

**IN THE DISTRICT COURT OF TEXAS COUNTY
STATE OF OKLAHOMA**

MARVIN TAYLOR,)
MARGARET SHEPPARD AND)
ALESEN SHEPPARD)
FOR THEMSELVES AND ALL OTHERS)
SIMILARLY SITUATED,)

PLAINTIFFS,)

vs.)

CHEVRON TEXACO CORPORATION,)
TEXACO, INC.;)
TEXACO EXPLORATION AND PRODUCTION, INC.;)
CHEVRON U.S.A., INC.,)
FOR ITSELF AND AS GUARANTOR OF TEXACO)
EXPLORATION AND PRODUCTION, INC.; AND)
FOUR STAR OIL & GAS COMPANY)

DEFENDANTS.)

CASE No. CJ-2002-104

**TEXAS COUNTY
FILED**

DEC 22 2009

**KAREN PARISH
COURT CLERK**
By _____ ~~MRE~~ Deputy

PLAN OF ALLOCATION AND DISTRIBUTION

This Plan of Allocation and Distribution sets forth the manner in which the Net Settlement Amount (as that term, as well as the other terms used herein, is defined in the Settlement Agreement or the Definitions, below) shall be administered and distributed. Generally, the allocation of the Net Settlement Amount for Allocation shall be proportionately allocated to the various claims of the Class which were quantified by the Class' consultants based upon the data in Chevron's accounting system as summarized and provided during the discovery and mediation process, and any additional data provided by Chevron in accordance with the Settlement Agreement and this Plan of Allocation and Distribution. The Net Settlement Amount for Allocation allocated to each of the quantified claims shall then be allocated to each Class Member proportionately based upon the actual or estimated deductions made from the Class Member's royalties and/or the Class Member's Royalty Owner Allocation Volume. Each Class

Member shall also be allocated the Other Miscellaneous Claims Distribution Amount for the Other Miscellaneous Claims. This method of allocation is based upon the best reasonably available information, and in Class Counsel's judgment, is a reasonable method to allocate the Net Settlement Amount among the Class for the Released Claims.

Definitions¹

1. **"Class Claims"** shall mean the claims asserted against Chevron in the Class Action Litigation, which for purposes of this Plan of Allocation and Distribution have been divided into the following seven categories of claims: (i) Legacy Texaco GCDF; (ii) Legacy Texaco Interest on Prior GCDF Refund; (iii) Legacy Texaco GCDF (Price Deductions); (iv) Legacy Texaco Fuel; (v) Legacy Chevron GCDF; (vi) Legacy Chevron Fuel; and (vii) Other Miscellaneous Claims.

2. **"Class Member's Net Settlement Distribution"** shall mean the sum of all amounts allocated a Class Member for distribution to that Class Member for each category of Class Claims, the calculation of which is more particularly described and defined in paragraphs 29 through 30 below.

3. **"Class Member's Royalty Owner Allocation Volume"** shall mean the Class Member's volume of production from a Class Well during the Claim Period (or the portion of the Claim period during which deductions were taken from the Class Well), excluding volumes of gas produced from the Class Wells to the extent related to Excluded Claims and/or Excluded Persons or Entities.

4. **"GCDF and Marketing Fees"** shall mean charges, deductions or reductions for gathering, compression, dehydration, fuel, transporting, marketing and similar services from the

¹ The terms and definitions set forth in the Settlement Agreement are incorporated by reference as though restated herein.

value or volume of the gas produced from the Class Wells.

5. **“Gross Settlement Value”** shall mean the balance of the Settlement Distribution Account as of the date the Settlement Agreement becomes Final and Unappealable (i.e., the Settlement Proceeds which includes interest accrued in the Settlement Distribution Account).

6. **“Legacy Texaco Class Wells”** shall mean those Class Wells for which Texaco, Inc. or an entity affiliated with it was the operator or owned a working interest prior to the merger between Chevron and Texaco on October 9, 2001.

7. **“Legacy Chevron Class Wells”** shall mean those Class Wells for which Chevron U.S.A. Inc. or an entity affiliated with it was the operator or owned a working interest prior to the merger between Chevron and Texaco on October 9, 2001. For production periods after the Chevron and Texaco Merger, since Chevron was the surviving entity, “Legacy Chevron Class Wells” shall also include the Legacy Texaco Class Wells.

8. **“Legacy Texaco GCDF”** shall mean the claims for un-reimbursed GCDF and Marketing Fees deducted from the Class Members’ royalty interests on Legacy Texaco Class Wells during the Claim Period.

9. **“Legacy Texaco GCDF Distribution Amount”** shall mean that portion of the Net Settlement Amount for Allocation allocated to the Legacy Texaco GCDF claims.

