

DISTRICT COURT, GARFIELD COUNTY, COLORADO Court Address: 109 8 th Street Glenwood Springs, CO 81601 Telephone: (970) 945-5075	
IVO LINDAUER, SIDNEY and RUTH LINDAUER, and DIAMOND MINERALS, LLC, on behalf of themselves and all others similarly situated, Plaintiffs, vs. TEP ROCKY MOUNTAIN LLC, formerly known as WPX Energy Rocky Mountains LLC, formerly known as Williams Production RMT Company LLC and formerly known as Williams Production RMT Company. Defendants.	<div style="text-align: center;"> <input type="checkbox"/> COURT USE ONLY <input type="checkbox"/> </div>
Nathan A. Keever DUFFORD, WALDECK, MILBURN & KROHN, L.L.P. Attorneys for Plaintiffs 744 Horizon Court, Suite 300 Grand Junction, CO 81506 Telephone: (970) 241-5500 Fax: (970) 243-7738 E-mail: dwmk@dwmk.com Attorney Reg. #: 24630	Case Number: 06 CV 317 Courtroom:
<p style="text-align: center;">MOTION TO ENFORCE COURT ORDER AND SETTLEMENT AGREEMENT AGAINST TEP ROCKY MOUNTAIN LLC</p>	

Representative Plaintiffs Ivo Lindauer, Sidney and Ruth Lindauer, and Diamond Minerals, LLC, on behalf of themselves and the other members of the Settlement Class herein, by and through their undersigned counsel, request that the Court issue an Order pursuant to C.R.C.P.

107(c) that requires Defendant to appear in person to show cause why it should not be held in contempt of the Settlement Agreement with Williams Production RMT Company (“Williams RMT Co.”), together with this Court’s Judgment of March 20, 2009, which approved the terms of the Settlement.

C.R.C.P. 121 § 1-15 ¶ 8 Certification

Although pursuant to C.R.C.P 107 this Court may enter the requested show cause order *ex parte*, Class Counsel have elected to confer with counsel for Defendant and have been informed that the show cause order requested in this motion is OPPOSED.

Background

1. In October 2008, Representative Plaintiffs and Williams Production RMT Company entered into the Settlement in Case Number 2006 CV 317 filed in Garfield County, Colorado District Court. (Settlement Agreement, Oct 17, 2008, hereinafter “Settlement Agreement”). The Settlement was approved by this Court at a fairness hearing on March 20, 2009, and the Judgment was entered by this Court on that same day. (Judgment, March 20, 2009, hereinafter “Judgment”)

2. The Judgment certified the Settlement Class, as defined in Section A thereof, pursuant to C.R.C.P. 23(b)(3). (Judgment, p. 1)

3. After Williams Production RMT Company entered into the Settlement, it changed its form to a limited liability company and changed its name to Williams Production RMT Company LLC on October 12, 2010. On January 19, 2012, Williams Production RMT LLC changed its name to WPX Energy Rocky Mountain, LLC. (“WPX”).

4. Effective on or about October 1, 2015, WPX Energy, Inc., WPX's parent, transferred WPX to Terra Energy Partners LLC ("Terra").

5. On April 22, 2016, WPX changed its name to TEP Rocky Mountain LLC ("TEP").

6. Since March 2009, Settlement Class Members have received royalty payments from the same, single entity bearing the following different names: Williams Production RMT Company, Williams Production RMT LLC, WPX, and TEP. (Exhibit A, Denomy Affidavit ¶5).

7. The Settlement Class Members, together with Williams, as its name has changed from time to time to become TEP, are required to comply with the terms of the Settlement.

8. The Settlement Agreement, and the Judgment approving the Settlement Agreement, are enforced as an order of this Court. *Miller v. EnCana Oil & Gas (USA), Inc.*, 405 P.3d 488, 493 (Colo. App. 2017). This Court has inherent authority and jurisdiction to enforce its prior decrees. *Id.* Where a court has either retained jurisdiction over the settlement agreement in the order or has incorporated the terms of the settlement in its order or judgment, the parties' obligation to comply with the terms of the settlement are made part of the court's order. *Id.* (citing *Kokkonen v. Guardian Life Insur. Co. of Am.*, 511 U.S. 375, 381 (US 1994)). Pursuant to C.R.S. §13-1-114 (c), this Court is also expressly granted the "power to compel obedience with its lawful judgments and orders."

9. This Court expressly retained jurisdiction to implement and enforce the terms of the Settlement Agreement and has the power and authority to enforce its own orders.

a) Paragraph 5.2 of the Settlement Agreement provides that this Court "has continuing jurisdiction to enforce this paragraph." The Judgment also states, "This Court

shall retain continuing jurisdiction of this action to address any issues concerning implementation of the Settlement Agreement and enforcing this Final Judgment.” (Judgment, p. 8, ¶4).

b) The Settlement Agreement “establish[ed] certain rules to govern future royalty and overriding royalty payments so as to avoid or minimize disputes over royalty payments in the future.” (Settlement Agreement, p. 2, ¶3).

c) Pursuant to paragraph 5.2 of the Settlement, Settlement Class Members are entitled to rely on the descriptions of future royalty payment methodologies set out in Section 4, together with representations set out in Section 5, of the Settlement Agreement.

d) Pursuant to paragraph 4.8 of the Settlement Agreement, “Williams and the Settlement Class Members shall be bound prospectively by the royalty methodology set forth in this Section 4 of this Settlement Agreement.”

e) The Judgment also states: “This Court shall retain continuing Jurisdiction of this action to address any issues concerning implementation of the Settlement Agreement and enforcing this Final Judgment.” (Judgment p. 8, ¶4).

10. In Section 4 of the Settlement Agreement, the parties agreed on how residue gas deductions and certain aspects of Natural Gas Liquids royalty payments are to be calculated and paid to the Settlement Class Members after the effective date of the Settlement.

Breach of Section 4.1

11. Paragraph 4.1 of the Settlement Agreement provides that Defendant “will not take any Deductions” from Royalty Instruments in Categories 4, 5, 6, 7, 8, 9, 10, and 11. The capitalized

term “Deduction” is defined in Paragraph 1.6 of the Settlement to mean “any monetary or volumetric deduction taken by Williams when calculating and paying royalty or overriding royalty to any member of the Plaintiff Class since September, 2000 for costs attributed to operations between the initial point(s) of measurement of gas produced from Class Wells to the point of access into a Mainline Transmission Pipeline.” Only processing deductions properly taken under paragraph 4.4 of the Settlement Agreement are excluded from the prohibition against taking Deductions.

12. Prior to the July 2016 production month, gathering and gathering fuel costs were not deducted from royalty payments made to Settlement Class Members. (Exhibit A, Denomy Affidavit ¶¶13-14). In the July 2016 production month, TEP commenced deducting gathering and gathering fuel costs from royalty payments made to Settlement Class Members. (Exhibit A, Demony Affidavit ¶¶15-16).

13. From the July 2016 to March 2018 production months, gathering and gathering fuel deductions have been in the amount of \$0.56 to \$0.66 per mcf. (Exhibit A, Denomy Affidavit ¶¶17-18).

14. Gathering takes place upstream of the point of access into a Mainline Pipeline. (Exhibit A, Denomy Affidavit ¶12). TEP has breached Section 4.1 of the Settlement by taking “Deductions” from royalty payments made to Settlement Class Members for costs incurred upstream of the point of access into a Mainline Pipeline. TEP continues to inappropriately take deductions for gathering and gathering fuel expenses from Settlement Class Members.

Breach of Section 4.4

15. Section 4.4 of the Settlement Agreement provides that TEP is prohibited from deducting processing expenses in excess of 1/3rd of the value of NGLs from Settlement Class Members receiving royalty payments under leases in Categories 1, 2, 3, 4, 5, 6, 7 and 10.

16. The 1/3rd limit was breached from the July, 2016 production month through the January, 2018 production month and perhaps during other production months. The amount of excessive deductions for processing costs ranged from \$0.17 per gallon to \$0.27 per gallon from production month July 2016 through January, 2018. (Exhibit A, Denomy Affidavit ¶¶19-29).

An Accounting is Necessary and Appropriate

17. Where the royalty owner brings a claim for royalty underpayment, and the lessee has control of the information necessary to calculate damages, the royalty owner is entitled to an accounting to facilitate an accurate calculation of damages. *Patterson v. BP America Prod. Co.*, 159 P.3d 634, 642 (Colo. 2006).

18. An accounting may be required in a remedial contempt order pursuant to C.R.C.P. 107 entered to enforce a prior court order. *Robinson v. Hossack*, 303 P.3d 656, 567 (Colo. App. 2013).

19. The Settlement Class Members have demonstrated that TEP has breached the Settlement and has not complied with the terms of the Judgment. TEP has exclusive access to and control over the data, information, calculations performed and allocations necessary to properly calculate and pay royalty to Settlement Class Members in accordance with the terms of the Settlement Agreement. (Exhibit A, Denomy Affidavit ¶31).

20. Without the undisclosed information that TEP has in its possession and control, the

Settlement Class Members are not able to determine their share of the royalty underpayments. (Exhibit A, Denomy Affidavit ¶32).

21. TEP has the means and ability to provide the Court with an accounting showing the differences between the actual royalty payments and what is required by Section 4 of the Settlement Agreement. (Exhibit A, Denomy Affidavit ¶33). An accounting by TEP is necessary and appropriate to efficiently and effectively enforce this Court's prior Judgment and to enforce the Settlement.

Request for Show Cause Order and Hearing

22. Because the Court retained jurisdiction to enforce the Settlement and the Settlement Class has been certified in the Judgment, this Court has the power and authority to enter and to enforce orders to direct the parties to take actions to give effect to and enforce its own orders and judgments. *Miller v. EnCana, supra; Patterson v. BP, supra.*

23. C.R.C.P. 107 authorizes this Court to compel obedience with its lawful orders by means of a show cause order and to grant remedial sanctions for contempt, both direct and indirect.

24. As demonstrated above and in the supporting affidavit, the requirements of C.R.C.P. 107 are satisfied: 1) TEP has breached the Settlement and thereby has failed to comply with the lawful order of this Court, 2) TEP had knowledge of the Settlement and Judgment, 3) TEP has the present ability to comply with the terms of the Settlement, and 4) TEP has the present ability to provide this Court with a corrected accounting in which TEP re-computes the royalty payments owed to Settlement Class Members in the manner necessary to comply with the terms of the Settlement.

