

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

CHIEFTAIN ROYALTY COMPANY AND JACK
LANCET,

Plaintiffs,

v.

QEP ENERGY COMPANY,

Defendant.

Case No: 5:11-cv-00212-R

Judge: The Honorable David Russell

NOTICE OF PROPOSED SETTLEMENT, MOTION FOR ATTORNEYS' FEES AND FAIRNESS HEARING

A federal court authorized this Notice. This is not a solicitation from a lawyer.

If you belong to the Class and this Settlement is approved, your legal rights will be affected whether you act or not. Read this Notice carefully to see what your rights and options are in connection with this Settlement.¹

- On February 20, 2013, the Court preliminarily approved a Settlement in the above-captioned action (the “Action”) between Class Representatives, Chieftain Royalty Company and Jack Lancet (“Class Representatives”) on behalf of themselves and the Class, and Defendant QEP Energy Company (formerly Questar Exploration and Production Company)(“QEP”).
- The Settlement was negotiated under the supervision of Francis McGovern, who has been appointed by the Court as Special Master.
- QEP has agreed to pay \$115 million in cash and implement certain binding changes to QEP’s methodology for paying royalty for the lifetime of the leases at issue (such changes equaling a minimum estimated \$40 million in present value), for a total Settlement of at least \$155 million (“Settlement Amount”). In exchange, the Class shall release any and all claims it has asserted and pursued against the Released Persons (as defined below in the Answer to Question 2). The \$115 million cash payment, plus interest on the funds in escrow, is referred to herein as the “Settlement Fund.” The Settlement Fund, less attorneys’ fees, expenses, Case Contribution Awards and other costs approved by the Court (the “Net Settlement Fund”), will be distributed to Class Members. The Future Benefits will be provided beginning with royalties accruing on gas production after February 28, 2013.
- The Class definition is listed below in Question No. 6 “**How do I know whether I am part of the Class?**”
- Class Representatives and QEP disagree on the amount of damages, if any, that could have been recovered if the Class prevailed on each claim at trial. The Released Persons do not believe they paid royalty incorrectly or violated any laws, and deny all allegations of wrongdoing asserted against them. They also have asserted affirmative defenses to the claims alleged in this case. Accordingly, QEP asserts that it is not liable to the Class for any amount of damages.
- Counsel for Class Representatives (“Class Counsel”) intends to seek an award of attorneys’ fees of up to 33 1/3% of the Settlement Amount, plus interest earned at the same rate earned by the Class on the Settlement Fund. Class Counsel have been litigating this case for over two years without any payment whatsoever, advancing millions of dollars in labor and expense. Class Counsel will also request reimbursement of the expenses they have incurred in connection with the prosecution of this Action, and will incur through final distribution, which will not exceed \$1,350,000, plus interest earned at the same rate earned by the Class on the Settlement Fund. In addition, Class Representatives intend to seek Case Contribution Awards for their representation of the Class, which will not exceed one-half of one percent (0.5%) of the Settlement Amount in the aggregate.
- In reaching the Settlement, Class Representatives and QEP have avoided the uncertainty, cost and time of a trial and Class Representatives have agreed to the Settlement to avoid the risk of the dismissal of some or all of the claims of the Class against QEP.
- Further information regarding the Settlement and this Notice may be obtained by contacting Class Counsel at: Nix, Patterson & Roach, LLP, Attn: QEP Settlement, 205 Linda Drive, Daingerfield, Texas 75638, Telephone: 903-645-7333. Please reference the QEP Settlement if you write or call.

¹ This Notice summarizes and is qualified in its entirety by the Stipulation and Agreement of Settlement (hereinafter the “Settlement”), which sets forth the terms of the Settlement. Please refer to the Stipulation and Agreement of Settlement for a complete description of the terms and provisions thereof. A copy of the Stipulation and Agreement of Settlement is available at www.Chieftain-QEP.com.

YOUR LEGAL RIGHTS AND OPTIONS

You Do Not Need To Take Further Action To Participate In The Settlement	If the Settlement is approved you do not need to take any further action to participate in the Settlement and receive a payment. The portion of the Net Settlement Fund to which you are entitled will be calculated as part of the administration of the Settlement.
Exclude Yourself (by May 14, 2013)	If you do not wish to be a member of the Class, you <i>must</i> exclude yourself (as described below in Answer to Question No. 14 and in the Settlement) and you <i>will not</i> receive any payment from the Settlement Fund. You cannot bring or be part of another lawsuit or arbitration against any of the Released Persons based on any Settled Claims unless you exclude yourself from the Class.
Object (by May 14, 2013)	If you do not exclude yourself, but you wish to object to any part of the Settlement or fees and costs requested by Class Counsel and Class Representatives, you may (as discussed below in Answer to Question No. 19 and in the Settlement) write to the Court about your objections.
Attend the Fairness Hearing (to be held on May 28, 2013)	If you have submitted a valid and timely written objection to any aspect of the Settlement or the fees and expenses requested by Class Counsel and Class Representatives to the Court, you may (but do not have to) attend the Fairness Hearing and present your objections to the Court at that hearing.
Do Nothing	If you are a Class Member and do nothing, you will be bound by the terms of the Settlement as set forth in the Settlement, will be bound by the release of the Released Parties, will receive your portion of the Net Settlement Fund, and will not be able to bring or pursue any Released Claims or Future Royalty Payment Methodology in any other lawsuit or arbitration. It is your responsibility to familiarize yourself with the Settlement and all other documents relevant to the Settlement, which can be found at www.Chieftain-QEP.com

