

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 09-CV-00673-WDM-KMT

LLH OPERATIONS LLLP, et al.,

Plaintiffs,

v.

SAMSON RESOURCES COMPANY,

Defendant.

**NOTICE OF CLASS ACTION
AND PROPOSED SETTLEMENT**

THIS IS AN OFFICIAL NOTICE SENT TO YOU UNDER COURT ORDER
FROM THE HONORABLE WALKER D. MILLER, SENIOR JUDGE

According to the business records maintained by Defendant Samson Resources Company (hereafter "Samson") you are a member of the following group (hereafter referred to as the "Class" or "Plaintiff Class"), which the Court will be requested to certify at the Fairness Hearing described below, for the purpose of approving and implementing the settlement described below:

ALL PERSONS OR ENTITIES WHO HAVE RECEIVED ROYALTY PAYMENTS FROM SAMSON FOR ROYALTY INTERESTS IN GAS PRODUCTION FROM PROPERTIES IN LA PLATA COUNTY, COLORADO, EXCEPT:

(a) those persons or entities whose underlying written oil and gas lease or assignment of overriding royalty interest therein expressly authorizes the deduction of expenses incurred to produce the gas or place it in marketable condition at a marketable location, including expenses of compression, gathering, treatment and dehydration, but such persons or entities are not excluded to the extent their leases or assignments do not contain such express authorization;

(b) The United States of America insofar as its mineral interests are managed by the Minerals Management Service (but including instrumentalities of the United States and federally chartered corporations);

EXHIBIT A

- (c) The Southern Ute Indian Tribe;
- (d) Samson and its affiliates and subsidiaries;
- (e) Elm Ridge Exploration Co., LLC;
- (f) Bayless Ranches LLC;
- (g) Maralex Resources, Inc.;
- (h) BP America Production Co.;
- (i) TH McElvain Oil & Gas Limited Partnership;
- (j) San Juan Basin Properties LLC;
- (k) Patricia Penrose Schieffer;
- (l) McElvain Oil Company;
- (m) Vaughn-McElvain Energy;
- (n) J&M Raymond;
- (o) Raymond & Sons I LLC;
- (p) Tamacam LLC;
- (q) XTO Energy Inc.;
- (r) Charles W. Gay;
- (s) Lorryn Gay Hacker;
- (t) Enervest Operating LLC, Agent for EV Properties LP; and

(u) The affiliates, subsidiaries, divisions, trade names, prior names, predecessors, later names, or successors of any of the persons or entities identified in (e) through (t) above.

THIS NOTICE CONTAINS INFORMATION ABOUT YOUR RIGHTS AS A MEMBER OF THE PLAINTIFF CLASS. PLEASE READ CAREFULLY.

The purpose of this Notice is to inform you that:

- (1) The Plaintiffs and Samson have entered into Agreement for Settlement of Claims against Samson Resources Company (hereafter “Settlement Agreement”);
- (2) The United States District Court for the District of Colorado must approve the Agreement before it can become effective;
- (3) You should carefully review the information set forth below to assist you in understanding the nature of the dispute that is being settled and the manner in which you will benefit from such settlement;
- (4) The United States District Court for the District of Colorado will conduct a Fairness Hearing on May 20, 2010, for the purposes of (a) finally determining whether this Action satisfies the requirements of Rule 23 of the Federal Rules of Civil Procedure; (b) establishing whether the terms of the Agreement are fair and reasonable and should be approved; (c) approving the method used to compute settlement payments to members of the Plaintiff Class; (d) awarding attorneys’ fees and litigation expenses; and (e) considering any other matters which may come before the Court;
- (5) You have the right to appear and participate in the Fairness Hearing, secure additional information, and take such action as you may deem appropriate in accordance with the directions set forth below; and
- (6) To obtain the benefits of this proposed settlement and to release claims against Samson, you do not have to do anything. If you do not wish to participate in this proposed settlement and to release claims against Samson, you must request exclusion from the Class as described below.