25. To enforce the Judgment and the Settlement, the Representative Plaintiffs, on behalf of themselves and the Settlement Class Members, request that this Court:

A) Enter an order to show cause pursuant to C.R.C.P. 107 (c) in the form filed herewith, requiring TEP to show cause why it should not be held in contempt of the Judgment;

B) Schedule a one-day show cause hearing, not less than thirty (30) nor more than forty-five (45) days following the entry of the Order to Show Cause;

C) If appropriate, upon the conclusion of the show cause hearing, enter an order to enforce the Judgment and Settlement against TEP pursuant to C.R.C.P. 107 (a)(3), (a)(5), c) and (d)((2), which requires TEP to comply with the terms of Section 4 of the Settlement, and to prepare an accounting under the Court's supervision to determine the amount due to each Settlement Class Member as the result of royalty payments made during and after the production month of October 2015 that have not complied with the requirements of Section 4 of the Settlement;

D) Grant the Settlement Class Members such other and further relief as this Court deems to be appropriate, including other relief permitted by C.R.C.P. 107, together with interest at the maximum rate permitted by law, together with reasonable costs and attorney fees; and

E) At the conclusion of such accounting, enter judgment in favor of the Settlement Class Members.

RESPECTFULLY submitted this 14th day of September 2018.

DUFFORD, WALDECK, MILBURN & KROHN, LLP

By: /s/ Nathan A. Keever

Nathan A. Keever, #24630

Attorney for Plaintiffs

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G.R. Miller, #8406

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P.O. Box 997

Wichita, Kansas 67201-0997

Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of **MOTION TO ENFORCE COURT ORDER AND SETTLEMENT AGREEMENT AGAINST TEP ROCKY MOUNTAIN LLC** was served this 14th day of September 2018, via the Colorado Courts E-Filing:

John F. Shepherd
Christopher Crisman
Holland & Hart, LLP
555 Seventeenth Street, Suite 3200
P.O. Box 8749
Denver, CO 80201-8749

/s/ Jodi K. Mace

Jodi K. Mace, Paralegal

DISTRICT COURT, GARFIELD COUNTY, COLORADO	
Court Address:	109 8 th Street Glenwood Springs, CO 81601
Telephone:	(970) 945-5075
IVO LINDAUER, SIDNEY and RUTH LINDAUER, and DIAMOND MINERALS, LLC, on behalf of themselves and all others similarly situated, Plaintiffs,	
vs.	
TEP ROCKY MOUNTAIN LLC, formerly known as WPX Energy Rocky Mountains LLC, formerly known as Williams Production RMT Company LLC and formerly known as Williams Production RMT Company. Defendants.	
Nathan A. Keever DUFFORD, WALDECK, MILBURN & KROHN, L.L.P. Attorneys for Plaintiffs 744 Horizon Court, Suite 300 Grand Junction, CO 81506 Telephone: (970) 241-5500 Fax: (970) 243-7738 E-mail: dwmk@dwmk.com Attorney Reg. #: 24630	<div><input type="checkbox"/> COURT USE ONLY <input type="checkbox"/></div> Case Number: 06 CV 317 Courtroom:
AFFIDAVIT OF MARY ELLEN DENOMY	

STATE OF COLORADO)
) ss
 COUNTY OF GARFIELD)

I, MARY ELLEN DENOMY ("Affiant") being of lawful age and being first duly sworn, upon oath, do state and affirm as follows:

Background

I, Mary Ellen Denomy, being first duly sworn, state from my personal knowledge as follows:

1. I am over the age of eighteen years and otherwise competent to make this affidavit and am not a party to this action.
2. I am a Certified Public Accountant with an MBA and a specialty in oil and gas accounting. For the last eighteen years, most of my time has been spent on royalty review and verification, royalty taxation review, and royalty audits for numerous clients encompassing numerous oil and gas companies and governmental agencies across the United States. My Curriculum Vitae is attached to this Affidavit as Attachment 1.
3. I was accepted as an expert for the Settlement Class, in *Lindauer v. Williams Production RMT Company*, Case Number 06 CV 317. I have participated in this case, during the time of discovery, settlement, trial, and subsequent review of the accounting under the Settlement Agreement.
4. I have reviewed the *Lindauer* Settlement Agreement ("Settlement"). The Settlement Class Members include TEP royalty owners in Garfield County, Colorado, with certain exclusions and opt outs.
5. Since the date of the approval of the Settlement, March 20, 2009, Settlement Class Members have received royalty payments from Williams Production RMT Company and Williams Production RMT LLC (referred to collectively as "Williams"), WPX Energy Rocky Mountain, LLC ("WPX"), Terra Energy Partners, LLC ("Terra") and TEP Rocky Mountain, LLC (TEP"). I have attached as examples copies of the first pages of some royalty remittance statements and letters received by the one of the Representative Plaintiffs, Diamond Minerals, LLC. (Attachment 2).
6. I am advised that Williams, WPX and TEP constitute a single entity which changed names over time. To distinguish between the periods this entity has operated under its various names, I will sometimes refer to the names it used during the applicable period.
7. For the production months of October 2015, the date Terra acquired WPX, through production month June 2016, royalty payments continued to be made to the Settlement Class Members under the name WPX. Beginning with the production month July 2016, royalty payments were made to the Settlement Class Members under the entity's new name TEP. TEP retroactively adjusted royalty payments made for the July, August, and September 2016 production months that had initially been made by its parent Terra.

Section 4 of the Settlement

Section 4.1

8. Section 4.1 of the Settlement states: "With respect to the all Royalty Instruments except those in categories 1,2, 3, 12 and 13 on Exhibit A, Williams will not take any Deductions (except for processing deductions allowed by paragraph 4.4), regardless of (a) whether the costs relate to activities on or off the Leasehold Estates (except when the applicable Royalty Instrument expressly provides that no royalty is due on fuel consumed by Williams for lease operations on the Leasehold Estate), (b) what entity provides such services or how it is paid, and (c) where or how title to the gas is transferred."
9. The term "Deductions", as used in Section 4.1, is defined in paragraph 1.6 of the Settlement to mean "any monetary or volumetric deduction taken by Williams when calculating and paying royalty or overriding royalty to any member of the Plaintiff Class since September, 2000 for costs attributed to operations between the initial point[s] of measurement of gas produced from the Class Wells to the point of access into a Mainline Transmission Pipeline."
10. Thus, Section 4.1 of the Settlement precludes deduction, from royalty payments made to Settlement Class Members, of costs incurred between the initial point[s] of measurement of the produced gas to the point of access into a Mainline Transmission Pipeline.
11. Fuel is used during the gathering of the gas. The majority of fuel used during the gathering of gas is utilized by compression facilities.
12. The difference between "gathering" and "transportation" is reflected in the Settlement. Numerous named Mainline Pipelines and certain primary gathering lines are identified in ¶1.15 of the Settlement. ¶1.15 of the Settlement makes it clear that costs incurred for gathering and gathering fuel are incurred prior to access to a Mainline Transmission Pipeline.
13. I have attached three pages from a remittance statement from WPX to Representative Plaintiff, Diamond Minerals, LLC, for the production month of October 2015, check dated December 28, 2015. (Attachment3.)

15. The remittance statement is broken up into a right and left side. On the left side, the total volume, value, taxes and expenses for the well (i.e. MV 44-11) state the gross amounts of costs and revenue for each well:

Attachment 3:

WP ENERGY ROCKY MOUNTAIN LLC
P.O. Box 2702
Tulsa, OK 74101
For Inquiries Call 1-888-576-2190
Email: WP@wpenergy.com

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Page No.	Page	Date	Check No.	Check Total
620537	WELLS: 620537	11/15/15	620537	11/15/15 11/15/15

DATE	RE	DATE	QUANTITY	UNIT	UNIT PRICE	VALUE	DEBIT	CREDIT	NET DEBIT
10/15	R	11-11	1313.00	BTU	0.000000	0.00	0.00	0.00	0.00
10/15	R	11-11	1313.00	BTU	0.000000	0.00	0.00	0.00	0.00
TOTAL PROD:			1313.00	BTU	0.000000	0.00	0.00	0.00	0.00

DATE	RE	DATE	QUANTITY	UNIT	UNIT PRICE	VALUE	DEBIT	CREDIT	NET DEBIT
10/15	R	11-11	1313.00	BTU	0.000000	0.00	0.00	0.00	0.00
10/15	R	11-11	1313.00	BTU	0.000000	0.00	0.00	0.00	0.00
TOTAL PROD:			1313.00	BTU	0.000000	0.00	0.00	0.00	0.00

DATE	RE	DATE	QUANTITY	UNIT	UNIT PRICE	VALUE	DEBIT	CREDIT	NET DEBIT
10/15	R	11-11	1313.00	BTU	0.000000	0.00	0.00	0.00	0.00
10/15	R	11-11	1313.00	BTU	0.000000	0.00	0.00	0.00	0.00
TOTAL PROD:			1313.00	BTU	0.000000	0.00	0.00	0.00	0.00

62053849	MV 44-11								
10/15 R	RI	2.55	1313.00	3352.37	96.98	SEV			
TOTAL PROD:			1364.21	BTU FACTOR: 1.039	-34.25	ADV			
					97.43	ADV			
					-0.74	CNV			
					2.10	CNV			
					-10.52	CNH			
					29.90	CNH			
					201.50	FUEL			
					588.87	GTH			
					361.72	TRAN			
					281.18	UNDM			

Attachment 3:

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0.00000000

18. On the right side of the page, Diamond Minerals, LLC royalty share of the costs and revenue are stated.

Attachment 3:

WPA ENERGY

WPA ENERGY ROCKY MOUNTAIN, LLC
P.O. Box 3102
Tulsa, OK 74101
For Inquiries Call 1-888-526-3180
Email WPAEnergy@WPAEnergy.com

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Payee No.	Payee	Date	Check No.	Check Total
434967	DIAMOND MINERALS, LLC	10/15/15	1189057	*****16,219.38

