

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into effective September 23, 2020 (“Effective Date”), by and between CAROL THIELE and LYNN SWANEMYER (the “Plaintiffs”), on behalf of themselves and a class of similarly situated royalty owners (defined as the “Class” in Section 1 below), and ENERGEN RESOURCES CORPORATION (“Energen”), an Alabama corporation. Plaintiffs and Energen may be referred to as a “Party” or collectively as “the Parties.”

RECITALS

A. Plaintiffs, the Class, and Energen owned interests in oil and natural gas produced in Colorado. Plaintiffs and the Class owned royalty and overriding royalty interests in this production, and Energen owned working interests in this production. Energen also operated some of the wells from which the oil and natural gas is produced and sold. Energen subsequently sold its interests in these wells to Southland Royalty Company, LLC.

B. On April 24, 2015, Plaintiffs sued Energen in the District Court of La Plata County, Colorado, for allegedly underpaying royalties and improperly deducting post-production costs on the sale of residue gas, natural gas liquids, and condensate from wells located in New Mexico and Colorado. Plaintiffs brought their claims on behalf of themselves and a class of similarly situated royalty and overriding royalty owners. Energen subsequently removed the action to United States District Court for the District of Colorado (Case No. 1:15-cv-01475-DME-KLM) (the “Civil Action”), where Plaintiffs filed a First Amended Complaint restating their allegations. Energen denied that it underpaid royalties and overriding royalties to Plaintiffs and the Class. On October 1, 2015, the claims of a third plaintiff, Gerald Ulibarri, were voluntarily dismissed without prejudice. Mr. Ulibarri owned interests in leases governing wells located in New Mexico, and his voluntary dismissal limited the remaining claims in the Civil Action to royalties and overriding royalties paid on the proceeds of production from Colorado wells.

C. Plaintiffs and Energen have been engaged in extensive information discovery and data production relevant to Energen’s calculation and payment of royalties and overriding royalties. Plaintiffs’ attorney (“Class Counsel”) and Energen have engaged experienced royalty accounting experts to assist in reviewing the documents and data. Class Counsel and Energen also have engaged in extensive discussions between counsel and their accounting experts to evaluate the information and negotiate a full and final resolution of their dispute in order to avoid the cost, time, and uncertainty of continued litigation.

AGREEMENT

1. Joint Motion for Class Certification: Within seven (7) days of executing this Agreement, Plaintiffs and Energen will file the Joint Motion for Settlement Class Certification and Preliminary Approval of Class Action Settlement Agreement (the “Joint Motion”) in the form attached as Exhibit A. The Joint Motion shall seek certification of the following class (the “Class”):

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 Joint Motion also shall seek certification of the proposed class settlement set forth in this Agreement. The Parties shall cooperate with one another and make their best efforts to obtain certification of the settlement Class, and approval of this Agreement.

2. Settlement Amount: Within fourteen (14) days of the date of entry of the Preliminary Approval Order, as defined in Section 3(b) below, Energen shall deposit a total of One Million Four Hundred Thousand Dollars (\$1,400,000.00) (the “Settlement Amount”) in an interest-bearing account at BOKF, NA (the “Escrow Account”), to be held by BOKF, NA as the escrow agent (the “Escrow Agent”). The total shall represent payment to the Class in order to resolve all claims through the Effective Date of this Agreement.

3. Preliminary Approval Hearing:

a. As soon as practicable after the filing of the Joint Motion, the Parties shall seek to set a hearing with the Court (the “Preliminary Approval Hearing”).

b. At the Preliminary Approval Hearing, the Parties will request that the Court preliminarily approve this Agreement, certify the Class as a settlement Class, order notice to be mailed in the form attached as Exhibit B. The Parties will submit a proposed order in the form attached as Exhibit C (the “Preliminary Approval Order”). The Parties also will request that the Court set the matter for a Final Fairness Hearing.