- These rights and options—**and the deadlines to exercise them**—are explained in this Notice and the Settlement. Please note that the date of the Fairness Hearing—currently scheduled for May 28, 2013—is subject to change without further notice. If you plan to attend the hearing, you should check with the Court and Chieftain-QEP.com to be sure no change to the date and time of the hearing has been made.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made to Class Members only if the Court approves the Settlement and that approval is upheld in appeals that are filed, if any.

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BASIC INFORMATION

1. Why did I get this Notice package?

You are being sent this Notice because you may be a member of the Class in the Action as described herein. QEP's records reflect that you have been paid royalties on natural gas and its constituents produced from QEP-operated well(s) in Oklahoma, or from well(s) in Oklahoma where QEP, as non-operator, separately marketed gas and its constituents. This Notice is not intended to be, and should not be construed as, an expression of any opinion with respect to the merits of the allegations in the Petition or Complaint(s) filed in this action. This Notice explains the claims being asserted in the Action, explains the Settlement, explains your right to remain a member of the Class (see Answer to Question No. 13), and explains your right to opt out of the certified Class and be excluded from the Settlement (see Answer to Question No. 14).

The Court caused this Notice to be sent to you because, if you fall within this group and are not otherwise excluded from the Class, your rights will be affected and you have a right to know about the proposed Settlement, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it, after any objections and appeals are resolved, the Court-appointed Settlement Administrator, Rust Consulting, Inc., will cause payments to be made to Class Members.

This Notice package describes the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of this Action is the United States District Court for the Western District of Oklahoma. The persons prosecuting this action on behalf of the Class are called the "Class Representatives" and the people or companies they are suing are called "Defendants." This case, also called the "Action," is known as *Chieftain Royalty Company and Jack Lancet v. QEP Energy Company*, Case No. 5:11-cv-00212-R.

2. What is this lawsuit about?

The Lawsuit against QEP seeks damages for the alleged underpayments of royalties owed to the royalty owners in the Class described above on wells operated by QEP in Oklahoma or on Oklahoma wells where QEP, as non-operator, separately marketed gas. Class Representatives allege QEP accomplished this through various improper deductions and reductions from royalty payments including, but not limited to, the following: (1) deducting direct and indirect fees for marketing, gathering, compression, dehydration, processing, treatment, and other similar services; (2) not paying royalty on wellhead gas that was used off the lease premises or in the manufacture of products; and (3) not paying royalty on condensate that dropped out of the gas stream.

QEP denies Class Representatives' claims, and denies any liability to Class Representatives and to any members of the Class. QEP contends that royalties were calculated and paid in conformity with the terms of the leases and as required by law, that the natural gas was and is a marketable product at the wellhead, and that QEP calculated and paid royalties based upon all proceeds it received from the sale of gas, without taking any improper deductions.

On March 16, 2012, Judge Russell entered an Order granting in part and denying in part Class Representatives' motion to certify the Action as a class action. On April 4, 2012, Judge Russell entered an Order accepting Class Representatives' Amended Class Definition, which is the definition described in Answer to Question No. 6 below. Judge Russell's Order certifying the Class appointed the attorneys for Plaintiffs to act as the attorneys for the Class ("Class Counsel") and appointed the Plaintiffs to serve as Class Representatives on behalf of the Class.

The Court has made no determination with respect to any of the parties' claims or defenses other than an order denying in part and granting in part QEP's Motion for Judgment on the Pleadings.

A more complete description of the Action, its status, and the rulings made in the Action are available in the pleadings and other papers maintained by the United States District Court Clerk for the Western District of Oklahoma located at 1210 U.S. Courthouse, 200 NW 4th Street, Oklahoma City, OK 73102, in the file for Case No. 5:11-cv-00212-R and some of the relevant pleadings are additionally located on the website found at www.Chieftain-QEP.com. Should you have questions regarding the status, rulings or issues in the Action, such questions can be submitted as set forth below.