WELL	TYPE	DATE	TIME	PRICE	QUANTITY	VALUE	DEDUCTIONS	NET	INTEREST	YIELD	DEDUCTIONS	NET SHARE	
42023837	W	10/15	11	FEEDBACK	21.33	0.15 REV	0.00000000	2.62	0.00982275	0.00000000	0.21	0.00 REV	0.17
10/15 H	FE	0.31	42.80			-0.45 ADV	0.00000000					0.00 ADV	
TOTAL PROD:				62.00	876 FACTOR: 0.000	0.12 ADV	0.00982275					0.00 ADV	
						-0.01 CNV	0.00000000					0.00 CNV	
						0.02 CNV	0.00982275					0.00 CNV	
						-0.13 CWH	0.00000000					0.00 CWH	
						0.17 CWH	0.00982275					0.00 CWH	
						1.80 FUEL	0.00982275					0.01 FUEL	
						0.27 FUEL	0.00000000					0.00 FUEL	
						0.01 FUEL	0.00982275					0.00 FUEL	
						12.97 PROD	0.00000000					0.00 PROD	
						3.39 TRAN	0.00982275					0.03 TRAN	
10/15 H	FE	2.37	40.00	100.00		3.00 ADV	0.00000000	53.90	0.00982275	0.00000000	1.02	0.00 ADV	0.87
TOTAL PROD:				62.12	876 FACTOR: 1.000	-1.04 ADV	0.00000000					0.00 ADV	
						2.96 ADV	0.00982275					0.03 ADV	
						-0.01 CNV	0.00000000					0.00 CNV	
						0.06 CNV	0.00982275					0.00 CNV	
						-0.35 CWH	0.00000000					0.00 CWH	
						0.95 CWH	0.00982275					0.01 CWH	
						4.22 FUEL	0.00000000					0.00 FUEL	
						17.95 FUEL	0.00000000					0.00 FUEL	
						11.17 TRAN	0.00982275					0.11 TRAN	
						6.69 UNDM	0.00000000					0.00 UNDM	
42023849	W	10/15	11	FEEDBACK	25.57	0.06 REV	0.00000000	17.38	0.00982275	0.00000000	32.93	0.00 REV	28.10
10/15 H	FE	2.35	1511.00			-24.25 ADV	0.00000000					0.00 ADV	
TOTAL PROD:				1544.21	876 FACTOR: 1.000	97.45 ADV	0.00982275					0.00 ADV	
						-0.74 CNV	0.00000000					0.00 CNV	
						2.10 CNV	0.00982275					0.02 CNV	
						-10.12 CWH	0.00000000					0.00 CWH	
						29.90 CWH	0.00982275					0.30 CWH	
						201.50 FUEL	0.00000000					0.00 FUEL	
						588.57 FUEL	0.00000000					0.00 FUEL	
						561.72 TRAN	0.00982275					1.11 TRAN	
						281.18 UNDM	0.00000000					0.00 UNDM	
10/15 H	FE	0.51	1173.00	602.00		4.38 REV	0.00000000	74.24	0.00982275	0.00000000	0.00	0.00 REV	6.21
TOTAL PROD:				1173.00	876 FACTOR: 0.000	-12.24 ADV	0.00000000					0.00 ADV	
						16.89 ADV	0.00982275					0.13 ADV	

IMPORTANT INFORMATION: THIS INFORMATION FOR TAX PURPOSES
IS NOT TO BE USED FOR ANY OTHER PURPOSE.

0.00000000	32.93	0.00	SEV	28.10
0.00000000		0.00	ADV	
0.00982275		0.96	ADV	
0.00000000		0.00	CNV	
0.00982275		0.02	CNV	
0.00000000		0.00	CWH	
0.00982275		0.30	CWH	
0.00000000		0.00	FUEL	
0.00000000		0.00	GTH	
0.00982275		3.55	TRAN	
0.00000000		0.00	UNDM	

Attachment 3:

0.00	SEV
0.00	ADV
0.96	ADV
0.00	CNV
0.02	CNV
0.00	CWH
0.30	CWH
0.00	FUEL
0.00	GTH
3.55	TRAN
0.00	UNDM

Exhibit A

costs but did not deduct gathering and gathering fuel costs from royalty payments.

21. Commencing with the July 2016 production month, TEP deducted gathering and gathering fuel expenses from royalty paid to the Settlement Class. An example of these deductions is shown on the remittance statement attached as Attachment 4 for the MV 44-11 well.

Attachment 4:

Attachment 4: Remittance Statement for MV 44-11 well. The statement shows various deductions from the royalty payment. A large arrow points from a small box in the statement to a larger, magnified box below.

Item	Amount	Description
1.10	ADV	Advanced Payment
0.88	TRN	Transportation
5.23	GAT	Gathering
0.16	CNV	Conversion
1.72	FUE	Fuel
0.23	SEV	Severance

22. That statement shows that TEP deducted gathering and gathering fuel costs incurred prior to access to a Mainline Transmission Pipeline from royalty payments to Diamond Minerals, LLC.
23. I have reviewed other TEP remittance statements sent to other Settlement Class Members and have observed the same consistent TEP deduction practice with respect to Section 4.1 Lease Categories: Gathering and gathering fuel expenses were not deducted before production month July 2016, but gathering and gathering fuel costs commenced to be deducted from production month July 2016.
24. As shown on the spreadsheet which is Attachment 5: Lindauer Settlement Class –Residue Gas Gathering and Gathering Fuel Deductions,” the gathering and gathering fuel costs deducted from Settlement Class Members ranged from \$0.56 per mcf to \$0.66 per mcf for the production months from July 2016 through March 2018. I have no reason to believe that TEP has discontinued deducting gathering and gathering fuel costs from royalty payments to Settlement Class Members.
25. TEP has breached Section 4.1 of the Settlement by deducting costs incurred before access to the Mainline Transmission Pipeline in the form of gathering and gathering fuel expenses ranging from approximately \$0.56 to \$0.66/mcf from July 2016 through March 2018 production months.
26. I am unable to accurately determine the total amount improperly deducted from all Settlement Class Members’ royalty payments without an accounting from TEP.

Section 4.4

27. Section 4.4 of the Settlement provides in pertinent part regarding Natural Gas Liquids (“NGLs”):

With respect to all Royalty Instruments, Williams will account for the value of the NGLs extracted from the gas (using the methodology described in paragraph 2.3). With respect to all Royalty Instruments except those in categories 8, 9, 11, 12 and 13 on Exhibit A, in accounting for the value of the NGLs extracted from the gas, Williams shall be permitted to deduct 50% of the amount allowed as a processing deduction under the regulations of the Mineral Management Service (the processing deduction will be limited to those costs incurred within a processing plant and will not exceed 1/3 of the value of the NGLs, since the MMS limit on processing costs is 2/3 of the value of the NGLs), but under no circumstances

shall Williams be entitled to take any other Deduction when making such calculation.

28. Section 4.4 sets out three limitations on NGL processing costs, which can be deducted from royalty paid to the Settlement Class Members. First, deductible processing costs cannot exceed 50% of the amount allowed as processing deduction under the regulations of the Minerals Management Service. Second, processing deductions are limited to costs incurred within a processing plant. Third, the limit of the processing deductions cannot exceed 1/3rd of the value of the NGLs.
29. TEP remittance statements contain sufficient information for me to determine that TEP has not complied with the third limitation contained in Section 4.4.
30. Value for NGLs are determined at the tailgate of the plant. (MMS, United States Department of the Interior, Oil and Gas Payor Handbook, Vol. III, Product Valuation, §7.1.1 pg. 7-2)(Ethane, propane, butane and natural gas liquids are all NGLs and are valued as one product (NGLs) at the plant). (Attachment 6).
31. Calculation of value of NGLs: I have calculated the value of the NGLs at the tailgate of the processing plant by adding up the NGL product values reported on remittance statements of Settlement Class Members and subtracting the cumulative NGL costs for transportation, fuel and fractionation reported on the applicable remittance statement. The costs of NGL transportation, fuel and fractionation are incurred downstream from the processing plant. After accumulating the totals for each of the above items (gross value, transportation, fuel and fractionation), I then divided each of the totals by the total number of gallons reported as sold on the remittance statements. Subtracting the per gallon costs from the per gallon gross value calculates the per gallon netback value of the NGLs at the tailgate of the processing plant.
32. After calculating the netback value of the NGLs at the tailgate of the processing plant, I then calculated the total cost per gallon of the processing costs charged at the plant. This was done by adding up all the NGL processing costs on the remittance statement and dividing this figure by the total gallons.
33. The last step in determining compliance with the third limitation in Section 4.4 was to multiply the NGL processing cost per gallon by 33.33% (1/3 limit from Section 4.4) to determine the maximum allowed processing deduction, which was then compared to the actual deduction taken by TEP.
34. I performed this test of processing costs for several Settlement Class Members, including Representative Plaintiff, Diamond Minerals, LLC for the production period July 2016 through January 2018. I have attached a spreadsheet showing NGL processing cost overcharges as Attachment 7.

35. I found that the 1/3rd limit was breached in each subsequent production month on Attachment 7 because some production month after January, 2018 have no excessive processing deductions. Royalty payments made under the names WPX and TEP overcharged processing costs from \$.0.17 per gallon to \$.0.27 per gallon from July, 2016 production month through the January 2018 production month.
36. From December 2015 through March 2018 production months, TEP has breached Section 4.4 by exceeding the agreed maximum limitation on processing cost deductions (1/3rd of the value of the NGL raw mix at the Plant). I have no reason to believe that TEP has discontinued its practice of disregarding the maximum limitation on processing cost deductions. An accounting is required to determine the share of the NGL total processing cost overcharges that are assessed against the Settlement Class Members with respect to the issue of TEP's compliance with all three expense limitations contained in Section 4.4.

Inability To Determine The Amount Of Damages Due The Settlement Class Members As A Result of the Breaches Of The Terms Of Section 4:

37. The only data available to the Class Members as part of their royalty payments is the following, as reported by WPX or TEP on their remittance statements:

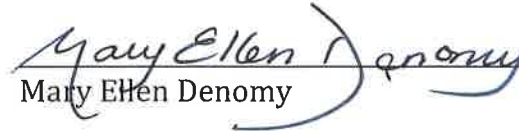
Date of Production
Product Sold
Price
Quantity
Gross Value for Each Product
Taxes Withheld
Deductions Subtracted, such as Gathering, Fuel, Transportation,
Processing, Fractionation, Marketing, Unused Transportation Demand
Fees

The remittance statements do not include data or calculations regarding how the prices, costs, quantities or values are determined.

38. TEP has exclusive access to and control over the data, information, calculations performed and allocations necessary to properly calculate and pay royalty to Settlement Class Members in accordance with the terms of the Settlement Agreement, specifically under Section 4 thereof.
39. Without the undisclosed information that TEP has in its possession and control, the Settlement Class Members are not able to determine their share of the royalty underpayments I have identified by reviewing sample remittance statements that are attributable to the Settlement Class Members.

40. In my experience as an auditor, CPA and expert witness, I can say with complete assurance that TEP has the means and ability to provide the Court with an accounting showing the differences between TEP's actual royalty payments and what is required by Section 4 of the Settlement

DATED this 10th day of September, 2018.

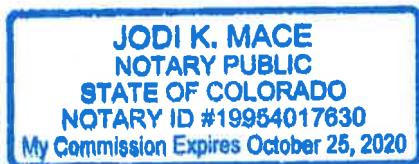

Mary Ellen Denomy

VERIFICATION

Subscribed and sworn to before me this 10th day of September, 2018, by Mary Ellen Denomy.

WITNESS MY HAND AND OFFICIAL SEAL.