4. Notice, Opt Out, and Objection:

a. Prior to the Preliminary Approval Hearing, the Parties will cooperate on the preparation of a distribution schedule identifying the distribution of the Settlement Amount to identified members of the Class (the “Preliminary Distribution Schedule”).

b. Within seven (7) days after the Court enters the Preliminary Approval Order, Class Counsel shall mail notice to identified members of the Class in the form attached as Exhibit B. The notice shall set a sixty (60) day deadline for parties to request to exclude themselves from the Class (the “Opt Out Deadline”), and a seventy (70) day deadline to object to this Agreement (the “Objection Deadline”). Energen will cooperate with Class Counsel to provide addresses for the identified members of the Class to facilitate mailing the notice.

c. Neither the Opt Out Deadline nor the Objection Deadline will be extended without the written consent of all Parties.

d. Class Counsel shall provide Energen with weekly reports on the names of owners requesting to exclude themselves from the Class and this Agreement. Within seven (7) days after the Opt Out Deadline, Plaintiffs shall submit to the Court a list of the names of owners requesting to exclude themselves from the Class and this Agreement.

e. Within seven (7) days after the Opt Out Deadline, Plaintiffs and Energen shall instruct the Escrow Agent to distribute to Energen that portion of the Settlement Amount identified on the Preliminary Distribution Schedule attributable to those owners who have requested to exclude themselves from the Class in this Settlement Agreement.

5. Final Approval:

a. Assuming the Agreement has not terminated for any other reason (as described in paragraph 11 below), the parties will prepare a joint motion for final approval of the Agreement and address any objections received prior to the Objection Deadline.

b. Plaintiffs and Energen will appear before the Court for a Final Fairness Hearing.

6. Distribution Procedure:

a. Along with the joint motion for final approval, Plaintiffs will prepare a final schedule for distributing the Settlement Amount (the "Final Distribution Schedule") that (i) eliminates owners requesting to exclude themselves from the Class and the Agreement, (ii) includes those remaining owners identified on the Preliminary Distribution Schedule, and (iii) adjusts the distribution to account for attorneys' fees and costs requested by Plaintiffs pursuant to paragraph 10 below. The parties will submit the Final Distribution Schedule along with the motion for final approval of the Agreement.

b. Provided that the Court enters an Order and Judgment approving the Agreement and Final Distribution Schedule without modification, and upon entry of a final non-appealable judgment (whether after appeal or after the deadline to appeal the Court's Order and Judgment has expired) (the "Approval Event"), Class Counsel shall distribute payment to the owners consistent with the Final Distribution Schedule within fourteen (14) days after the Approval Event (the "Final Distribution").

c. Class Counsel shall distribute all necessary tax documents for Class members, including but not limited to Form 1099s required by the Internal Revenue Service. Energen will provide Class Counsel with tax identification numbers for such Settlement Class members.

d. Within ninety (90) days after the Final Distribution, Class Counsel shall submit a report to Energen identifying any Class members who have not yet cashed the checks sent to them by Class Counsel, including a list of Class members whose checks have been returned as undeliverable. Class Counsel then shall have ninety (90) days to identify more current

addresses and resend new checks to these Class members. Energen shall reasonably cooperate with Class Counsel to identify better addresses for affected Class members. Any portion of the Final Distribution unclaimed after one-hundred fifty (150) days after the date Class Counsel resends the checks to the affected Class members shall be returned to Energen.

e. Plaintiffs and the Class members shall be responsible for filing any tax returns and for paying any taxes that may be due on their proportionate share of the Final Distribution. Class Counsel shall distribute all necessary tax documents to the Settlement Class members, including but not limited to Form 1099s required by the Internal Revenue Service. Energen will provide Class Counsel with tax identification numbers for such Settlement Class members. Energen shall have no liability or responsibility for paying any taxes with respect to amounts paid under this Agreement.