BACKGROUND AND SUMMARY
OF THE PROPOSED SETTLEMENT IN THIS CASE

The Plaintiffs in this case filed this action in the District Court of La Plata County, Colorado on February 20, 2009. On March 25, 2009, Samson removed the suit to the United States District Court for the District of Colorado, which has since retained jurisdiction of the

action pursuant to federal law.

In their Complaint, Plaintiffs alleged that Samson had improperly deducted certain expenses from sales proceeds when calculating royalties due them and the Plaintiff Class (whom they sought to represent), including gathering, compression, treatment and dehydration (hereafter “Disputed Deductions”). Plaintiffs claimed that the common law of Colorado prohibits Samson from taking the Disputed Deductions, because they were being incurred to produce the gas in a captive state and place it in marketable condition at a marketable location.

Defendant Samson denied the allegations in the Complaint, contending that all of the Disputed Deductions were lawful and that it was entitled to a declaratory judgment permitting it to (a) retain all such sums which it had charged to the accounts of its royalty owners and (b) debit such accounts with such sums it had incurred since December, 2007, but had not yet charged to the accounts of its royalty owners.

Following the filing of motions and briefs addressing past and proposed communications by Samson with members of the Plaintiff Class, Samson submitted to counsel for Plaintiffs certain royalty accounting data concerning Royalty Payees in the Samson Wells. Such royalty accounting data included (a) data concerning amounts subtracted from sales proceeds in royalty calculations for royalty payments to Royalty Payees whose particular Instruments either expressly prohibit subtractions of costs from sales proceeds or provide for payment of royalty on the basis of “gross proceeds” without reference to “at the well” or equivalent location (such Instruments being referred to herein as “**Gross Proceeds Instruments**”); and (b) data concerning amounts subtracted from sales proceeds in royalty calculations for royalty payments to Royalty Payees whose particular Instruments are silent with respect to whether such subtractions may be made (such Instruments are referred to herein as “**Silent Instruments**”). Such royalty accounting data also included data concerning amounts subtracted from sales proceeds after the gas reached the “**Demarcation Points**” identified in Exhibit C to the Settlement Agreement. These are points where Samson re-takes delivery of the gas from a third party gathering system or delivers gas into a mainline pipeline. The royalty accounting data provided is described in Section 2.8 of the Settlement Agreement. The royalty accounting data, exclusive of data concerning amounts subtracted after Demarcation Points, is referred to herein as “**Settlement Royalty Accounting Data.**”

Following unsuccessful settlement negotiations, the parties participated in a mediation conducted by United States Magistrate Judge Kathleen M. Tafoya. At the conclusion of that mediation, the parties agreed to an outline of a proposed settlement. On January 15, 2010, following further negotiations of all of the terms of the proposed settlement, including the manner in which Samson will compute and pay royalties in the future, the parties executed the Settlement Agreement which is the subject of this Notice.

The following summary explains the essential terms of the Settlement Agreement. You can review the Agreement at any time during regular office hours of the Clerk of the United States District Court at Room A105, 901 19th Street, Denver, Colorado 80294-3589, or by

accessing the following Web Site: www.fleeson.com. If you have any questions concerning this Notice or the Settlement Agreement, please do not hesitate to contact Class Counsel via the e-mail address, postal address or telephone number listed below.

1. Refund of Past Deductions

Samson has agreed to pay a Settlement Amount of \$3,626,000 in exchange for being released from liability for the Settled Claims, which are defined in the Settlement Agreement and discussed further below. During the Fairness Hearing, Class Counsel will ask the Court to approve a plan to allocate the Settlement Amount among members of the Plaintiff Class so that, based on the Settlement Royalty Accounting Data and calculations performed by Class Counsel, each member of the Settlement Class receives, before subtraction of attorneys' fees, litigation costs, and taxes, an amount substantially equivalent to:

(a) 100% of the costs subtracted by Samson from sales proceeds when calculating royalty payments to such member pursuant to Gross Proceeds Instruments; plus

(b) 80% of the costs upstream of the Demarcation Point subtracted by Samson from sales proceeds when calculating royalty payments to such member pursuant to "Silent Instruments;" plus

(c) Interest on the amounts stated in (a) and (b) above at the rate of 8%, compounded annually, from the date the subtraction was made to November 1, 2009.