My commission expires:




Notary Public

**Curriculum Vitae
For
Mary Ellen Denomy
Certified Public Accountant
Masters in Business Administration
Accredited Petroleum Accountant
Certified Fraud Deterrent Analyst
Master Analyst in Financial Forensics**

*P.O. Box 578
Parachute, Colorado 81635
Telephone: (970) 989-5135 – Fax: (970) 285-1113
medenomy@hughes.net*

Academic Background

Aspen University, Denver, Colorado, USA

- Master in Business Administration
- 2014
-

Wayne State University, Detroit, Michigan, USA

- Bachelor of Science with Distinction
- 1979
- Accounting Major

Walsh College, Rochester, Michigan, USA

- Government, Not-for-Profit Accounting

Marygrove College, Detroit, Michigan

- Education Course

Colorado School of Mines

through UTEC, Grand Junction, Colorado USA

- Petroleum Technology

Professional Development Institute, University of North Texas, Denton, Texas

- Petroleum Accounting
- Royalty Accounting

Colorado Mountain College, Glenwood Springs, Colorado, USA

- Education Course
-

Professional Experience

Self-Employed Consultant, 2002-Present

- Litigation Expert Witness, State, Local and Tribal Audits, Oil and Gas Consultant for Royalty, Revenue, Surface Use, Lease, Government, Joint Interest Auditor, Oil and Gas Tax, Revenue, Joint Interest Billing and Royalty Work, Educator and Trainer, Marketing Coordinator for Oil and Gas Sales, Ken Pro Institute, LLC

The Savage Companies: Buffalo Basin Limited, Savage Limited Partnership I, Savage Ranches, Tri-County Ambulance, Empyrean Publishing, The Millenium Foundation, Savage Outfitting and Charters, Rifle, Colorado, USA

Controller, 1996 to 2008

- All accounting, taxes and payments for family businesses, including ambulance service, publishing company, non-profit foundation, subdivision development, oil and gas development, oil shale development, residential building, ranching, outfitting, sailing charters
- Oversaw 50-75 employees and subcontractors
- Directly responsible for preparing documents and testimony for court cases

Costello, Allyn & Co, Grand Junction, Colorado, USA

Staff Accountant, 1995

- Accounting, tax preparation, reviews for 75 clients

Monahan, Lampman & Co, Glenwood Springs, Colorado, USA

Staff Accountant, 1993-1994

- Accounting, tax preparation, auditing for 250 clients

Woods Accounting, Grosse Pointe Woods, Michigan, USA

Owner, Chief Accountant for Public Accounting Firm, 1983-1993

- Accounting, tax preparation for 650 clients
- 10 employees

Executive Tax Service, St Clair Shores, Michigan, USA

Staff Accountant, 1980-1983

- Payroll preparation for 25 employees
- Accounting, tax preparation for 200 clients
- Teaching advanced tax courses to employees

Dominican High School, Detroit, Michigan, USA

Educator, 1979-1980

- Taught high school business courses
 - Taught adult education business courses
-

Professional Memberships

- American Institute of Certified Public Accountants
- Colorado Society of Certified Public Accountants
- Council of Petroleum Accountants Societies
- National Association of Division Order Analysts
- National Association of Certified Valuation Analysts
- Delta Epsilon Tau

Awards

- Recipient of Colorado Society of Certified Public Accountants' Colorado CPA Making a Difference Award-2002

Community Services

- Musical Director, Glenwood Hot Strings Community Non-Profit Band (play violin, bass, banjo, guitar, sax, keyboards, sing, music writer)
- Violinist in the Symphony in the Valley, Glenwood Springs, Colorado
- AARP Volunteer Income Tax Preparer
- Kiwanis Club of Grand Valley/Parachute

Professional Experience and Services

- Testified for litigation concerning records lost in an arson case in Michigan (1990's)
- Testified and submitted financial reports on numerous occasions in front of the Colorado Oil and Gas Conservation Commission (televised)
- Trainer royalty owners, government officials, federal legislators

- Expert witness: oil and gas litigation
 - *Savage vs. Barrett Garfield County District Court-Glenwood Springs, Colorado 98 CV 161-Testified at Trial
 - *Clough vs. Williams Production RMT Company Garfield County District Court-Glenwood Springs, Colorado 02 CV 32-Testified at Trial
 - *Celeste Grynberg et al vs Williams Production RMT Company Denver District Court-Denver, Colorado 02 CV 5167-Testified at Trial and Deposition
 - *Miller et al vs EnCana Oil & Gas(USA)Inc, Denver District Court-Denver, Colorado 05 CV 2753 (fairness hearing)-Testified at Hearing
- BP America Production vs Colorado Department of Revenue, District 424, 2011-cv-2567
- Lindauer, et al vs Williams Production RMT Company, Garfield County, Colorado 06 CV 317
- Kinder Morgan Co2 Co, L.P. vs Montezuma County Board of Commissioners, Docket Nos: 60166-60171, June, 2013
- XTO Energy, Inc vs Cempco, Inc, et al, 09CV363, LaPlata County, Colorado, June, 2013
- Seeco, Inc vs Jerry L Hall and Roberta J Hall, CIV2005-247, Faulkner County, Arkansas-deposition, July, 2013
- Alda Louise Curtis, et al vs BP America Production Company, Burlington Resources Oil and Gas Company, L.P., Devon Energy Production Company, L.P, B & N Co, L.P., BN Non-Coal, LLC and ConocoPhillips Company, D-506-CV-2012-00270, Lea County, New Mexico, June, 2013
- Grynberg, et al vs Kinder Morgan Energy, et al, American Arbitration Association, Case No. 77 198 Y 00011 12 JMLE
- Oxy vs Mesa County, BAA Docket 61916, November, 2013
- Erickson Trust v. Jack Exploration: Case No. CJ-2009-178, Woods County, Oklahoma, Deposition-December, 2013
- Enbridge Energy, Limited Partnership, Minnesota Public Utilities Commission, Docket No: PL-9/CN 13-153, OAH Docket No: 8-2500-30952, 2014
- Celeste C. Grynberg, et al v. Mobil Cortez Pipeline, Inc. et al, Cause No. 2012-08922, District Court of Harris County, Texas, 2015-deposition, 2016-deposition, 2016-case
- Grant Brothers Ranch, LLC v. Antero Resources Piceance Corporation, Ursa Operating Company, LLC, Cause No. 2014CV30180, District Court of Garfield County, Colorado, 2015-depositions (2)
- Samson Resources Corporation, et al, Debtors, United States Bankruptcy Court, District of Delaware, Case No. 15-11934, 2016-Deposition
- Krull Revocable Family Trust, et al v. Oxy USA, Inc, Case No. 2015CV30354-Deposition
- Nathaniel Fleck and Alma Bergman as Co-Trustees of the George J. Fleck Trust v. Missouri River Royalty Corporation, Exxon Mobil Corporation and Mountain Pacific General, Inc. in the McKenzie County District Court, Northwest Judicial District, State of North Dakota, Case No. 27-2012-CV-169, 2017

- Samson Resources Corporation, et al, Debtors, United States Bankruptcy Court, District of Delaware, Case No. 15-11934, 2017-Deposition
 - Grynberg, *et al* v. WPX Energy Holdings, LLC and WPX Energy Williston, LLC, 2017-testify
 - Expert witness: other litigation
 - *Alderson vs Alderson-Cooley, Garfield County District Court-Glenwood Springs, Colorado 06 DR 132-Testified at Trial
 - *LaRose vs Ridgeway, Garfield County District Court, 97 DR 184-Testified at Trial
 - *Locklear vs Locklear, Garfield County District Court, 09DR0254, Division C-Testified at Trial
 - * Garfield County Board of County Commissioners, Richardson Tax Abatement
 - *People of the State of Colorado v. Charles Zane Farris, Garfield County, Colorado, Case Number: 17CR313
 - Attended U.S. Department of the Interior's Minerals Revenue Management training sessions
 - Garfield County Oil and Gas Tax Auditor
 - Rio Blanco County Oil and Gas Tax Auditor
 - Montezuma County Oil and Gas Tax Auditor
 - Private auditor for oil and gas working interest owners
 - Nationwide oil and gas consultant
 - Western slope campaign manager for Gail Schoettler for Governor campaign
 - Accredited by the State of Colorado Regional Assessment Education Program in: 1) Oil and Gas Pipeline Valuation 2) Oil and Gas Equipment 3) Oil and Gas Netback
 - Expert Witness for the New Mexico Oil and Gas Commission; 2007, 2012
 - Auditor for the Northern Ute Indian Tribe
 - Expert Witness at the fairness hearing for the Miller vs EnCana class action lawsuit
 - Federal GAO consultant
 - Consultant for Federal legislators, FERC commissioners, state of Colorado auditors(wrote protocols for proper audits), Colorado Governor, Treasurer and state of Colorado legislators
 - National consultant for governments and private individuals, including states of Alaska, Texas, Oklahoma, Massachusetts, New Mexico, Michigan, Colorado, Virginia, New York, Washington, California, Utah, Wyoming, Louisiana, North and South Dakota, Pennsylvania, West Virginia, Arkansas
 - Monthly columnist for the Grand Valley Echo-Grand Valley Energy-2009 to 2013
 - 2006 National Gas Prices, Gas Marketing Accountability Project for National Association of Royalty Owners' Expert Report-September 6, 2007
 - Oil and Gas Consultant-Apollo Operating, Wyotex, WWWF, LLC, Grynberg Petroleum, Gadeco, LLC, RSM, AIPA
 - Certified Mineral Manager, 2005-2014
-

Speaking Engagements

- Speaker in front of State Legislature concerning oil and gas legislation-2002, 2005, 2006 and 2007, 2009
- Speaker for the Department of Agriculture Ad Hoc Committee on oil and gas-2002
- Presenter on surface and royalty issues for the Northwest conference on oil and gas
- Presenter on oil and gas issues for Colorado Leadership Training seminars
- Speaker for the Bureau of Land Management conference
- Speaker for the National Association of Royalty Owners Association Conferences
- Speaker for Community Alliance of Yampa Valley on oil and gas surface issues
- Speaker at Colorado Counties, Inc conference
- Speaker at Colorado Assessors' Association conferences
- Speaker for the Colorado Cattlemen's Association
- Speaker for the Farm Bureau
- Speaker at Western Colorado Congress Annual Meeting
- Trainer for Oil and Gas Accounting for Colorado Assessors' Association
- Speaker for Grand Valley Citizens Alliance
- Speaker for the Ninth Judicial District Attorneys
- Speaker for the Southwest Kansas Royalty Owners' Association
- Speaker for University of North Texas Institute of Petroleum Accounting Professional Development Institute
- Speaker for Bell Policy Center
- Speaker for Kiwanis' Meetings
- Speaker for Garfield County Energy Advisory Board
- Speaker in Ohio and Pennsylvania
- Speaker for the Council of Petroleum Accountants' Societies

Board Membership

- Elected Trustee of Colorado Mountain College
- Former Committee Member of the Battlement Mesa Service Association Oil and Gas Committee
- Former Treasurer for Colorado Mountain College
- Former Board of Examiners Member for Council of Petroleum Accountants' Societies
- Past Chairman for National Advisory Council for the National Association of Royalty Owners-National Office
- Past President of National Association of Royalty Owners-Rocky Mountain Chapter

- Former Treasurer of National Association of Royalty Owners-Rocky Mountain Chapter
- Former At-Large Board Member of the National Association of Royalty Owners

