

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

Chieftain Royalty Company,)

Plaintiffs,)

v.)

Case No. CIV-11-212-R

QEP Energy Company,)

(including affiliated predecessors and)

Successors))

Defendant.)

Declaration of Daniel T. Reineke in Support and Agreement of Settlement

I, Daniel T. Reineke, declare as follows:

1. I have a Bachelor of Science Degree from Colorado School of Mines and am a registered Petroleum Engineer, No. 15820, in the State of Oklahoma. I have more than 37 years of oil and natural gas industry experience in both the Mid-Continent and Rocky Mountain Regions of the United States. During that time, I have served as operator, drilling engineer, and production engineer. Additionally, I have operated numerous wells, entered into oil and gas leases, marketed natural gas, negotiated gathering, processing and sales agreements, and paid royalty to royalty interest owners like those comprising the proposed Class. I have experience inspecting gas processing plants and am familiar with all aspects of natural gas field operations – including those aspects between the wellhead and the processing plant tailgate (or Interstate Pipeline) for residue gas, natural gas liquids (NGLs), helium, and other substances from the gas production stream. Finally, I have been accepted by courts as a testifying expert in oil and gas matters in over 30 state and federal court cases, testifying in-person, by deposition, or by affidavit during class certification, trial,

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and settlement proceedings. A resume containing my personal background, my work experience, a listing of cases since 2008 wherein I testified, publications I have written in the last ten years, and an explanation of my compensation for study and testimony in this case is attached as Ex. "A". I am being compensated at the rate of \$250 per hour for general engineering services and \$300 per hour for deposition and trial testimony.

2. I have worked along with Barbara Ley as an expert for the plaintiffs in this case since before it was filed. I am familiar with most all factual aspects of the case. I have reviewed the affidavit of Barbara Ley submitted in support of the settlement of the case and allocation of settlement proceeds. I agree with all statements made by Barbara Ley in that affidavit and adopt them as my own rather than repeating them.

3. \$40 million present cash value of increase in royalty payments to Class Members are a direct result of the assumptions made by QEP in the calculation along with QEP's agreement to not charge various midstream service fees to royalty owners. In fact, utilizing QEP's assumptions, QEP royalty owners in Oklahoma will actually receive much more than \$40 million in increased royalty payments. This is true even though QEP has not agreed to make every change in royalty payment practices that Class Counsel, Ms. Ley and I suggested. In other words, there were some compromises made, as there always are, in order to reach a settlement. QEP has agreed to pay royalty on fuel gas consumed off the lease and in gas plants. QEP has agreed to not charge royalty owners for gathering, compression, dehydration, treating of wellhead gas through the gathering system

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and gas plant. QEP has agreed to not charge percent of proceeds (POP) fees to royalty owners. QEP will apply these changes to all Class Wells and any future wells drilled in Units as it relates to Class Leases and force pooled mineral interests. QEP has agreed that these changes will apply to all Class Leases no matter what differences exist in the wording of individual leases. For example, even where the QEP company lease form specifically allows deduction of midstream service fees QEP will nevertheless apply the same beneficial royalty payment practices. These beneficial changes in royalty payment practices apply to the successors and assigns of QEP which means that even if QEP sells all or some of the leases to third parties these benefits will continue. Finally, QEP has agreed to independent audits if requested by the Class representative, every two years at its expense and binding arbitration of any disputes. The benefits to the Class Members are real, substantial, binding and not speculative. I agree that the present value to Class Members of these QEP changes in royalty payment practices exceeds \$40 million.

4. To my knowledge, the \$115 million cash payment that QEP has agreed to make to Class Members in this case is the second largest royalty owner class payment to occur in Oklahoma. This is particularly impressive because during the claim period QEP was not nearly the largest gas producer in Oklahoma.



Daniel T. Reineke

(SEAL)

Linda Beelie
Notary Public



Commission Number 12009152
My Commission Expires 9/27/2016

Other Documents

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U.S. District Court

Western District of Oklahoma[LIVE]

Notice of Electronic Filing

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Case Name: Chieftain Royalty Company v. QEP Energy Company

Case Number: [5:11-cv-00212-R](#)

Filer: Chieftain Royalty Company
Jack Lancet

Document Number: [158](#)

Docket Text:

[DECLARATION by All Plaintiffs Declaration of Daniel T. Reineke in Support and Agreement of Settlement. \(Attachments: # \(1\) Exhibit A - Reineke CV\)\(Beckworth, Bradley\)](#)

5:11-cv-00212-R Notice has been electronically mailed to:

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aef4debc7a19d04169b1530bde8031904b80114048eaffcc865d6a5bf74]]

Document description:Exhibit A - Reineke CV

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