Release

If the Court finally approves the Settlement, all Class Members, on behalf of themselves, their personal representatives, heirs, executors, administrators, trustees, successors and assigns, will release any "Released Claims" they have against the "Released Parties." This means that if you remain a member of the Class, any and all claims you have against the Released Parties for claims made on behalf of the Class will be released and discharged.

“Released Claims” include all claims associated with the marketing of and calculation and reporting of royalty on gas and its constituents (including helium, residue gas, natural gas liquids, nitrogen and condensate) during the Claim Period for each Class Well. The Released Claims include those set out in the Complaint, including: (1) that QEP underpaid royalty as a result of direct or indirect deductions from royalty associated with marketing, gathering, compressing, dehydrating, treating, processing, including plant and compressor fuel, and similar services with respect to gas and its constituents; (2) that QEP improperly paid royalty based on proceeds received from sale of the gas and gas constituents under “percentage of proceeds” (“POP”) or similar contracts; (3) that QEP underpaid royalty by not paying royalty on gas used off the lease, gas used for gas plants, and gas used in the manufacture of products (fuel gas); (4) that QEP failed to pay or underpaid royalty on drip gas or condensate that was separated from the gas stream in the gathering system or gas plant; (5) that QEP underpaid royalty by not paying royalty on the full value (before deduction of any costs) of residue gas and natural gas liquids that were part of the gas stream at the wellhead gas meter; (6) that QEP misled Class Members in monthly royalty payments as to the amount and nature of deductions from royalty on gas and gas constituents; (7) that QEP violated its fiduciary duties to the Class Members; (8) that QEP failed to provide all of the information required by the Oklahoma Production Revenue Standards Act (PRSA) on monthly check stubs, and otherwise failed to comply with the PRSA; (9) that QEP failed to make diligent efforts to secure the best terms available for the sale of gas and its constituents; (10) that QEP failed to account to Class Members for the full value of the production, including all deductions and reductions from the value of production; and (11) that as a result of QEP’s actions as alleged above, QEP is liable to Class Members for breach of contract, tortious breach of contract, breach of fiduciary duty, actual fraud, constructive fraud, deceit, conversion, conspiracy, unjust enrichment/disgorgement, accounting, punitive damages, statutory interest and penalties under the PRSA or otherwise, and fees (attorney fees, expert fees and litigation costs) under the PRSA.

The Released Claims also include all other legal theories that, based on the facts alleged in the Complaint, could have been asserted as to royalties payable by QEP on the production of gas and its constituents from the Class Wells during the Claim Period(s), except to the extent described in the next paragraph.

The Released Claims do not include royalty paid by QEP as a pass-through agent for ‘take-in-kind’ working interest owners pursuant to 52 O.S 570.4(B), for which the parties agree QEP has no liability. The Released Claims also specifically do not include: (a) royalty payment adjustments made or to be made in the ordinary course of business for production months through February, 2013; (b) claims that QEP is obligated to make routine prior period adjustments for clerical or administrative errors concerning prices actually received, volumes actually sold or produced, or decimal interest designations of the type that historically have been addressed by QEP by way of prior-period adjustments, but only to the extent that QEP in fact received, or receives a retroactive price, volume or value adjustment; (c) claims to money held in suspense by QEP as of the release date; (d) claims that QEP failed to comply with obligations to protect the Class Members from drainage; (e) and/or claims that QEP breached obligations to the Class Members to develop Oklahoma oil and gas leases. “Class Claims” shall have the same meaning as “Released Claims.” The parties agree that the Settlement Cash Amount does not include any payment for underpaid royalties from Class Wells sold by QEP to other parties for production that has occurred from and after the effective date such Class Wells were sold by QEP to such other party or parties.

You also may not sue Released Parties regarding “Future Royalty Payment Methodology” as is more fully described in the Answer to Question No. 9.

“Released Parties” means QEP, and all past and present parents, affiliates, directors, officers, employees, attorneys, agents, consultants, servants, stockholders, representatives, subsidiaries, predecessor entities of, and affiliated successor entities to QEP. Released Parties shall also include the assignor of any Class Wells for which QEP has assumed the assignor’s liability for any alleged royalty underpayment, but only as to Class Claims with respect to such assigned Class Wells during the Claim Period. Other working interest owners in Class Wells also constitute Released Parties, but only to the extent QEP, as well operator, marketed gas and its constituents and paid royalty on behalf of such other working interest owners during the Claim Period(s). No claims are released against other working interest owners to the extent they separately marketed gas from Class Wells. No claims are released as to gas marketed for QEP by third party operators not affiliated with QEP; however, the Class and all Class Members covenant not to sue the Released Parties for any alleged royalty underpayment with respect to such gas and its constituents marketed by others. The Class does not release QEP’s assignees in Class Wells for any claims occurring or arising after the Claim Period(s) for any well(s) so assigned to any assignee. Released Parties do not include any entity to whom QEP has sold any of the Class Wells (and associated Class Leases and Class Force Pooled Royalty Interests) for any claims occurring or arising after the Claim Period(s) for any Class Well(s) sold to any such entity. Further, notwithstanding any language herein to the contrary, Released Parties **do not** include any non-affiliated company to whom QEP sold Class Wells, for any claims relating to underpaid royalty on production that has occurred from and after the effective date such Class Wells were sold by QEP to such other company.