July, 2018



WILLIAMS PRODUCTION RMT COMPANY LLC.
P.O. Box 3182
Tulsa, OK 74101
For Inquiries Call 1-866-326-3190
Email E&PRevenueCustomerService@Williams.com

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Payee No.	Payee	Date	Check No.	Check Total
474397	DIAMOND MINERALS LLC	01/26/12	5127424	*****7,874.97

WELL#		WELL NAME		GROSS				OWNER			
DATE	PC	INT	PRICE	QUANTITY	VALUE	DEDUCTIONS	NET	INTEREST	VALUE	DEDUCTIONS	NET SHARE

0.55	FUEL	0.00000000	0.00	FUEL
0.06	FUEL	0.00982275	0.00	FUEL
0.31	GTN	0.00000000	0.00	GTN
77.89	PROC	0.00000000	0.00	PROC
16.73	TRAN	0.00982275	0.16	TRAN

62053849 MV 44-11
07/11 N RI 0.00 0.00 0.00
TOTAL PROD: 0.00 BTU FACTOR: 0.000

0.00	SEV	0.00000000	0.00	SEV	0.08
5.07	ADV	0.00000000	0.00	ADV	
-8.48	ADV	0.00982275	-0.08	ADV	
0.00	CNV	0.00000000	0.00	CNV	
0.00	CNV	0.00982275	0.00	CNV	
0.00	CNH	0.00000000	0.00	CNH	
0.00	CNH	0.00982275	0.00	CNH	
0.00	FRAC	0.00982275	0.00	FRAC	
0.00	FUEL	0.00000000	0.00	FUEL	
0.00	FUEL	0.00982275	0.00	FUEL	
0.00	GTN	0.00000000	0.00	GTN	
-1.97	PROC	0.00000000	0.00	PROC	
0.00	TRAN	0.00982275	0.00	TRAN	

08/11 N RI 0.00 0.00 0.00
TOTAL PROD: 0.00 BTU FACTOR: 0.000

0.66	SEV	0.00000000	0.00	SEV	0.08
5.09	ADV	0.00000000	0.00	ADV	
-7.95	ADV	0.00982275	-0.08	ADV	
0.01	CNV	0.00000000	0.00	CNV	
0.00	CNV	0.00982275	0.00	CNV	
0.13	CNH	0.00000000	0.00	CNH	
0.00	CNH	0.00982275	0.00	CNH	
0.00	FRAC	0.00982275	0.00	FRAC	
0.00	FUEL	0.00000000	0.00	FUEL	
0.00	FUEL	0.00982275	0.00	FUEL	
0.00	GTN	0.00000000	0.00	GTN	
-67.51	PROC	0.00000000	0.00	PROC	
0.00	TRAN	0.00982275	0.00	TRAN	

09/11 N RI 0.00 0.00 0.00
TOTAL PROD: 0.00 BTU FACTOR: 0.000

0.00	SEV	0.00000000	0.00	SEV	0.05
3.64	ADV	0.00000000	0.00	ADV	
-5.44	ADV	0.00982275	-0.05	ADV	
0.00	CNV	0.00000000	0.00	CNV	
0.00	CNV	0.00982275	0.00	CNV	
0.00	CNH	0.00000000	0.00	CNH	
0.00	CNH	0.00982275	0.00	CNH	
0.00	FRAC	0.00982275	0.00	FRAC	
0.00	FUEL	0.00000000	0.00	FUEL	
0.00	FUEL	0.00982275	0.00	FUEL	
0.00	GTN	0.00000000	0.00	GTN	
0.00	PROC	0.00000000	0.00	PROC	
0.00	TRAN	0.00982275	0.00	TRAN	

11/11 R RI 3.26 1753.00 5708.93
TOTAL PROD: 1779.30 BTU FACTOR: 1.015

155.04	SEV	0.00000000	0.00	SEV	47.95
-62.38	ADV	0.00000000	0.00	ADV	
159.40	ADV	0.00982275	1.56	ADV	
-1.40	CNV	0.00000000	0.00	CNV	
3.57	CNV	0.00982275	0.04	CNV	
-19.93	CNH	0.00000000	0.00	CNH	
50.95	CNH	0.00982275	0.50	CNH	
383.16	FUEL	0.00000000	0.00	FUEL	
728.85	GTN	0.00000000	0.00	GTN	
613.76	TRAN	0.00982275	6.03	TRAN	

11/11 CO2 RI 0.19 15.00 2.88
TOTAL PROD: 0.00 BTU FACTOR: 0.000

0.14	SEV	0.00000000	0.00	SEV	0.03
0.09	ADV	0.00982275	0.00	ADV	
0.00	CNV	0.00982275	0.00	CNV	
0.03	CNH	0.00982275	0.00	CNH	



WPX ENERGY ROCKY MOUNTAIN, LLC
P.O. Box 3102
Tulsa, OK 74101
For Inquiries Call 1-866-328-3180
Email WPXRevenueCS@WPXEnergy.com

Payee No.	Payee	Date	Check No.	Check Total
474397	DIAMOND MINERALS LLC	07/25/12	5136300	*****4,283.31

WELL#		WELL NAME		GROSS				OWNER					
DATE	PC	INT	PRICE	QUANTITY	VALUE	DEDUCTIONS	NET	INTEREST	VALUE	DEDUCTIONS	NET SHARE		

2013.07.25 Diamo...ls.pdf

WPX ENERGY

WPX ENERGY ROCKY MOUNTAIN, LLC
P.O. Box 3102
Tulsa, OK 74101
For Inquiries Call 1-866-326-3190
Email WPXRevenueCS@WPXEnergy.com

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Payee No.	Payee	Date	Check No.	Check Total
474397	DIAMOND MINERALS LLC	07/25/13	5154170	*****7,584.00

WELL#		WELL NAME		GROSS		OWNER		VALUE		DEDUCTIONS		NET SHARE	
DATE	PC INT	PRICE	QUANTITY	VALUE	DEDUCTIONS	NET	INTEREST	VALUE	DEDUCTIONS	NET SHARE			
62053637						CO	GARFIELD						
05/13 N R1		0.91	115.00	105.00	1.55 SEV	44.69	0.00982275	0.00000000	1.03	0.00 SEV		0.84	
TOTAL PROD:			115.00 BTU FACTOR: 0.000		-1.80 ADV			0.00000000	0.00 ADV				
					2.72 ADV			0.00982275	0.03 ADV				
					-0.03 CNV			0.00000000	0.00 CNV				
					0.07 CNV			0.00982275	0.00 CNV				
					-0.59 CNV			0.00000000	0.00 CNV				
					0.90 CNV			0.00982275	0.01 CNV				
					4.43 FRAC			0.00982275	0.04 FRAC				
					0.52 FUEL			0.00000000	0.00 FUEL				
					0.02 FUEL			0.00982275	0.00 FUEL				
					41.46 PROC			0.00000000	0.00 PROC				
					11.07 TRAM			0.00982275	0.11 TRAM				
05/13 R R1		3.77	100.00	377.08	13.16 SEV	239.20	0.00982275	0.00000000	3.70	0.00 SEV		3.21	
TOTAL PROD:			103.50 BTU FACTOR: 1.035		-2.40 ADV			0.00000000	0.00 ADV				
					10.42 ADV			0.00982275	0.10 ADV				
					-0.06 CNV			0.00000000	0.00 CNV				
					0.24 CNV			0.00982275	0.00 CNV				
					0.20 CNV			0.00000000	0.00 CNV				



TEP Rocky Mountain LLC
4828 Loop Central Drive Suite 900
Houston, TX 77081
Email: royaltyowner@terraep.com

403617

PAGE: 1 of 154

DATE: November 29, 2016
CHECK NUMBER: 403617
AMOUNT PAID: \$2,489.23

Direct Inquiries To: 1-888-223-4595



00035 OKS 20 16340 - 0000403617 NNNNNNNNNN 340510000035000100000000
DIAMOND MINERALS LLC
PO BOX 626
PARACHUTE CO 81635



340510000035000100000000

Vendor No: 000000000000002923

WELL#	WELL NAME											
DATE	PC	INT	PRICE	QUANTITY	VALUE	DEDUCTIONS	NET	INTEREST	VALUE	DEDUCTIONS	NET SHARE	
0020073							CO		Garfield			
07/16 R	RI	2.35		-60.00	-95.72		-59.32	0.00982275	-0.94		-0.94	
TOTAL PROD:												
07/16 R	RI	2.59		41.00	106.17		69.83	0.00982275	1.05		0.72	
TOTAL PROD:												
						3.86 ADV				0.03 ADV		
						3.13 TRN				0.03 TRN		
						18.20 GAT				0.19 GAT		
						0.55 CNV				0.01 CNV		
						6.06 FUE				0.06 FUE		
						0.79 SEV				0.01 SEV		
07/16 W	RI	0.52		-43.02	-22.35		-15.24	0.00982275	-0.22		-0.22	
TOTAL PROD:												
07/16 W	RI	0.00		2.64	2.12		1.48	0.00982275	0.03		0.02	
TOTAL PROD:												
						0.00 ADV				0.00 ADV		
						0.44 TRN				0.01 TRN		
						0.02 FRC				0.00 FRC		
						0.01 CNV				0.00 CNV		
						0.02 SEV				0.00 SEV		
07/16 W	RI	0.54		28.11	15.25		10.76	0.00982275	0.16		0.08	
TOTAL PROD:												
						0.55 ADV				0.01 ADV		
						2.07 TRN				0.03 TRN		
						1.12 FRC				0.02 FRC		
						0.09 CNV				0.01 CNV		
						0.13 SEV				0.01 SEV		
07/16 W	RI	0.46		3.14	1.43		0.15	0.00982275	0.02		-0.02	
TOTAL PROD:												
						0.05 ADV				0.00 ADV		
						0.44 FUE				0.01 FUE		
						0.44 FRC				0.01 FRC		
						0.17 TRN				0.01 TRN		
						0.13 FRC				0.01 FRC		
07/16 W	RI	0.35		7.01	2.44		1.22	0.00982275	0.03		0.01	
TOTAL PROD:												
						0.09 ADV				0.01 ADV		
						-0.16 FRC				-0.01 FRC		

PLEASE DETACH BEFORE DEPOSITING CHECK

Date: July 25, 2012

Dear Garfield County Royalty Owner:

I am writing to let you know about an adjustment to your royalty payments that WPX Energy is in the process of making. The adjustment will result in additional money being paid to you.

Under Section 4 of the settlement agreement in *Lindauer v. Williams Prod. RMT Co.*, No. 2006 CV 317 (approved March 20, 2009), WPX pays royalty on the value of natural gas liquids extracted in a processing plant and deducts costs for processing the gas under a methodology tied to regulations of the U.S. Minerals Management Service, now called the Office of Natural Resources Revenue. WPX has redetermined the value of NGLs under this methodology.