7. Release: Upon the Approval Event, Plaintiffs and the Class release Energen and its predecessors, successors, assigns, and its past, present and future officers, directors, affiliates, employees, agents, servants, and representatives (collectively, the “Energen Released Parties”) from any and all liabilities, rights, claims, demands, obligations, damages (including claims for or award of costs and/or expenses, court costs and attorneys’ fees), losses, causes of action in law or in equity arising from the deduction of monetary costs from Royalties paid to Plaintiffs and the Class on the sale of natural gas, natural gas liquids, and associated hydrocarbons prior to the Effective Date (collectively, the “Class’ Released Claims”). Notwithstanding the foregoing, the Class’ Released Claims do not include the release of any claims which may be brought against parties to which Energen assigned the Class Leases prior to the Effective Date, including but not limited to Southland Royalty Company, LLC or LOGOS Resources, LLC (or their affiliates), provided that such claims arise from royalties paid by or on behalf of such parties after the assignment.

Energen releases Plaintiffs and the Class, as well as their predecessors, successors, assigns, and its past, present and future officers, directors, affiliates, employees, agents, servants, and representatives (collectively, the “Class Released Parties”) from any and all liabilities, rights, claims, demands, obligations, damages (including claims for or award of costs and/or expenses, court costs and attorneys’ fees), losses, causes of action in law or in equity arising from the deduction of monetary costs from Royalties paid to Plaintiffs and the Class on the sale of natural gas, natural gas liquids, and associated hydrocarbons prior to the Effective Date (collectively, “Energen’s Released Claims”).

8. Covenant Not to Sue: The Parties, for themselves and their officers, directors, agents, joint venturers, partners, members, parents, subsidiaries, affiliates, insurers, heirs, legal representatives, successors and assigns, covenant and agree that they will not commence, participate in, prosecute, or cause to be commenced or prosecuted against the other Party or any of the Energen Released Parties or Class Released Parties, any action or other proceeding based upon any of the Energen Released Claims or Class’ Released Claims released by the parties pursuant to this Agreement.

9. Unknown Facts: The Parties and the Class acknowledge that they may hereafter discover facts different from or in addition to those which they now know to be or believe to be true with respect to the Class’ Released Claims and Energen’s Released Claims and/or the damages

and injuries suffered, and the releases contained herein shall be and remain effective in all respects, notwithstanding such difference or additional facts or the discovery thereof. The Parties and the Class expressly undertake and assume the risk that this Agreement was made on the basis of mistake, mutual or unilateral. The Parties and the Class expressly understand and agree that the signing of this Agreement will be forever binding on them and the Class, and that no rescission, modification, or release of any Party or Class member from the terms of this Agreement will be made because of any mistake in this Agreement.

10. Fees and Costs:

a. Class Counsel shall apply to the Court for (i) reimbursement of their reasonable litigation expenses; (ii) reimbursement of expenses associated with administering this Agreement, including compensation to the Escrow Agent as provided by Section III(5) of the parties' Escrow Agreement; and (iii) an award of attorneys' fees of up to thirty five percent of the Settlement Amount.. Such award and reimbursements shall be paid out of the Settlement Amount.

b. Energen shall take no position regarding the award of fees and reimbursement of expenses. Energen will bear its own costs. Energen will have no obligation to bear the costs, fees, or expenses of the Class or Class Counsel.

c. This Agreement is not contingent upon the Court's approval of Class Counsel's application for attorneys' fees and reimbursement of expenses.

11. Conditions and Termination Events:

a. This Agreement is conditioned upon the non-occurrence of the following events, and shall immediately terminate upon the occurrence of any of the following events:

i. The Court denies the entry of the Preliminary Approval Order substantially in the form attached as Exhibit C;

ii. The Court denies the entry of an Order and Judgment approving this Agreement;

iii. The Approval Event is not achieved; or

iv. Greater than twenty percent (20%) of the Class members request to exclude themselves from the Class and this Agreement, unless Energen waives this requirement in writing. For purposes of this Section, 20% shall be measured by (i) 20% of the total number of owners in the Class identified on the Preliminary Distribution Schedule; or (ii) 20% of the Settlement Amount attributable to owners requesting to exclude themselves, as identified on the Preliminary Distribution Schedule.

b. Upon the occurrence of any of the events described in paragraph 12(a):

i. this Agreement shall terminate;

ii. the Escrow Agent shall immediately distribute to Energen all of the Settlement Amount;

iii. any Order and/or Judgment entered pursuant to this Agreement shall be vacated, certification of the Class shall be vacated, and the litigation shall proceed as if this Agreement had never been executed; and

iv. the Agreement may not be used in this action or otherwise for any purpose, including whether the case should be certified as a class action pursuant to Fed. R. Civ. P. 23.

