEMBER OF THE CLASS OF LANCE ROYALTY OWNERS CERTIFIED BY THE HONORABLE DAN R. PRICE, II, PRESIDING JUDGE. PLEASE FEEL FREE TO TALK TO YOUR OWN ATTORNEY CONCERNING THIS NOTICE IF YOU WISH.

IF YOU TAKE NO ACTION WHATSOEVER, YOU WILL BE INCLUDED AS A MEMBER OF THE CLASS AND YOU WILL BE JOINED IN THE CLAIMS THAT KENNETH B. GEER IS ASSERTING AGAINST LANCE.

THE CLAIMS ASSERTED BY KENNETH GEER AGAINST LANCE ARE DESCRIBED BELOW. READ THE EXPLANATION OF THESE CLAIMS CAREFULLY. THE JUDGMENT OF THE

COURT, WHETHER FAVORABLE OR UNFAVORABLE, WILL INCLUDE ALL MEMBERS WHO DO NOT REQUEST EXCLUSION FROM THE CLASS BY A SPECIFIC DATE.

PLEASE KEEP THIS NOTICE IN A SAFE PLACE BECAUSE IT MAY BE REFERRED TO IN FURTHER COMMUNICATIONS WITH YOU.

FROM THE HONORABLE DAN R. PRICE, II, PRESIDING JUDGE, TO:

All individuals and non-governmental entities who Plaintiff alleges have not received full or timely royalty payments from Lance for gas and oil production from wells located in Campbell County, Wyoming, except the following parties or entities who shall be excluded from the class:

- (a) governmental entities;
- (b) Indian tribes;
- (c) working interest owners without royalty interests;
- (d) Lance or any of its predecessors, affiliates or subsidiaries and any of their employees or Officers.

You are being sent this notice because you appear to be a royalty and/or overriding royalty owner (collectively "Royalty Owner") who would be a part of the proposed class recently certified in this case ("Class"). This notice explains the general basis of the lawsuit, some background, and finally provides you with information regarding your right to opt out of this lawsuit. The remainder of this notice will provide you with information that you may use to make a decision as to whether to remain a member of the Class or to opt out.

1. WHY YOU SHOULD READ THIS NOTICE

This notice is sent to you to inform you that the Court in the captioned matter certified the Class.

You have been identified as a potential member of the Class from information the Defendant provided to the Court. As a potential member of the Class, you may be able to assert claims for relief under your contract for royalties or overriding royalties with Lance and the Wyoming Royalty Payment Act, *Wyo. Stat. §§ 30-5-301 et seq.* ("Claims") against Lance in the captioned litigation ("Geer/Lance Lawsuit"). The Court has appointed the Plaintiff as the Class Representative for the Class and Plaintiff's attorneys as counsel for the Class ("Class Counsel").

This Notice describes the nature of the Geer/Lance Lawsuit, your rights and some factors to consider in making your decision concerning whether to remain in or to request exclusion from the Class. Basically, you may:

- (1) Remain in the Class (See Section 4 of this Notice if you wish to do this); or
- (2) Exclude yourself from the Class (See Section 5 of this Notice if you wish to do this).

2. WHAT IS A CLASS ACTION?

A class action is a type of lawsuit in which one or more people called named Plaintiffs bring a suit on behalf of all of the members of a similarly situated group who have similar claims to recover damages and other relief for the entire group, except for those who exclude themselves, without the necessity of each member filing an individual lawsuit and incurring all of the expenses or appearing as an individual plaintiff. Courts use class actions when the claims raise common issues of law or fact making it appropriate to bind all class members to the orders and judgments in the case, without the necessity of multiple lawsuits. The Court's ruling that this case may proceed as a class action does not mean that any money damages or other relief will be obtained for the Class members because these are contested issues that have not been decided.

3. THE GEER/LANCE LAWSUIT

Plaintiff, on behalf of himself and all other similarly situated Royalty Owners, filed the Geer/Lance Lawsuit against Defendant Lance on February 2, 2012. Plaintiff seeks declaratory relief, injunctive relief and monetary relief against Defendant for a class of Wyoming Royalty Owners as defined above. This lawsuit is before the Honorable Dan R. Price, II, District Judge of the Sixth Judicial District, State of Wyoming, located at the Campbell County Courthouse, 500 South Gillette Avenue, Gillette, Wyoming.

Though discovery may identify other issues as the case proceeds, the issues involving Plaintiff's claims are generally described as follows:

This action challenges two aspects of Lance's accounting methodology which Lance has employed and continues to employ to improperly calculate its Royalty payments to all Royalty Owners to whom Lance makes royalty payments arising from production from wells in Campbell County. Plaintiff alleges that Lance: 1) regularly over estimates the Campbell County ad valorem tax rate that will be imposed, then deducts taxes from royalty payments based upon the estimated ad valorem tax rate, then pays taxes to the government using a lower ad valorem tax rate actually imposed by Campbell County, without reimbursing the Royalty Owners for the over withholding; and 2) calculates all ad valorem, severance and conservation tax ("Production Tax") deductions from Royalty Owners' payments based on Royalty Value rather than Taxable Value, so that Lance deducts more from royalty payments than Royalty Owners' actual share of taxes. Plaintiff alleges that each of these practices is a violation of the Wyoming Royalty Payment Act, W.S. §§ 30-5-301 et seq. ("WRPA") and triggers the Act's penalty and interest provisions. Each of these practices, which are built into Lance's accounting methodology, is applied by Lance to the entire class of Campbell County Royalty Owners.