The result of this review is an adjustment to our accounting for royalty payments. This change was implemented beginning with your Jan 2012 royalty check. We are in the process of calculating your share of additional royalty due to the adjustment for the period during 2009-2011. Over the coming months, you will see adjustments on your royalty check stubs for each of these years. We will add interest in accordance with Colorado Statute § 34-60-118.5.

If you have any questions, please contact our Customer Service line at 1-866-326-3190.

Sincerely,



Grady Ward
Manager of Revenue Accounting (Denver Region)
and Federal Reporting



October 6, 2016

To all of our Terra Energy Partners (TEP) Royalty Owners:

As you know, WPX Energy Rocky Mountain was sold to Terra Energy Partners earlier this year and has since been renamed TEP Rocky Mountain. After the sale, royalty accounting continued to be handled by WPX's service company until transitioning for TEP Rocky Mountain to begin paying royalties in September.

Unfortunately, TEP had difficulties incorporating WPX's royalty interest percentages for the applicable post-production costs from its Piceance Basin wells. TEP was able to provide its royalty payment distribution to its royalty owners, but there were no production costs reflected in the royalty payments, which will be included as an adjustment on the October statements.

TEP is in the process of correcting this issue with its royalty accounting system and has not changed the policy of allocating post-production costs to royalty owners. TEP wanted to inform you of the issue with the transition process, and we look forward to working for you in the future.

Best Regards,

TERRA ENERGY PARTNERS LLC

Terra Energy Partners LLC
4828 Loop Central Drive, Suite 900
Houston, Texas 77081



WPX ENERGY ROCKY MOUNTAIN, LLC
P.O. Box 3102
Tulsa, OK 74101
For Inquiries Call 1-866-326-3190
Email WPXRevenueCS@WPXEnergy.com

Payee No.	Payee	Date	Check No.	Check Total
474397	DIAMOND MINERALS LLC	12/28/15	5195657	*****10,918.38

WELL#		WELL NAME		GROSS		OWNER							
DATE	PC	INT	PRICE	QUANTITY	VALUE	DEDUCTIONS	NET	INTEREST	VALUE	DEDUCTIONS	NET SHARE		
62053637			MV 11-11 FEDERAL				CO	GARFIELD					
10/15 N	RI	0.51		42.00	21.55	0.15 SEV	2.62	0.00982275	0.00000000	0.21	0.00 SEV	0.17	
TOTAL PROD:				42.00	BTU FACTOR: 0.000	-0.43 ADV			0.00000000	0.00 ADV			
						0.52 ADV			0.00982275	0.00 ADV			
						-0.01 CNV			0.00000000	0.00 CNV			
						0.02 CNV			0.00982275	0.00 CNV			
						-0.13 CWH			0.00000000	0.00 CWH			
						0.17 CWH			0.00982275	0.00 CWH			
						1.80 FRAC			0.00982275	0.01 FRAC			
						0.27 FUEL			0.00000000	0.00 FUEL			
						0.01 FUEL			0.00982275	0.00 FUEL			
						12.97 PROC			0.00000000	0.00 PROC			
						3.59 TRAN			0.00982275	0.03 TRAN			
10/15 R	RI	2.59		40.00	103.50	3.00 SEV	53.90	0.00982275	0.00000000	1.02	0.00 SEV	0.87	
TOTAL PROD:				42.12	BTU FACTOR: 1.053	-1.04 ADV			0.00000000	0.00 ADV			
						2.96 ADV			0.00982275	0.03 ADV			
						-0.01 CNV			0.00000000	0.00 CNV			
						0.06 CNV			0.00982275	0.00 CNV			
						-0.33 CWH			0.00000000	0.00 CWH			
						0.93 CWH			0.00982275	0.01 CWH			
						6.22 FUEL			0.00000000	0.00 FUEL			
						17.95 GTH			0.00000000	0.00 GTH			
						11.17 TRAN			0.00982275	0.11 TRAN			
						8.69 UNDM			0.00000000	0.00 UNDM			
62053849			MV 44-11				CO	GARFIELD					
10/15 R	RI	2.55		1313.00	3352.37	96.98 SEV	1738.20	0.00982275	0.00000000	32.93	0.00 SEV	28.10	
TOTAL PROD:				1364.21	BTU FACTOR: 1.039	-34.25 ADV			0.00000000	0.00 ADV			
						97.43 ADV			0.00982275	0.96 ADV			
						-0.74 CNV			0.00000000	0.00 CNV			
						2.10 CNV			0.00982275	0.02 CNV			
						-10.52 CWH			0.00000000	0.00 CWH			
						29.90 CWH			0.00982275	0.30 CWH			
						201.50 FUEL			0.00000000	0.00 FUEL			
						588.87 GTH			0.00000000	0.00 GTH			
						361.72 TRAN			0.00982275	3.55 TRAN			
						281.18 UNDM			0.00000000	0.00 UNDM			
10/15 N	RI	0.51		1173.00	602.02	4.08 SEV	74.24	0.00982275	0.00000000	5.92	0.00 SEV	4.25	
TOTAL PROD:				1173.00	BTU FACTOR: 0.000	-12.04 ADV			0.00000000	0.00 ADV			
						14.69 ADV			0.00982275	0.15 ADV			

IMPORTANT INFORMATION: RETAIN THIS INFORMATION FOR TAX PURPOSES
DUPLICATES CANNOT BE FURNISHED



WPX ENERGY ROCKY MOUNTAIN, LLC
P.O. Box 3102
Tulsa, OK 74101
For Inquiries Call 1-866-326-3190
Email WPXRevenueCS@WPXEnergy.com

Page 2 of 62

Payee No.	Payee	Date	Check No.	Check Total
474397	DIAMOND MINERALS LLC	12/28/15	5195657	*****10,918.38

WELL# WELL NAME

SALE		TYPE		GROSS		OWNER							
DATE	PC	INT	PRICE	QUANTITY	VALUE	DEDUCTIONS	NET	INTEREST	VALUE	DEDUCTIONS	NET SHARE		
						-0.26 CNV		0.00000000		0.00 CNV			
						0.33 CNV		0.00982275		0.00 CNV			
						-3.70 CWH		0.00000000		0.00 CWH			
						4.51 CWH		0.00982275		0.06 CWH			
						50.18 FRAC		0.00982275		0.48 FRAC			
						7.50 FUEL		0.00000000		0.00 FUEL			
						0.20 FUEL		0.00982275		0.00 FUEL			
						362.10 PROC		0.00000000		0.00 PROC			
						100.19 TRAN		0.00982275		0.98 TRAN			
10/15	C	RI	38.08	0.77	29.32	1.47 SEV	26.39	0.00982275	0.29	0.00 SEV	0.28		
TOTAL PROD:				0.77	BTU FACTOR: 0.000	0.96 ADV		0.00982275		0.01 ADV			
						0.02 CNV		0.00982275		0.00 CNV			
						0.29 CWH		0.00982275		0.00 CWH			
						0.19 MKT		0.00000000		0.00 MKT			
10/15	CO2	RI	0.19	25.00	4.80	0.08 SEV	1.47	0.00982275	0.05	0.00 SEV	0.05		
TOTAL PROD:				0.00	BTU FACTOR: 0.000	-0.10 ADV		0.00000000		0.00 ADV			
						0.16 ADV		0.00982275		0.00 ADV			
						0.00 CNV		0.00982275		0.00 CNV			
						-0.03 CWH		0.00000000		0.00 CWH			
						0.05 CWH		0.00982275		0.00 CWH			
						3.17 PROC		0.00000000		0.00 PROC			
62053874							CO	GARFIELD					
10/15	R	RI	2.59	1101.00	2854.43	82.92 SEV	1400.96	0.00863093	24.64	0.00 SEV	21.03		
TOTAL PROD:				1161.56	BTU FACTOR: 1.055	-28.92 ADV		0.00000000		0.00 ADV			
						82.97 ADV		0.00863093		0.72 ADV			
						-0.62 CNV		0.00000000		0.00 CNV			
						1.78 CNV		0.00863093		0.02 CNV			
						-8.87 CWH		0.00000000		0.00 CWH			
						25.46 CWH		0.00863093		0.21 CWH			
						171.57 FUEL		0.00000000		0.00 FUEL			
						494.14 GTH		0.00000000		0.00 GTH			
						85.63 MKT		0.00000000		0.00 MKT			
						307.99 TRAN		0.00863093		2.66 TRAN			
						239.42 UNDM		0.00000000		0.00 UNDM			
10/15	N	RI	0.51	1260.00	646.67	4.39 SEV	79.69	0.00863093	5.58	0.00 SEV	4.00		
TOTAL PROD:				1260.00	BTU FACTOR: 0.000	-12.93 ADV		0.00000000		0.00 ADV			
						15.79 ADV		0.00863093		0.14 ADV			
						-0.28 CNV		0.00000000		0.00 CNV			
						0.34 CNV		0.00863093		0.00 CNV			
						-3.97 CWH		0.00000000		0.00 CWH			
						4.86 CWH		0.00863093		0.05 CWH			
						53.91 FRAC		0.00863093		0.46 FRAC			
						8.06 FUEL		0.00000000		0.00 FUEL			
						0.22 FUEL		0.00863093		0.00 FUEL			
						388.96 PROC		0.00000000		0.00 PROC			
						107.63 TRAN		0.00863093		0.93 TRAN			
10/15	C	RI	38.08	0.66	25.13	1.26 SEV	22.61	0.00863093	0.22	0.00 SEV	0.22		
TOTAL PROD:				0.66	BTU FACTOR: 0.000	0.82 ADV		0.00863093		0.00 ADV			
						0.02 CNV		0.00863093		0.00 CNV			
						0.25 CWH		0.00863093		0.00 CWH			
						0.17 MKT		0.00000000		0.00 MKT			
10/15	CO2	RI	0.19	11.00	2.11	0.04 SEV	0.65	0.00863093	0.02	0.00 SEV	0.02		
TOTAL PROD:				0.00	BTU FACTOR: 0.000	-0.05 ADV		0.00000000		0.00 ADV			
						0.07 ADV		0.00863093		0.00 ADV			
						0.00 CNV		0.00863093		0.00 CNV			
						-0.01 CWH		0.00000000		0.00 CWH			
						0.02 CWH		0.00863093		0.00 CWH			
						1.39 PROC		0.00000000		0.00 PROC			

Payee No.	Payee	Date	Check No.	Check Total
474397	DIAMOND MINERALS LLC	12/28/15	5195657	*****10,918.38