3. Why is this case a class action?

In a class action, one or more plaintiffs called lead plaintiffs or class representatives sue on behalf of people who have similar claims. All of the individuals and entities on whose behalf the plaintiffs are suing are class members. One court resolves the issues for all class members, except for those who choose to exclude themselves from the class. In his order certifying the Class, Judge Russell found that proceeding as a class action was a superior means for resolving these claims, as opposed to individual actions prosecuted by each member of the Class.

Here, United States District Judge David Russell is presiding over the Action. In this Action, the Court previously appointed Chieftain Royalty Company and Jack Lancet as Class Representatives to represent the Class.

4. Why is there a Settlement?

The Court has not reached a final judgment as to whether the Class has proved its claims against the Released Parties. It would likely take several more years before a trial on the merits is held, final judgment is entered, and appeals are exhausted. Instead, Class Representatives and QEP have agreed to resolve the lawsuit. In reaching the Settlement, both sides have avoided the risk, cost and time of a trial, and Class Representatives have avoided any further delay in bringing this Action to a resolution. In addition, as with any litigated case, Class Representatives would face an uncertain outcome if this Action went to trial. On the one hand, a trial could result in a verdict greater than the Settlement. On the other hand, QEP has many defenses that it can be expected to assert, and a trial could result in a verdict lower than Class Representatives have obtained, or even no recovery at all for Class Representatives and the Class. Based on these factors and others, Class Representatives and Class Counsel in this case believe the Settlement is best for all Class Members.

5. Who is the Special Master?

The Court appointed Francis E. McGovern as a neutral Special Master pursuant to Federal Rule of Civil Procedure 53 to supervise and guide the Parties' negotiations regarding the final terms of the Settlement. Special Master McGovern is a qualified and experienced lawyer and mediator and is a professor of law at Duke University and other well-respected institutions. He has facilitated settlements or otherwise assisted in dozens of complex lawsuits, including the pre-trial proceedings for claims arising out of the BP "Deepwater Horizon" oil spill, and class actions such as this one.

Special Master McGovern presided over the initial settlement negotiations between the Parties on September 19, 2012, and continued to assist and guide negotiations until the Parties reached the final Settlement on February 13, 2013. During this time, Special Master McGovern supervised multiple mediation sessions between the Parties. Special Master McGovern's involvement as a neutral mediator from beginning to end helped to result in a Settlement that Class Representatives and Class Counsel believe is fair and reasonable and in the Class' best interest.

6. How do I know whether I am part of the Class?

To see if you will receive money from the Settlement Fund, you first must determine whether you are a Class Member. The Class consists of the following individuals and entities, subject to certain exceptions:

The Class consists of all non-excluded persons or entities who are or were royalty owners in Oklahoma wells where QEP Energy Company is or was the operator (or, as a non-operator, QEP separately marketed gas) ("Class"). The Class Claims relate only to payment for gas and its constituents (helium, residue gas, natural gas liquids, nitrogen and condensate) produced from the wells. The Class does not include overriding royalty owners or other owners who derive their interest through the oil and gas lessee. The Class is divided into the following subclasses:

Subclass 1: All Class members who have or had a direct lessor-lessee relationship with QEP

Subclass 1(a): where QEP is or was the Operator of Oklahoma wells.

Subclass 1(b): where QEP, as non-operator of Oklahoma wells, separately marketed gas.

Subclass 2: All Class members who do not or did not have a direct lessor-lessee relationship with QEP

Subclass 2(a): where QEP is or was the operator of the Oklahoma wells.

Subclass 2(b): where QEP, as non-operator of Oklahoma wells, separately marketed gas.

7. Are there other exceptions to being included?

The following also are not included in the Class: (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) the claims of royalty owners to the extent previously released by settlement in the case styled *McIntosh v Questar*, Case No. CJ-02-22, District Court for Major County; (4) members of the class certified in *Bridenstine v. Kaiser Francis*, Case No. 97, 117 (unpublished) August 22, 2003, cert. denied, June 26, 2006, Okla. Sup. Ct., Case No. DF-01569, but only to the extent of their respective royalty interests in wells connected to the Beaver Gathering System in Beaver and Texas counties, Oklahoma; (5) members of the class certified in *Naylor Farms v. Anadarko OGC Co.*, No. CIV-08-668-R, 2009 U.S. Dist. LEXIS 127516 (W.D. Okla. Aug. 26, 2009), but only to the extent of their respective royalty interests in wells operated by QEP in Beaver and Texas counties, Oklahoma; or (6) persons or entities that Plaintiffs' counsel is, or may be prohibited from representing under Rule 1.7 of the Oklahoma Rules of Professional conduct.