12. Dismissal With Prejudice: Upon the occurrence of the Approval Event, Plaintiffs, the Class, and Energen shall be deemed to have dismissed the Civil Action with prejudice.

13. Other Matters:

a. Nothing in this Agreement shall be construed as an admission by or on behalf of any Party of any wrongful acts or liabilities whatsoever.

b. The Parties represent and warrant to one another that the individual who executes this Agreement has the right and legal authority to execute such document on behalf of the Party for whom it acts, and that the Party has not sold, assigned, conveyed or otherwise disposed of or transferred to another entity or individual any of such Party's Released Claims.

c. The Parties expressly acknowledge that they have had the opportunity to consult additional professionals of their choice, including lawyers, accountants, and others regarding any and all damages, losses, costs, expenses, liabilities, claims and the consequences thereof, of whatsoever kind and nature, which they may have incurred or which they may or will incur, whether suspected or unsuspected, known or unknown, foreseen or unforeseen. The Parties have relied upon their own counsel's advice in entering into this Agreement and not upon the advice of any other Party's counsel.

d. The Parties and their counsel have mutually contributed to the preparation of this Agreement and the Exhibits hereto. No provision of this Agreement or the Exhibits shall be construed for or against any Party because that Party or its counsel drafted the provision. No Party has made any representation, promise or agreement of any kind to do or refrain from doing any act or thing or pay any money or other consideration not expressly set forth herein.

e. All of the Exhibits to this Agreement are material and integral parts hereto, and the Exhibits are fully incorporated herein by reference.

f. This Agreement may be amended or modified only by a written agreement signed by or on behalf of the Parties or their successors in interest.

g. This Agreement may be executed in any number of counterparts, each of which when so executed shall constitute in the aggregate but one and the same document. Facsimile signatures and/or signatures transmitted by electronic mail shall be valid and binding as original signatures.

h. This Agreement constitutes the complete Agreement between the Parties relating to the subject matter hereof, and there are no written or oral understandings or agreements directly or indirectly connected with this Agreement that are not incorporated herein. Any prior negotiations, correspondence or understandings related to the subject matter of this Agreement shall be deemed to be merged into this Agreement.

i. The provisions of this Agreement shall, where possible, be interpreted in a manner to sustain their legality and enforceability, except that the provisions of this Agreement cannot be severed, and rendering any portion of the Agreement to be unenforceable shall render the entire Agreement to be unenforceable.

j. This Agreement and its Exhibits shall be construed and interpreted under the laws of the State of Colorado.

k. This Settlement Agreement and its Exhibits shall be binding upon, and inure to the benefit of, the Parties' and the Class' successors and assigns.

l. The Parties hereby execute this Agreement this 19th day of November, 2020, effective as of the Effective Date

Signature Pages for Settlement Agreement between Carol Thiele and Lynn Swanemyer, on behalf of themselves and a class of similarly situated royalty owners, and Energen Resources Corporation, entered into effective September 23, 2020.

Carol Thiele



Energen Resources Corporation

By: Travis D. Stice

Title: Chief Executive Officer

Lynn Swanemyer

APPROVED:

Counsel for Plaintiffs and Class

By: _____

Counsel for Energen Resources Corporation

By: Christopher A. Chrisman

Signature Pages for Settlement Agreement between Carol Thiele and Lynn Swanemyer, on behalf of themselves and a class of similarly situated royalty owners, and Energen Resources Corporation, entered into effective September 23, 2020.

Carol Thiele

Energen Resources Corporation

By: Travis D. Stice

Title: Chief Executive Officer

Lynn Swanemyer



APPROVED:

Counsel for Plaintiffs and Class

Counsel for Energen Resources Corporation



By: Stacy A. Burrows

By: Christopher A. Chrisman