WELL#	WELL NAME
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SALE		TYPE	GROSS				OWNER					
DATE	PC	INT	PRICE	QUANTITY	VALUE	DEDUCTIONS	NET	INTEREST	VALUE	DEDUCTIONS	NET SHARE	
						-30.09 CWH		0.00000000		0.00 CWH		
						36.87 CWH		0.01867189		0.68 CWH		
						416.95 FRAC		0.01867189		7.78 FRAC		
						64.00 FUEL		0.01867189		1.19 FUEL		
						0.00 GTH		0.01867189		0.00 GTH		
						3008.56 PROC		0.00000000		0.00 PROC		
						832.51 TRAN		0.01867189		15.54 TRAN		
10/15	SC	RI	36.67	0.12	4.40	0.22 SEV	4.00	0.01867189	0.08	0.00 SEV	0.08	
TOTAL PROD:				0.12 BTU FACTOR: 0.000		0.14 ADV		0.01867189		0.00 ADV		
						0.00 CNV		0.01867189		0.00 CNV		
						0.04 CWH		0.01867189		0.00 CWH		
10/15	C	RI	38.08	5.67	215.90	10.79 SEV	194.35	0.01867189	4.03	0.00 SEV	3.86	
TOTAL PROD:				311.85 BTU FACTOR: 0.000		7.03 ADV		0.01867189		0.13 ADV		
						0.15 CNV		0.01867189		0.00 CNV		
						2.16 CWH		0.01867189		0.04 CWH		
						1.42 MKT		0.00000000		0.00 MKT		

	OWNER GROSS	OWNER NET DEDUCTIONS	OWNER TAXES	BACKUP WITHHOLDING	OWNER NET TOTALS
CURRENT CHECK	14263.45	2906.51	438.56	0.00	10918.38
YEAR TO DATE	327212.51	66462.55	10786.40	0.00	249963.56

ADV - AD VALOREM TAX / C - CONDENSATE / CNV - CONSERVATION/RESTORATION FEE / CO2 - CARBON DIOXIDE /
CWH - COLORADO SEVERANCE WITHHOLDING / FRAC - FRACTIONATION / FUEL - FUEL / GTH - GATHERING / MKT - MARKETING / N - NGL /
PROC - PLANT PROCESSING / R - RESIDUE / SC - SCRUBBER / SEV - SEVERANCE TAXES / TRAN - TRANSPORTATION /
UNDM - UNUSED TRANSPORTATION DEMAND FEES /



TEP Rocky Mountain LLC
4828 Loop Central Drive Suite 900
Houston, TX 77081
Email: royaltyowner@terraep.com

403817

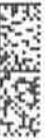
PAGE: 1 of 154

DATE: November 29, 2016
CHECK NUMBER: 403817
AMOUNT PAID: \$2,489.23

Direct Inquiries To: 1-888-223-4595



00035 CKS ZE 16340 - 0000403817 NNNNNNNNNNN 3405100004506 X494A1 C
DIAMOND MINERALS LLC
PO BOX 626
PARACHUTE CO 81635



Vendor No: 000000000000002923

WELL#	SALE	DATE	PC	INT	TYPE	PRICE	QUANTITY	WELL NAME	VALUE	DEDUCTIONS	NET	INTEREST	VALUE	DEDUCTIONS	NET SHARE
CO20073								MV 11-11 FEDERAL							
		07/16	R	RI		2.39	-40.00		-95.72		-59.32	0.00982275	-0.94		-0.94
		TOTAL PROD: -40.00 BTU FACTOR:1.104													
		07/16	R	RI		2.59	41.00		106.17	3.86 ADV	69.83	0.00982275	1.05	0.03 ADV	0.72
		TOTAL PROD: 41.00 BTU FACTOR:1.104													
										3.13 TRN				0.03 TRN	
										18.20 GAT				0.19 GAT	
										0.55 CNV				0.01 CNV	
										6.06 FUE				0.06 FUE	
										0.79 SEV				0.01 SEV	
		07/16	N	RI		0.52	-43.02		-22.35		-15.24	0.00982275	-0.22		-0.22
		TOTAL PROD: -43.02 BTU FACTOR:0.000													
		07/16	N	RI		0.80	2.64		2.12	0.08 ADV	1.48	0.00982275	0.03	0.00 ADV	0.02
		TOTAL PROD: 2.64 BTU FACTOR:0.000													
										0.44 TRN				0.01 TRN	
										0.02 FRC				0.00 FRC	
										0.01 CNV				0.00 CNV	
										0.02 SEV				0.00 SEV	
		07/16	N	RI		0.54	28.11		15.25	0.55 ADV	10.76	0.00982275	0.16	0.01 ADV	0.08
		TOTAL PROD: 28.11 BTU FACTOR:0.000													
										2.07 TRN				0.03 TRN	
										1.12 FRC				0.02 FRC	
										0.09 CNV				0.01 CNV	
										0.13 SEV				0.01 SEV	
		07/16	N	RI		0.46	3.14		1.43	0.05 ADV	0.15	0.00982275	0.02	0.00 ADV	-0.02
		TOTAL PROD: 3.14 BTU FACTOR:0.000													
										0.48 FUE				0.01 FUE	
										0.44 FRC				0.01 FRC	
										0.17 TRN				0.01 TRN	
										0.13 FRC				0.01 FRC	
		07/16	N	RI		0.35	7.01		2.44	0.09 ADV	1.22	0.00982275	0.03	0.01 ADV	0.01
		TOTAL PROD: 7.01 BTU FACTOR:0.000													
										-0.16 FRC				-0.01 FRC	

PLEASE DETACH BEFORE DEPOSITING CHECK

00035 CKS ZE 16340 - 0000403617 NNNNNNNNNNN 3405100004506 X494A1

DIAMOND MINERALS LLC

WELL#	WELL NAME		GROSS		DEDUCTIONS		NET	INTEREST	VALUE	OWNER	DEDUCTIONS	NET SHARE
DATE	PC	INT	PRICE	QUANTITY	VALUE							
						0.80 TRN				0.01 TRN		
						0.01 CNV				0.00 CNV		
						0.39 FRC				0.01 FRC		
						0.02 SEV				0.00 SEV		
08/16	R	RI	2.46	-41.00	-100.95		-48.73	0.00982275	-0.99			-0.99
TOTAL PROD: -41.00 BTU FACTOR:1.104												
08/16	R	RI	2.59	40.00	103.41	3.76 ADV	68.15	0.00982275	1.01	0.03 ADV		0.68
TOTAL PROD: 40.00 BTU FACTOR:1.104						3.05 TRN				0.03 TRN		
						17.55 GAT				0.19 GAT		
						0.54 CNV				0.01 CNV		
						5.92 FUE				0.06 FUE		
						0.77 SEV				0.01 SEV		
08/16	UA	RI	2.59		0.57	0.02 ADV	0.55	0.00982275		0.00 ADV		0.00
08/16	C	RI	37.00	-0.01	-0.37		-0.37	0.00982275				0.00
TOTAL PROD: -0.01 BTU FACTOR:0.000												
08/16	N	RI	0.55	-38.85	-21.33		-14.80	0.00982275	-0.21			-0.21
TOTAL PROD: -38.85 BTU FACTOR:0.000												
08/16	N	RI	0.85	1.99	1.70	0.06 ADV	1.22	0.00982275	0.03	0.00 ADV		0.02
TOTAL PROD: 1.99 BTU FACTOR:0.000						0.33 TRN				0.01 TRN		
						0.02 FRC				0.00 FRC		
						0.01 CNV				0.00 CNV		
						0.01 SEV				0.00 SEV		
08/16	N	RI	0.56	28.59	15.88	0.58 ADV	11.26	0.00982275	0.16	0.01 ADV		0.08
TOTAL PROD: 28.59 BTU FACTOR:0.000						2.11 TRN				0.03 TRN		
						1.14 FRC				0.02 FRC		
						0.10 CNV				0.01 CNV		
						0.14 SEV				0.01 SEV		
08/16	N	RI	0.45	3.74	1.68	0.06 ADV	0.18	0.00982275	0.03	0.00 ADV		-0.01
TOTAL PROD: 3.74 BTU FACTOR:0.000						0.56 FUE				0.01 FUE		
						0.51 PRC				0.01 PRC		
						0.20 TRN				0.01 TRN		
						0.15 FRC				0.01 FRC		
08/16	N	RI	0.44	2.77	1.21	0.04 ADV	0.53	0.00982275	0.02	0.00 ADV		-0.01
TOTAL PROD: 2.77 BTU FACTOR:0.000						0.11 PRC				0.01 PRC		
						0.33 TRN				0.01 TRN		
						0.01 CNV				0.00 CNV		
						0.15 FRC				0.01 FRC		
						0.01 SEV				0.00 SEV		
08/16	CO2	RI	0.20	0.20	0.04	0.03 PRC	0.01	0.00982275		0.00 PRC		0.00
TOTAL PROD: 0.20 BTU FACTOR:0.000												
09/16	R	RI	2.68	41.00	110.08	4.00 ADV	73.17	0.00982275	1.09	0.04 ADV		0.75
TOTAL PROD: 41.00 BTU FACTOR:1.104						3.20 TRN				0.03 TRN		
						17.49 GAT				0.19 GAT		
						0.58 CNV				0.01 CNV		
						6.18 FUE				0.06 FUE		
						0.83 SEV				0.01 SEV		
09/16	UA	RI	2.68		0.59	0.02 ADV	0.57	0.00982275	0.01	0.00 ADV		0.01
09/16	N	RI	0.89	5.34	4.44	0.16 ADV	3.15	0.00982275	0.04	0.01 ADV		0.02
TOTAL PROD: 5.34 BTU FACTOR:1.104						0.88 TRN				0.01 TRN		
						0.05 FRC				0.00 FRC		
						0.02 CNV				0.00 CNV		
						0.04 SEV				0.00 SEV		
09/16	N	RI	0.57	20.49	11.73	0.43 ADV	8.39	0.00982275	0.12	0.01 ADV		0.06
TOTAL PROD: 20.49 BTU FACTOR:0.000						1.51 TRN				0.03 TRN		
						0.82 FRC				0.01 FRC		
						0.07 CNV				0.00 CNV		
						0.10 SEV				0.01 SEV		
09/16	N	RI	0.51	3.17	1.61	0.06 ADV	0.23	0.00982275	0.03	0.00 ADV		-0.01
TOTAL PROD: 3.17 BTU FACTOR:0.000						0.48 FUE				0.01 FUE		
						0.52 PRC				0.01 PRC		
						0.17 TRN				0.01 TRN		
						0.13 FRC				0.01 FRC		
09/16	N	RI	0.35	5.17	1.83	0.07 ADV	0.95	0.00982275	0.03	0.00 ADV		0.02
TOTAL PROD: 5.17 BTU FACTOR:0.000						-0.13 PRC				-0.01 PRC		