Also, you are not a Class Member if you exclude yourself from the Class by submitting a valid and timely request for exclusion in accordance with the requirements set forth in this Notice and the Stipulation. The procedure for requesting exclusion from the Class is described below in the Answer to Question No. 14.

Also excluded from the Class are any putative members of the Class who previously excluded themselves by timely requesting exclusion in accordance with the requirements set forth in the Notice of Pendency of Class Action.

8. I am still not sure whether I am included.

If you are still not sure whether you are included, you can ask for help, which will be provided to you at no cost. You can call the Settlement Administrator at 1-877-625-9452, or write to the following address:

Chieftain Royalty Company and Jack Lancet v. QEP Energy Company Settlement
c/o Rust Consulting, Inc., Settlement Administrator
P.O. Box 2971
Faribault, MN 55021-2971

THE SETTLEMENT BENEFITS – WHAT YOU RECEIVE

9. What does the Settlement provide?

In consideration of the Settlement, QEP has agreed to pay \$115 million in cash and to implement certain binding changes to QEP's methodology for paying royalty for the lifetime of the leases at issue (such changes equaling a minimum estimated \$40 million in present value), for a total Settlement Amount of at least \$155 million. The principal amount of the Class' past damages for underpaid royalties since 1988 was estimated at approximately \$50 million.

In addition to the \$115 million Settlement Fund, QEP also will provide to the Class a number of material future benefits, which QEP estimates to have a present value of at least \$40 million. These future benefits, which are spelled out in great detail in the Settlement, consist of changes in QEP's fee-deduction and royalty-calculation policies with respect to the Class Leases and Class Force Pooled Royalty Interests. For example, QEP has agreed to make no deductions from Class Members' royalty payments for fees associated with a number of midstream gas processing services, which Class Representatives allege have been improperly deducted by QEP in the past going back to 1988. Thus, QEP will no longer charge royalty owners for the costs of gathering, compressing, dehydrating, and treating gas in gas gathering systems and gas plants—even when the gas is marketed under the terms of percentage of proceeds (POP) type contracts. QEP also will pay royalty on gas used as fuel in gas gathering systems and gas plants and will also pay royalty at agreed index-type prices for fuel gas used off the lease and in gas plants. Additionally, the Parties have agreed that QEP will deduct a stipulated gas-processing fee for natural gas liquids, which will initially be a gross processing fee of \$0.30 per MCF and be adjusted annually based on changes in the Consumer Price Index. Finally, QEP will use commercially reasonable efforts to seek better gas marketing terms from midstream companies to maximize value for itself and its royalty owners. These policy changes will begin for production occurring in March 2013, and will continue without limitation for the life of each well (and any future well on the Class Leases or on spacing units), regardless of transfer or assignment from QEP to other oil and gas companies. Further, if a Class Lease is sold, assigned, devised or transferred, the future benefits will run with the lease or interest. As part of the Settlement, the Parties also have agreed on how QEP will fill out its check stubs on future royalty payments. These changes are referred to elsewhere in this Notice as the "Future Royalty Payment Methodology." The Court may modify the Future Royalty Payment Methodology prior to the entry of a Final Judgment without further notice.

Moreover, Class Representatives and Class Counsel were able to secure an agreement that Chieftain (or a successor) can conduct a bi-annual audit of QEP's changes, at QEP's expense, to ensure that these future benefits are being provided and a provision by which any failure of QEP to provide such Future Benefits can be resolved by arbitration, at QEP's expense, in lieu of additional litigation. The specific details of the future benefits provided under the Settlement are set forth in the Stipulation and Agreement of Settlement.

The Settlement, if approved, will result in the dismissal of the Complaint as against the Released Parties and the release by all Class Members of all the Released Claims against the Released Parties, as defined above in Answer to Question No. 2. Class Members (and their successors and assigns) agree not to sue QEP based on this Future Royalty Payment Methodology. The Net Settlement Fund will be distributed in accordance with the provisions of the Plan of Allocation, which is explained below in the Answer to Question No. 10, to the Class Members who do not timely request exclusion. QEP has agreed to pay for the Administration, Notice and Distribution Costs, as defined in the Stipulation and Agreement of Settlement

10. How much will the cash portion of my payment be in addition to the value of Future Benefits I will receive?

The Net Settlement Fund shall be allocated to each of the Class Wells and the royalty owners in Class Wells on the following basis:

With the Court's approval, Class Counsel will first allocate the Net Settlement Fund proportionately to each Class Well based on the production marketed by QEP on behalf of itself and/or other well owners from the well, the amount of claimed royalty underpayment to Class Members for the well, and the time period when the claimed underpayment occurred. In no event will the amount allocated to any Class Well be less than \$100. Thereafter, subject to review and approval by Class Counsel and the Court, QEP will allocate the Net Settlement Fund for each Class Well proportionately among all Class Members based on their royalty decimal interest in such well using the February 2013 data used to make payment for December 2012 production (or the most current available division order data). In other words, the most current royalty owner Class Members in Class Wells will receive the entire cash payment.