On behalf of himself and the class, Geer seeks payment of the amounts improperly withheld, with interest; judgment declaring that Lance's challenged accounting methodology violates the WRPA; an injunction restraining Lance from continuing the challenged accounting; and fees and costs of this action.

According to the *Wyoming Royalty Payment Act*, *Wyo. Stat.* §§ 30-5-303(b), "the prevailing party in any proceedings brought pursuant to this article shall be entitled to recover all court costs and reasonable attorney's fees." Both Plaintiff and Defendant seek these costs and fees in addition to the amounts described above. The Defendant would not be entitled to seek attorney fees against you as an absent class member but could only seek that against the Plaintiff or other class members who actually appear in the litigation.

Further Information

Defendant has asserted defenses to the claims that include but are not limited to accord and satisfaction, setoff and recoupment.

Plaintiff's Lawsuit also alleged that Lance was liable to Geer and the Class for failure to accurately report its deductions for taxes as required by the WRPA. However, the Court concluded that it is not appropriate to consider class certification for any royalty reporting claim made by Plaintiff because of a previous 2009 class settlement in another class certified by the Court.

A more complete description of the Geer/Lance Lawsuit, its status and the Court's rulings made in the case is available at <http://classaction.davisandcannon.com> or in the file kept by the Court. Alternatively, if you have questions regarding the status, rulings or issues in this lawsuit, or if you wish to receive copies of any documents on file in this case, such request can be made in writing to Class Counsel at the address set forth in section 6 of this Notice. As indicated above, copies of the pleadings in the case are at <http://classaction.davisandcannon.com> for your review.

4. REMAINING A MEMBER OF THE CLASS

If you choose to remain a Class member, you do not need to take any action whatsoever.

The Class Representative and Class Counsel will represent your interest as a member of the Class. You will not be charged for their services or costs unless the Court permits attorney fees and costs to be deducted from any award of resolution. You would be notified of any petition for award of attorney fees and costs and would have an opportunity to object to any award. No award of attorney fees or costs will be taken unless approved by the Court. If you remain a member of the Class, you will be bound by the judgment and final disposition of the Geer/Lance Lawsuit, whether favorable or not. If a recovery or no recovery is obtained for the Class, you will be bound by that result if you remain a member of the Class. Also, Class members may be barred from bringing any separate legal action against Lance for the Class Claims described in this Notice. In addition, under the doctrine of *res judicata*, you may not be able to bring any other claims for unpaid or late paid royalties against Lance for the affected time period. However, any Class member who does not request exclusion may, if the member desires, enter an appearance through separate counsel. If you remain a member of the Class, you will be entitled to notice of, and may participate in any monetary damages or other relief obtained on behalf of or against the Class. For this reason, you should notify Class Counsel in writing at the address set forth in Section 6 of this Notice of any corrections or changes of your name or address. In certain circumstances, the Court may require Class members to provide information to Class counsel. That only occurs if the defendant makes a showing to the Court that it cannot otherwise get that information and the manner it seeks to obtain the information is the least intrusive on Class members. At this point, the Court has not yet considered whether to allow any such discovery.

5. REQUESTING TO BE EXCLUDED FROM THE CLASS

You may elect to be excluded from the Class ("Opt-Out"). If you elect to be excluded from the Class, the Court will exclude you from the Class, and you will not be bound by the judgment and final disposition of the Geer/Lance Lawsuit. You will retain, and will be free to pursue, any claims you may have on your own behalf against Lance.

If you bring your own claim, Lance will be free to assert any defenses or counterclaims it may have against you. You should consult with your own attorney, at your sole cost regarding your rights as well as any defenses and counterclaims available to Lance as to your claims. If you choose to be excluded from the Class, you must provide to Class Counsel a written election to be excluded from the Class at the address set forth in Section 6 of this notice. The election must contain the full name, current address, Lance Owner Number, telephone number and signature of the person requesting exclusion. Class Counsel must receive the written election on or before June 28, 2013.

6. ATTORNEYS FOR THE PARTIES

Attorneys for the Kenneth B. Geer and Class Counsel:

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In any written correspondence with the attorneys, it is important that the envelope and any documents inside the envelope contain the following case name and identifying numbers:

Geer v. Lance Oil & Gas Company, Inc., Civil Action No. 32940

7. IF YOU WANT TO INSPECT THE COURT FILE

Certain pleadings in the Geer/Lance Lawsuit, including the complaint, answer, other pleadings, court orders such as the Order on Class Certification, and other documents, may be viewed online at www.wyomingclassactions.com. Also, the pleadings are on file in this case with the Clerk of the District Court, and may be inspected in person and copies made of the file at the office of the District Court Clerk set forth above. **DO NOT WRITE OR TELEPHONE THE CLERK'S OFFICE** if you have any questions about this Notice. Please address any questions regarding the Notice or the case in writing to Class Counsel.

ANY QUESTIONS CONCERNING THE CLASS ACTION SHOULD BE DIRECTED TO CLASS COUNSEL, MR. MCKINLEY OR MS. FOX.

DO NOT CALL THE COURT OR THE COURT CLERK