Attachment 4

Gathering and Gathering Fuel Deductions

Reporting entity	Date	Reported Gathering Costs (per MCF)	Reported Gathering Fuel (per MCF)	Royalty Deductions (per MCF)
WPX	Aug-15	\$0.20	\$0.10	\$0.00
WPX	Sep-15	\$0.20	\$0.11	\$0.00
WPX	Oct-15	\$0.20	\$0.08	\$0.00
WPX	Nov-15	\$0.21	\$0.08	\$0.00
WPX	Dec-15	\$0.26	\$0.09	\$0.00
WPX	Feb-16	\$0.20	\$0.05	\$0.00
WPX	Mar-16	\$0.20	\$0.05	\$0.00
WPX	Apr-16	\$0.20	\$0.05	\$0.00
WPX	May-16	\$0.20	\$0.06	\$0.00
WPX	Jun-16	\$0.20	\$0.01	\$0.00
TEP	Jul-16	\$0.44	\$0.15	\$0.59
TEP	Aug-16	\$0.44	\$0.15	\$0.59
TEP	Sep-16	\$0.43	\$0.15	\$0.58
TEP	Oct-16	\$0.44	\$0.16	\$0.59

Gathering and Gathering Fuel Deductions

Reporting entity	Date	Reported Gathering Costs (per MCF)	Reported Gathering Fuel (per MCF)	Royalty Deductions (per MCF)
TEP	Nov-16	\$0.43	\$0.16	\$0.59
TEP	Dec-16	\$0.44	\$0.17	\$0.61
TEP	Jan-17	\$0.44	\$0.22	\$0.66
TEP	Feb-17	\$0.45	\$0.18	\$0.63
TEP	Mar-17	\$0.44	\$0.13	\$0.57
TEP	Apr-17	\$0.44	\$0.16	\$0.60
TEP	May-17	\$0.43	\$0.15	\$0.58
TEP	Jun-17	\$0.45	\$0.16	\$0.61
TEP	Jul-17	\$0.45	\$0.16	\$0.61
TEP	Aug-17	\$0.44	\$0.15	\$0.59
TEP	Sep-17	\$0.44	\$0.15	\$0.59
TEP	Oct-17	\$0.42	\$0.14	\$0.56
TEP	Nov-17	\$0.45	\$0.14	\$0.59
TEP	Dec-17	\$0.42	\$0.19	\$0.61

Gathering and Gathering Fuel Deductions

Reporting entity	Date	Reported Gathering Costs (per MCF)	Reported Gathering Fuel (per MCF)	Royalty Deductions (per MCF)
TEP	Jan-18	\$0.42	\$0.14	\$0.56
TEP	Feb-18	\$0.45	\$0.17	\$0.62

7.1 Products Eligible for Processing Allowances

The products eligible for processing allowances are those products that are royalty bearing (except residue gas) as discussed in the following sections.

The lessee may not take an allowance for costs of processing lease production that is not royalty bearing (30 CFR 206.159(b)(3) and 30 CFR 206.179(b)(3)). A substance that is not royalty bearing is a substance, excluding waste products that have no value, that is not subject to royalty. In calculating a processing allowance for a gas stream that contains both royalty-bearing and non-royalty-bearing production, only the costs associated with processing the royalty-bearing products are deductible.

7.1.1 Gas plant products

Processing allowances may be deducted from the value of gas plant products based on the individual costs of recovering each gas plant product. Gas plant products that qualify for a processing allowance include NGLs, sulfur, CO₂, and nitrogen. Ethane, propane, butane, and natural gasoline are all NGLs and are considered collectively as one product.

7.1.2 Residue gas exclusion

Residue gas (methane) does not qualify for a processing allowance, unless the raw gas stream is "atypical" and the lessee incurs extraordinary costs to process the gas (30 CFR 206.158(d)(2) and 30 CFR 206.178(d)(2)).

"Atypical" gas is defined as gas that does not contain liquefiable hydrocarbons, such as ethane, propane, butane, etc. To obtain an extraordinary processing allowance, the lessee not only must demonstrate that the raw gas stream is atypical, but also that the processing costs are, by reference to standard industry conditions and practice, extraordinary, unusual, or unconventional. The lessee must apply to MMS for an extraordinary cost allowance. When NGLs or other gas plant products are extracted from a gas stream and residue

Attachment 7 - NGL Processing Cost Overcharges (RWF 21-5).xlsx

Production Month	NGL Value at Plant Tailgate (per gallon)	Maximum Allowable NGL Processing Deduction (33.33% of NGL Value at Plant Tailgate)	Deducted NGL Processing Costs (per gallon)	Over-deducted Processing Costs (per gallon)	Processing Costs Deducted as a percentage of NGL value (should not exceed 33.33%)
Jul-16	\$0.38	\$0.13	\$0.29	\$0.17	77.08%
Aug-16	\$0.42	\$0.14	\$0.34	\$0.20	80.47%
Sep-16	\$0.43	\$0.14	\$0.34	\$0.19	78.59%
Oct-16	\$0.51	\$0.17	\$0.34	\$0.18	68.19%
Nov-16	\$0.49	\$0.16	\$0.37	\$0.21	76.53%
Dec-16	\$0.62	\$0.21	\$0.38	\$0.17	60.76%
Jan-17	\$0.65	\$0.22	\$0.46	\$0.24	70.27%
Feb-17	\$0.73	\$0.24	\$0.51	\$0.27	70.54%
Mar-17	\$0.57	\$0.19	\$0.44	\$0.25	76.33%
Apr-17	\$0.61	\$0.20	\$0.40	\$0.20	66.64%
May-17	\$0.48	\$0.16	\$0.43	\$0.27	89.43%
Jun-17	\$0.51	\$0.17	\$0.36	\$0.19	71.67%
Jul-17	\$0.53	\$0.18	\$0.36	\$0.19	68.70%
Aug-17	\$0.55	\$0.18	\$0.35	\$0.17	64.30%
Sep-17	\$0.67	\$0.22	\$0.42	\$0.20	62.88%
Oct-17	\$0.69	\$0.23	\$0.43	\$0.20	61.53%
Nov-17	\$0.78	\$0.26	\$0.49	\$0.23	63.05%
Dec-17	\$0.72	\$0.24	\$0.46	\$0.22	63.90%
Jan-18	\$0.71	\$0.24	\$0.44	\$0.20	61.22%

DISTRICT COURT, GARFIELD COUNTY, COLORADO Court Address: 109 8 th Street Glenwood Springs, CO 81601 Telephone: (970) 945-5075	
IVO LINDAUER, SIDNEY and RUTH LINDAUER, and DIAMOND MINERALS, LLC, on behalf of themselves and all others similarly situated, Plaintiffs, vs. TEP ROCKY MOUNTAIN LLC, formerly known as WPX Energy Rocky Mountains LLC, formerly known as Williams Production RMT Company LLC and formerly known as Williams Production RMT Company. Defendants.	<div style="text-align: center;"> <input type="checkbox"/> COURT USE ONLY <input type="checkbox"/> </div>
	Case Number: 06 CV 317 Courtroom:
ORDER TO SHOW CAUSE PURSUANT TO C.R.C.P. 107	

PURSUANT TO C.R.C.P. 107(c), THIS COURT, having considered the Settlement Class's Motion to Enforce the Settlement, together with the Settlement entered into by the parties in Case Number 2006 CV 317 in October 2008 ("Settlement") and this Court's Judgment entered March 20, 2009 ("Judgment"), enters the following Order To Show Cause:

JURISDICTION:

1. In October, 2008, Representative Plaintiffs and Williams Production RMT Company entered into the Settlement in Case Number 2006 CV 317 filed in Garfield

County, Colorado District Court. The Settlement was approved by this Court at a fairness hearing on March 20, 2009, and the Judgment was entered by this Court on that same day.

2. Williams Production RMT Company is now known as TEP Rocky Mountain LLC (“TEP”). TEP is the same party that executed the Settlement and remains subject to the jurisdiction of the Court.

3. This Court has the authority and jurisdiction to enforce its own orders and judgments. C.R.S. § 13-1-114 c) and *Miller v. EnCana Oil and Gas (USA), Inc.*, 405 P.3d 488, 493 (Colo. 2017)

4. This Court expressly retained continuing jurisdiction to implement and enforce the Settlement, together with its own orders related thereto, and in the Judgment entered March 20, 2009 in this Case.

FINDINGS:

This Court finds that:

1. The Motion to Enforce Court Order and Settlement Agreement (“Motion to Enforce”) is supported by affidavit and otherwise complies with the requirements set out in C.R.C.P. 107(c) for issuance of a show cause order.

2. The Motion and supporting affidavit describe the following breaches of Section 4 of the Settlement:

a) That TEP has breached Section 4.1 of the Settlement by deducting from royalty payments made to Members of the Settlement Class costs incurred by TEP between the initial points of measurement of gas produced from Class Wells to the point of access into Mainline Transmission Pipeline;

b) That TEP has breached Section 4.4 of the Settlement by deducting NGL processing costs in excess of 1/3rd of the value of the NGLs at the applicable plant.

3. The Motion and supporting affidavit describe failures on the part of TEP to comply with the terms of the Settlement and this Court's Judgment. Such conduct on the part of TEP, unless disproven by TEP's showing at the show cause hearing, constitutes indirect contempt pursuant to C.R.C.P. 107(a)(3).

4. As a result, the Settlement Class asserts it is entitled to the following:

- a) An order to enforce the Judgment and Settlement against Defendant pursuant to C.R.C.P. 107 (a)(3), (a)(5), (c) and (d)((2), which requires TEP to comply with the terms of Section 4 of the Settlement, and to prepare an accounting, under the supervision of this Court to determine the amount due to each Member of the Settlement Class as the result of royalty payments made during and after the production month of October, 2015 which have not complied with the requirements of Section 4 of the Settlement;
- b) Such other and further relief as this Court deems to be appropriate, including other relief permitted by C.R.C.P. 107, interest at the maximum rate permitted by law, together with reasonable costs and attorney fees; and
- c) Judgment in favor of the Members of the Settlement Class.

THIS COURT HEREBY ORDERS AND DIRECTS TEP Rocky Mountain LLC to appear by phone at _____ . m. on _____, 2018 for the purpose of setting this matter a hearing to show cause why it should not be held in contempt pursuant to C.R.C.P. 107, to show cause why it has not breached the terms of the

Settlement and has not failed to comply with the Judgment, and to show cause why the relief requested by the Settlement Class should not be granted, in whole or part.

THIS COURT HEREBY ORDERS AND DIRECTS the Settlement Class to serve on TEP pursuant to C.R.C.P. 107 this Order to Show Cause, and a copy of the Motion To Enforce.

TEP may file any response to the Motion To Enforce not less than ten business days prior to the Show Cause Hearing. The Settlement Class may file its reply thereto not less than two business days prior to the Show Cause Hearing. Such briefs shall not exceed ten pages in length. The parties shall identify any witnesses they expect to call at the Show Cause hearing, set out a summary of the testimony expected to be elicited from such witnesses, and exchange documents each party expects to introduce at the Show Cause Hearing at least five business days prior to the Hearing.

Pursuant to C.R.C.P. 107, punitive and remedial sanctions for direct and indirect contempt remain available to address any disobedience by the parties to this Order.

Dated this _____ day of _____, 2018.

BY THE COURT:

Honorable Denise K. Lynch
District Court Judge