You can review the Settlement Agreement, including the Plan of Allocation, by accessing the following Web Site: www.fleeson.com.

Samson has agreed to prepare and provide to the Court and Class Counsel a Preliminary Distribution Schedule which reflects amounts that would be received by each Class Member under the methodology set forth above, assuming the Settlement is approved by the Court. Class Counsel will post a copy of the Preliminary Distribution Schedule on their web site (www.fleeson.com) no later than April 10, 2010. You can determine what you would receive under the Settlement by locating the entry which corresponds to the Owner Number assigned to you by Samson, which appears on your monthly remittance statements. Please note this amount will be reduced by your pro-rata share of any attorney's fees and expenses awarded by the Court at the Fairness Hearing and any Colorado Conservation Tax or Colorado Severance Tax which Samson is required to withhold.

Samson has also agreed to pay interest on the amounts reflected on the Preliminary Distribution Schedule at the rate of 4% from November 1, 2009, until thirty days after the date when the settlement is finally approved (the "Approval Event," as defined in the Settlement Agreement).

For purposes of distributing such settlement funds to members of the Plaintiff Class, these amounts shall be treated as personal property.

2. How Samson Will Compute Royalties in the Future

Although Samson ceased subtracting costs from sales proceeds with respect to most royalty payments for sales occurring since December, 2007, it reserved the right to resume subtracting costs and to debit the royalty accounts of the Plaintiff Class for such costs for the prior periods in which they were not subtracted. Under the Settlement Agreement, in the absence of "supervening or changed circumstances" which would entitle Samson to "seek or obtain relief from or reformation of the provisions of the" contract which are summarized below, Samson has agreed to pay royalty as follows:

In the future, Samson will pay royalty based on "Realized Proceeds" less "Permitted Deductions." "Realized Proceeds" will be the weighted average of proceeds received by Samson from the arms-length sale of Hydrocarbons to non-affiliated third parties. In the event Samson sells the Hydrocarbons to an affiliate, "Realized Proceeds" will be the greater of (i) the value attributed to such transfer by Samson (i.e., the "transfer price") or, (ii) the weighted average of the proceeds received by Samson's affiliate from the arms-length sale of Hydrocarbons to non-affiliated third parties. "Realized Proceeds" will be increased by the value of Hydrocarbons reasonably and actually consumed, vented, lost, flared, or used as fuel (collectively "Fuel") after Samson delivers the applicable Hydrocarbons to a third party gathering system (such value to be based on Samson's weighted average sales price).

"Permitted Deductions" will be (1) the reasonable and actual Fuel incurred downstream of the first Demarcation Point; (2) the reasonable and actual direct costs of transportation; (3) conservation taxes and severance taxes; and (4) in the event Hydrocarbons are processed in a plant for the removal of natural gas liquids, then "Permitted Deductions" shall include all reasonable and actual Fuel, shrinkage, and costs incurred in connection with said processing only to the extent such Fuel, shrinkage and costs enhance the value of the Hydrocarbons and, thereby, increases actual Royalties in proportion with the Fuel, shrinkage, and costs assessed against the nonworking interests. Provided, however, that "Permitted Deductions" will mean only taxes with respect to all Gross Proceeds Instruments.

3. Release of Claims by the Plaintiff Class

In exchange for its payment of the sums identified above and its commitment regarding how royalties will be computed in the future (as described above), you and other members of the Plaintiff Class shall release Samson and other persons and parties identified in subparagraph 4 below from all “Settled Claims,” which means any and all common claims which are based upon the matters alleged on behalf of the Plaintiff Class in the Complaint in the Action. For more information concerning the “Settled Claims,” please see Section 1.23 of the Settlement Agreement.

As long as Samson pays royalties in the manner described in the Settlement Agreement and summarized in subparagraph 2 above, you and the Plaintiff Class will not claim (and will release Samson from any claim) that such royalty payment methodology violates the terms, express or implied, of the underlying lease or overriding royalty instrument pursuant to which Samson is producing and marketing the gas in question.