A preliminary list of Class Wells and their respective percentage allocations of the Net Settlement Fund is attached to the Stipulation and Agreement of Settlement as Exhibit 2. However, the Court may change the preliminary allocation attributed to any Class Well without further notice to the Class.

If you have questions about the tax consequences of participating in the Settlement, you should consult with your own tax advisor.

11. How can I get a payment?

If you do **not** exclude yourself pursuant to Answer to Question No. 14 below, **YOU DO NOT NEED TO TAKE ANY ACTION WHATSOEVER** to receive your portion of the Net Settlement Fund.

12. When would I get my payment?

Payment to Class Members is contingent on several matters, including the Court's approval of the Settlement and that approval becoming final and no longer subject to any appeal to any court.

The Net Settlement Fund will be distributed by the Settlement Administrator as soon as possible after final approval has been obtained for the Settlement, including the exhaustion of any appeals. Any appeal of final approval could take well in excess of one year. It is not anticipated that any meaningful interest will accrue on the Net Settlement Fund. The Settlement may be terminated on several grounds, including if the Court does not approve or otherwise materially modifies the terms of the Settlement. If the Settlement is terminated, the Action will proceed as if the Settlement had not been reached.

You may receive information about the progress of the Settlement by visiting the website at www.Chieftain-QEP.com, or by calling 1-877-625-9452 or writing to: *Chieftain Royalty Company and Jack Lancet v. QEP Energy Company Settlement*, c/o Rust Consulting, Inc., Settlement Administrator, P.O. Box 2971, Faribault, MN 55021-2971.

13. What is the effect of my remaining in the Class?

Unless you exclude yourself from the Class, you will be a Class Member. As a Class Member, you will receive your portion of the Net Settlement Fund and will be bound by all orders and judgments entered by the Court regarding the Settlement. If the Settlement is approved, you will not be able to sue, continue to sue, or be part of any other lawsuit against any of the Released Parties concerning any of the Released Claims and will not be able to sue regarding the Future Royalty Payment Methodology. QEP will, through binding arbitration, be required to fulfill its promises to follow the Future Royalty Payment Methodology. To the extent you remain a royalty owner in Class Wells, you will receive the benefits and be bound by the obligations of the Future Royalty Payment Methodology. If you sell, assign, or devise your royalty interest in Class Wells, the Future Royalty Payment Methodology will apply to the buyer, assignee, or devisee in the same manner.

14. How do I get out of the Settlement and not release my claims?

To get out of the Settlement, you must exclude yourself from the Class. To exclude yourself from the Class, you must send a letter by mail to the Settlement Administrator stating that you want to be excluded from the Class in *Chieftain Royalty Company and Jack Lancet v. QEP Energy Company*. Your letter must include your name, address, telephone number, and notarized signature, and must be received no later than May 14, 2013 to:

Chieftain Royalty Company and Jack Lancet v. QEP Energy Company Settlement
c/o Rust Consulting, Inc., Settlement Administrator
P.O. Box 2971
Faribault, MN 55021-2971

To be effective, your written request for exclusion must be RECEIVED at the above address no later than May 14, 2013.

You cannot exclude yourself on the website, by telephone, facsimile or by e-mail. The letter must be signed by you under oath and acknowledged by a Notary Public. In the letter, you must identify your interest in any Class Well(s) by identifying each Class Well (by well name, QEP well number, and legal location). Any such letter also should state generally:

Dear Judge, I want to exclude myself from the Class in *Chieftain v. QEP*, Case No: 5:11-cv-00212-R, United States District Court for the Western District of Oklahoma. I understand it will be my responsibility to pursue any claims I may have, if I so desire, on my own and at my expense.

If you do not follow these procedures—including meeting the date 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. You must exclude yourself even if you already have a pending case against any of the Released Parties based upon any Released Claims.

If you validly request exclusion as described above, you will not receive a Settlement payment, you cannot object to the Settlement and you will not have released any claim against the Released Parties. You will not be legally bound by anything that happens in this lawsuit. You will also not participate in any distribution of the Net Settlement Fund. Do not request exclusion if you wish to participate in the Settlement.