4. Scope of the Agreement

The Agreement is binding on and shall apply to the Plaintiffs; the Class Members; Samson; Samson’s affiliates; any of Samson’s or its affiliates’ officers, directors, shareholders, employees, agents and attorneys; the working interest owners in Samson’s wells on whose behalf it paid royalties (but only for the time period in which Samson paid or pays royalties on behalf of such working interest owners) and all of their successors and assigns.

APPLICATION FOR ATTORNEYS’ FEES AND EXPENSES

At the Fairness Hearing, the Court will determine the fair and reasonable amount of attorneys’ fees and expenses to be awarded to Class Counsel. Class Counsel will make application to the Court for reimbursement of out-of-pocket expenses incurred and to be incurred and advanced on behalf of the Class and for an award of attorneys’ fees to be paid from the amount recovered under the Settlement. Class Counsel intend to seek reimbursement for such expenses totaling approximately \$20,321.59. Class Counsel will apply to the Court for an award of attorneys fees of one-quarter (1/4) of the amount recovered, after subtracting such out-of-pocket expenses. Class Counsel will not seek any attorneys’ fees on the increased royalties to be received by the Plaintiff Class as a result of Samson’s commitment regarding payment of future royalties.

ELECTIONS BY MEMBERS OF THE PLAINTIFF CLASS

If you are a member of the Plaintiff Class, you have a choice whether to (a) participate in the proposed Settlement by remaining a member of the Plaintiff Class or (b) decline to participate in the proposed Settlement by excluding yourself as a member of the Plaintiff Class. Either of these two choices will have its consequences, which you should understand before making your decision:

If you wish to participate in the proposed Settlement, you are not required to do anything at this time. If the Court approves the proposed Settlement, you would then become entitled to receive the benefits provided by the Settlement Agreement. In return, you would be barred from pursuing any of the Settled Claims against Defendants and the Released Parties.

If you wish to be excluded from the proposed Settlement, you must complete the attached "Exclusion Request" form and return it to "Clerk of the Court" by mail such that it is received at least ten (10) days prior to the Settlement Fairness Hearing. If you elect to be excluded, you will not be entitled to the benefits provided by the Settlement Agreement, but will be free to pursue any claims that you might have against Samson on your own and at your own expense.

THE FAIRNESS HEARING

A Fairness Hearing will be held on May 20, 2010, in Courtroom A902 of the Alfred A. Arraj Courthouse of United States District Court for Colorado, which is located at 901 19th Street, Denver, Colorado, to determine (a) whether the Plaintiff Class should be certified; (b) whether the proposed Settlement is fair, reasonable, and adequate and in the best interests of the Plaintiff Class and should be approved by the Court; (c) approving the method used to compute settlement payments to members of the Plaintiff Class; (d) whether the application for reasonable fees and expenses of Class Counsel should be approved; and (e) to take any further action which the Court deems appropriate. At that Fairness Hearing, Class Counsel will express the opinion that the proposed Settlement is fair, adequate, and reasonable and in the best interest of the Plaintiff Class and should be approved.

Any member of the Plaintiff Class may appear at the Fairness Hearing and object to the proposed Settlement, the application for reasonable attorneys' fees and expenses of Class Counsel, the classification of your royalty instrument, and/or the Preliminary Distribution Schedule. Upon the Court's approval of the Preliminary Distribution Schedule, the members of the Class shall not be permitted to object to the classification of their Royalty Instrument or Instruments, or to the method used to compute their distributable share of the Settlement Amount in the Final Distribution Schedule, which will be the same as the Preliminary Distribution Scheduled, except that the amounts stated therein shall be reduced by your pro-rata share of any fees and expenses awarded by the Court and increased by interest at the rate of 4% from November 1, 2009, to thirty (30) days after the date upon which the Settlement is finally approved.