15. If I don't exclude myself from the Class, can I sue the Released Parties for the same thing later?

No. Unless you exclude yourself from the Class in connection with the Action, you give up any right to sue any or all of the Released Parties for any Released Claims. If you have a pending lawsuit or arbitration against QEP or any of its officers and directors or any other Released Parties, speak to the lawyer representing you in that case immediately. You must exclude yourself from this Class to continue your own lawsuit or arbitration against any of the Released Parties.

16. If I exclude myself, can I get money from this Settlement in connection with the Action?

No. If you exclude yourself from the Class, you may be able to sue, continue to sue, or be part of a different lawsuit or arbitration against the Released Persons, but you will not receive any money from the Settlement discussed in this Notice.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in the case?

The Court previously appointed the law firms of Barnes & Lewis, LLP and Nix, Patterson & Roach, LLP to represent Class Representatives and all other Class Members in the Action. These lawyers are called Class Counsel. You will not be charged directly by these lawyers. These lawyers will be paid in accordance with the Answer to Question No. 18 below. If you want to be represented by your own lawyer, you may hire one at your own expense.

18. How will the lawyers be paid?

Class Counsel intends to seek an award of attorneys' fees of up to 33 and 1/3% of the Settlement Amount, to be paid out of the cash proceeds. Class Counsel has been litigating this case for over two years without any payment whatsoever. At the Fairness Hearing, Class Counsel will also seek reimbursement of the expenses incurred in connection with the prosecution of this Action, and which will be incurred through final distribution of the Settlement, which amount will not exceed \$1,350,000, to be paid out of the cash proceeds. Class Representatives intend to seek a Case Contribution Award relating to their representation of the Class, which amount will not exceed one-half of one percent (0.5%) of the Settlement Amount in the aggregate.

**OBJECTING TO THE SETTLEMENT, PLAN OF ALLOCATION, ATTORNEYS' FEES AND EXPENSES,
AND CLASS REPRESENTATIVES' CASE CONTRIBUTION AWARDS**

19. How do I tell the Court that I do not like any aspect of the Settlement?

If you are a Class Member and you do not exclude yourself, you can object to the Settlement if you do not like any part of it. You can give reasons why you think the Court should not approve the Settlement, Plan of Allocation, request for attorneys' fees and reimbursement of expenses, or Case Contribution Award to the Class Representatives. To object, you must send a written statement to the Court, Class Counsel, and Counsel for QEP saying that you object to the proposed Settlement. You must include in your written statement:

- (a) a heading referring to *Chieftain Royalty Company and Jack Lancet v. QEP Energy Company*, Case No. CIV-11-212 and to the United States District Court, Western District of Oklahoma;
- (b) a statement as to whether you intend to appear at the Fairness Hearing, either in person or through counsel, and, if through counsel, counsel must be identified by name, address and telephone number;
- (c) a detailed statement of the specific legal and factual basis for each and every objection;
- (d) a list of any witnesses you may call at the Fairness Hearing, together with a brief summary of each witness's expected testimony;
- (e) a list of and copies of any exhibits you may seek to use at the Fairness Hearing;
- (f) a list of any legal authority you may present at the Fairness Hearing;
- (g) your current address;
- (h) your current telephone number;
- (i) your signature executed before a Notary Public; and,
- (j) identification of your interest in Class Wells by identifying each Class Well (by well name, QEP well number, and legal location).

Your written objection must be filed in and received by the Court and received in the hands of counsel for each party at the addresses listed below no later than May 14, 2013:

By the above date, your written objection must be RECEIVED by and ON FILE with the Clerk of the Court:

Clerk of the Court
U.S. District Court for the Western District of Oklahoma
United States Courthouse
200 NW 4th Street, Room 1210
Oklahoma City, OK 73102

And, by the same date, copies of your written objection must be RECEIVED in the hands of counsel:

Class Counsel:

Robert Barnes
Patranell Lewis
BARNES & LEWIS, LLP
720 NW 50th St.; Ste. 200B
Oklahoma City, OK 73118

Bradley E. Beckworth
Jeffrey J. Angelovich
Nix, Patterson & Roach, LLP
205 Linda Drive
Daingerfield, TX 75638

QEP Counsel:

John F. Shepherd
Barry C. Bartel
Holland & Hart, LLP
555 17th St.; Ste. 3200
Denver, CO 80202-3979

Max C. Tuepker
Max C. Tuepker, P.C.
1322 N. Walker Ave.
Oklahoma City, OK 73103

UNLESS OTHERWISE ORDERED BY THE COURT, ANY CLASS MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED HEREIN WILL BE DEEMED TO HAVE WAIVED ANY OBJECTION AND SHALL BE FOREVER FORECLOSED FROM MAKING ANY OBJECT ON TO THE PROPOSED SETTLEMENT AND THE APPLICATION FOR ATTORNEYS' FEES AND EXPENSES AND CASE CONTRIBUTION AWARDS AND WILL NOT BE ALLOWED TO PRESENT ANY OBJECTIONS AT THE FAIRNESS HEARING.