In order to appear and object at the Fairness Hearing, that member should give notice of such person's intention to appear at the Fairness Hearing. The Notice should contain: (1) a

detailed statement indicating the basis for such objection; (2) a list of any witnesses the objecting party may call; (3) a list of and copies of any exhibits the objecting party may seek to use at the Fairness Hearing; (4) the name that is set forth on the Notice of Proposed Settlement that was sent to the objecting Plaintiff Class Member; and (5) the objecting party's current name, address and telephone number. The Notice should be mailed by United States first-class mail, such that it is received at least ten (10) days prior to the Settlement Fairness Hearing to each of the following addresses:

Clerk of the United States District Court for the District of Colorado
Room A105
901 19th Street
Denver, CO 80294-3589

David G. Seely, Esq.
Fleeson, Gooing, Coulson, & Kitch, L.L.C.
Class Counsel
P.O. Box 997
125 N. Market
Wichita, KS 67201-0997

Charles A. Armgardt, Esq.
Modrall, Sperling, Roehl, Harris & Sisk, P.A.
Counsel for Defendant
P. O. Box 2168
Albuquerque, NM 87103-2168

(NOTE: To be sure that such Notice is handled appropriately; it must begin by referring to "Civil Action 09-CV-000673-WDM-KMT")

A Class Member does not need to appear at the Hearing or take any other action to participate in the proposed Settlement.

The Fairness Hearing and any further proceedings may, from time to time, and without further notice to the Plaintiff Class, be continued or adjourned by order of the Court.

DISTRIBUTION OF SETTLEMENT FUNDS

If the Court approves the Settlement and no appeal is taken within thirty (30) days from the entry of the order, the judgment shall become final. No more than ten (10) days after the judgment becomes final, Samson shall provide Class Counsel with a Final Distribution Schedule which they shall immediately post on www.fleeson.com. No more than forty-five (45) days after the judgment becomes final, Samson shall issue the settlement checks to the Plaintiff Class.

ADDITIONAL INFORMATION

Any questions you may have about the matters in this Notice should not be directed to the Court or the Office of the Clerk, but may be directed by telephone or in writing to the following Class Counsel:

David G. Seely, Esq.
Fleeson, Gooing, Coulson, & Kitch, L.L.C.
P.O. Box 997
Wichita, Kansas 67201-0997
Telephone: (316) 267-7361

G. R. Miller, Esq.
Miller, Agro, & Robbins, LLC
1099 Main Avenue, Suite 112
Durango, CO 81301
Telephone: (970) 247-1113

You may view copies of significant documents filed in this case by accessing the following Web Site: www.fleeson.com

DATED at Denver, Colorado, on February 17, 2010.

BY THE COURT:

s/ Walker D. Miller
United States Senior District Judge

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 09-CV-00673-WDM-KMT

LLH OPERATIONS LLLP, et al.,

Plaintiffs,

v.

SAMSON RESOURCES COMPANY,

Defendant.

NOTICE OF EXCLUSION FROM THE PLAINTIFF CLASS

**READ THE ENCLOSED LEGAL NOTICE CAREFULLY
BEFORE FILLING OUT THIS FORM**

The undersigned has read the Notice of Proposed Settlement of Class Action, dated _____, 2010, and does NOT wish to remain a member of the Plaintiff Class described in that Notice, understanding that by executing this exclusion the undersigned will NOT be entitled to share in the Settlement described therein and will NOT be releasing any claims included in the Class Action.

Dated: _____

Name: _____

(Please print)

Owner No.: _____
(Appears on Envelope)

Address: _____

By: _____
Name
Title, if applicable

If you want to exclude yourself from the Plaintiff Class, you must complete and return this form by mailing it such that it is received at least ten (10) days prior to the Settlement Fairness Hearing.

Clerk of the United States District Court for Colorado
Room A105
901 19th Street
Denver, CO 80294-3589

A separate request for exclusion should be completed and timely mailed for each person or concern electing to be excluded from the class.

**DO NOT FILL OUT THIS FORM IF YOU WANT TO REMAIN A MEMBER
OF THE PLAINTIFF CLASS AND WANT TO PARTICIPATE IN THE SETTLEMENT**