20. What's the difference between objecting and excluding myself?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you are a Class Member. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself from the Class, you have no basis to object, because the Settlement no longer affects you. If you do not exclude yourself from the Class, you will remain a member of the Class and will be bound by the terms of the Settlement Agreement (including the release contained therein) and all orders and judgments entered by the Court regarding the Settlement regardless of whether the Court accepts or denies your objection.

21. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing on May 28, 2013, at 10:30 a.m., at the United States District Court for the Western District of Oklahoma, 200 NW 4th Street, Room 1210, Oklahoma City, OK 73102. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. If there are objections, the Court will consider them at that time. After the Fairness Hearing, the Court will decide whether to approve the Settlement and the Plan of Allocation. The Court will also rule on the request for attorneys' fees and expenses and request for Case Contribution Awards for the Class Representatives relating to their representation of the Class. We do not know how long these decisions will take.

22. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court might have. But you are welcome to come at your own expense. If you timely and properly file and serve an objection (see Answer to Question No. 19 above), you do not have to come to Court to talk about it. As long as you properly file and serve your written objection on time, it will be before the Court when the Court considers whether to approve the Settlement as fair, reasonable and adequate. You also may pay your own lawyer to attend the Fairness Hearing, but attendance is not necessary. However, if you failed to timely and properly file and serve an objection, you will not be entitled to be heard at the Fairness Hearing.

23. May I speak at the hearing?

If you are a Class Member who has not requested to be excluded from the Class, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *Chieftain Royalty Company and Jack Lancet v. QEP Energy Company*." Be sure to include your name, address, telephone number, and signature. Your Notice of Intention to Appear must be served on and received by the counsel listed in Answer to Question 19 and must be filed with the Clerk of the Court at the address in the Answer to Question No. 19 no later than May 14, 2013. You cannot speak at the Fairness Hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

24. What happens if I do nothing at all?

If you do nothing and you are a Class Member, you will still receive payment in connection with the Settlement and you will still be bound by the Settlement. Even if you receive no payment, you will not be able to start a lawsuit or arbitration, continue a lawsuit or arbitration, or be part of any other lawsuit or arbitration against any of the Released Parties based on any Released Claims or sue regarding the Future Royalty Payment Methodology unless you exclude yourself.

GETTING MORE INFORMATION

25. Are there more details about the Settlement?

This Notice summarizes the Settlement. The complete Settlement is set out in the Stipulation and Agreement of Settlement. You may obtain a copy of the Stipulation and Agreement of Settlement, as well as other relevant documents, from the settlement website for free at www.Chieftain-QEP.com or you may request copies by writing to *Chieftain Royalty Company and Jack Lancet v. QEP Energy Company Settlement*, c/o Rust Consulting, Inc., Settlement Administrator, P.O. Box 2971, Faribault, MN 55021-2971. If you elect to obtain copies from a source other than the free website, there may be a charge for copying and mailing such documents. The Settlement Agreement is also filed in *Chieftain Royalty Company and Jack Lancet v. QEP Energy Company*, Case No. 5:11-cv-00212-R, with the Clerk of the U.S. District Court for the Western District of Oklahoma, United States Courthouse, 200 NW 4th Street, Room 1210, Oklahoma City, OK 73102 and may be obtained from the Clerk's office directly. Further information regarding the Action and this Notice may be obtained by contacting Class Counsel at the address provided in the Answer to Question 19 above.

26. How do I get more information?

You can visit the website at www.Chieftain-QEP.com, where you will find answers to common questions about the Settlement, plus other information to help you determine whether you are a Class Member and whether you are eligible for payment. You can also call 1-877-625-9452 toll free or write to *Chieftain Royalty Company and Jack Lancet v. QEP Energy Company Settlement* at the address below.

INQUIRIES

All inquiries concerning this notice or any other questions by Class Members should be directed to the Settlement Administrator as follows:

Chieftain Royalty Company and Jack Lancet v. QEP Energy Company Settlement
c/o Rust Consulting, Inc., Settlement Administrator
P.O. Box 2971
Faribault, MN 55021-2971
Toll Free: 1-877-625-9452
Website: www.Chieftain-QEP.com
Email: info@Chieftain-QEP.com.

PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: March 22, 2013

BY ORDER OF THE COURT

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CHIEFTAIN SETTLEMENT ADMINISTRATOR
C/O RUST CONSULTING, INC.
P.O. BOX 2971
FARIBAULT, MN 55021-2971

IMPORTANT LEGAL MATERIALS



<<NAME1>>

<<NAME2>>

<<ADDRESS1>>

<<ADDRESS2>>

<<CITY>> <<STATE>> <<ZIP>>

<<COUNTRY>>