10. **“Legacy Texaco Interest on Prior GCDF Refund”** shall mean the claims for additional interest due on prior refunds made by Texaco for GCDF and Marketing Fees previously deducted from the Class Members’ royalty interests on Legacy Texaco Class Wells during the Claim Period.

11. **“Legacy Texaco Interest on Prior GCDF Refund Distribution Amount”** shall mean that portion of the Net Settlement Amount for Allocation allocated to the Legacy Texaco

Interest on Prior GCDF Refund claims.

12. **“Legacy Texaco GCDF (Price Deductions)”** shall mean the claims involving third-party gas purchase contracts with pricing provisions in which the GCDF and Marketing Fees allegedly were deducted as part of the pricing structure, thus involving imputed deductions from the Class Members’ royalty interests on Legacy Texaco Class Wells during the Claim Period.

13. **“Legacy Texaco GCDF (Price Deductions) Distribution Amount”** shall mean the portion of the Net Settlement Amount for Allocation allocated to the Legacy Texaco GCDF (Price Deductions) claims.

14. **“Legacy Texaco Fuel”** shall mean the claims for fuel volumetrically deducted from the Class Members’ royalty interests on Legacy Texaco Class Wells during the Claim Period.

15. **“Legacy Texaco Fuel Distribution Amount”** shall mean the portion of the Net Settlement Amount for Allocation allocated to the Legacy Texaco Fuel claims.

16. **“Legacy Chevron GCDF”** shall mean the claims for un-reimbursed GCDF and Marketing Fees deducted from the Class Members’ royalty interests on Legacy Chevron Class Wells during the Claim Period.

17. **“Legacy Chevron GCDF Distribution Amount”** shall mean the portion of the Net Settlement Amount for Allocation allocated to the Legacy Chevron GCDF claims.

18. **“Legacy Chevron Fuel”** shall mean the claims for fuel volumetrically deducted from the Class Members’ royalty interests on Legacy Chevron Class Wells during the Claim Period.

19. **“Legacy Chevron Fuel Distribution Amount”** shall mean the portion of the Net Settlement Amount for Allocation allocated to the Legacy Chevron Fuel claims.

20. **“Net Settlement Amount”** shall mean the Gross Settlement Value, less Class Counsel’s Fees and Expenses, less any income taxes incurred by the Settlement Fund on the

accrued interest, and less any other expenditures approved by the Settlement Judge as a deduction from the Settlement Fund.

21. **“Net Settlement Amount for Allocation”** shall mean the Net Settlement Amount less the sum of the Other Miscellaneous Claims Distribution Amount to be distributed to each Class Member.

22. **“Net Settlement Amount for Distribution to Each Class Well”** shall mean the Net Settlement Amount allocated for distribution to each Class Well as more particularly described and defined in paragraph 27 below.

23. **“Other Miscellaneous Claims”** shall mean all Released Claims other than the following claims: (i) Legacy Texaco GCDF; (ii) Legacy Texaco Interest on Prior GCDF Refund; (iii) Legacy Texaco GCDF (Price Deductions); (iv) Legacy Texaco Fuel; (v) Legacy Chevron GCDF; and (vi) Legacy Chevron Fuel.

24. **“Other Miscellaneous Claims Distribution Amount”** shall mean ten dollars (\$10) to be distributed to each Class Member.

25. **“Summary Final Distribution”** shall mean an electronic spreadsheet summarizing each Class Member’s final share of the Net Settlement Amount for Distribution. The Summary Final Distribution shall have one line for each Class Member reflecting that Class Member’s owner number and his share of distribution for each category of Class Claims.

**Allocation of the Net Settlement Amount for Allocation
to the Various Categories of Claims**

26. The Net Settlement Amount for Allocation shall be allocated to the following six categories of Class Claims on the following basis:

- a. **“Legacy Texaco GCDF Distribution Amount”** shall be determined by the formula: $(A / T) \times N$, where A, T and N equal the following:

- A = the amount of un-reimbursed GCDF and Marketing Fees deducted from the Class Members' royalty interests on Legacy Texaco Class Wells during the Claim Period, as determined by Class Counsel and Class Representatives based on the data provided by Chevron on July 29, 2008, together with 12% interest thereon;
- T = the sum of A, B, C, D, E and F defined herein;
- N = the Net Settlement Amount for Allocation;

b. **"Legacy Texaco Interest on Prior GCDF Refund Distribution Amount"** shall be determined by the formula: $(B / T) \times N$, where B, T and N equal the following:

- B = the additional interest due on prior refunds made by Texaco for GCDF and Marketing Fees which were previously deducted from the Class Members' royalty interests on Legacy Texaco Class Wells during the Claim Period, as determined by Class Counsel and Class Representatives based on the data provided by Chevron on August 7, 2008;
- T = the sum of A, B, C, D, E and F defined herein;
- N = the Net Settlement Amount for Allocation;

c. **"Legacy Texaco GCDF (Price Deductions) Distribution Amount"** shall be determined by the formula: $(C / T) \times N$, where C, T and N equal the following:

- C = the amount of alleged imputed deductions involving third-party gas purchase contracts with pricing provisions in which the GCDF and Marketing Fees allegedly were deducted as part of the pricing structure, thus allegedly deducting imputed deductions from the Class Members' royalty interests on Legacy Texaco Class Wells during the Claim Period, as determined by Class Counsel and Class Representatives based on the data provided by Chevron on July 29, 2008, together with 12% interest thereon;
- T = the sum of A, B, C, D, E and F defined herein;
- N = the Net Settlement Amount for Allocation;

d. **"Legacy Texaco Fuel Distribution Amount"** shall be determined by the formula: $(D / T) \times N$, where D, T and N equal the following:

- D = the monetary value of fuel volumetrically deducted from the Class Members' royalty interests on Legacy Texaco Class Wells during the Claim Period, as determined by Class Counsel and Class Representatives based on the data provided by Chevron on October 10, 2008, together with 12% interest thereon;
- T = the sum of A, B, C, D, E and F defined herein;
- N = the Net Settlement Amount for Allocation;

e. **“Legacy Chevron GCDF Distribution Amount”** shall be determined by the formula: $(E / T) \times N$, where E, T and N equal the following:

E = the value of un-reimbursed GCDF and Marketing Fees deducted from the Class Members’ royalty interests on Legacy Chevron Class Wells during the Claim Period, as determined by Class Counsel and Class Representatives based on the data provided by Chevron on October 10, 2008, together with 12% interest thereon;

T = the sum of A, B, C, D, E and F defined herein;

N = the Net Settlement Amount for Allocation;

f. **“Legacy Chevron Fuel Distribution Amount”** shall be determined by the formula: $(F / T) \times N$, where F, T and N equal the following:

F = the monetary value of fuel volumetrically deducted from the Class Members’ royalty interests on Legacy Chevron Class Wells during the Claim Period, as determined by Class Counsel and Class Representatives based on the data provided by Chevron on December 12, 2008, together with 12% interest thereon;

T = the sum of A, B, C, D, E and F defined herein;

N = the Net Settlement Amount for Allocation;

Allocation of the Distribution Amounts for Each of the Class Claim Categories to the Class Members

27. Depending upon the character of information reasonably available from Chevron’s records and provided to Class Counsel and Class Representatives, the a) Legacy Texaco GCDF Distribution Amount, b) Legacy Texaco Interest on Prior GCDF Refund Distribution Amount; c) Legacy Texaco GCDF (Price Deductions) Distribution Amount; d) Legacy Texaco Field Fuel Distribution Amount; e) Legacy Chevron GCDF Distribution Amount; and f) Legacy Chevron Field Fuel Distribution Amount (the “Distributions Amounts”), shall each be allocated to the Class Wells (by property number or FRSID, where applicable²) based upon actual or estimated deductions made from the Class Members’ royalty payments for a particular well in comparison

² All references herein to “Class Well,” “Class Wells,” “well” or “wells” refer to a well, property number or FRSID, as may be reflected in Chevron’s records.

to the total actual and estimated deductions made from all Class Members' royalty payments on all wells (or, in the case of the Legacy Texaco Interest on Prior GCDF Refund Distribution Amount, shall be allocated to the Class Members based upon the actual refund distribution made to the Class Member in comparison to the total refund amount to all Class Members), where reasonably identifiable. Where the actual deductions, charges or refund amount cannot be identified at the Class Member level, the deductions, charges, or refund amounts shall be estimated based upon the affected Class Member's or Class Members' Royalty Owner Allocation Volume(s) for the affected Class Well(s) and/or Class Claim(s), the actual or estimated Royalty Share(s) of affected Class Members in the affected production, and/or the actual or estimated proceeds received for the affected production. For each Class Well, the resulting allocated amount shall be referred to as the "Net Settlement Amount for Distribution to Each Class Well."

28. Each Class Member's Royalty Owner Allocation Volume shall be determined by Class Counsel and Class Representatives based on data provided by Chevron utilizing one of two methods (or a combination thereof) as follows:

- a. If sufficient information is available from Chevron's revenue distribution records contained and reasonably available in its computer system for oil, gas and gas condensate sales (specifically including Chevron's Affiliates and Predecessor Entities), a Class Member's Royalty Owner Allocation Volume shall be the sum of the Class Member's volumetric Royalty Share of production reflected in said records (and which was reflected on the Class Member's check stubs); and/or
- b. When the Royalty Owner Allocation Volume is not readily available in Chevron's computer system, the Class Member's Royalty Owner Allocation Volume for a particular Class Well may be determined based upon the total volume of oil, gas and gas condensate produced from the well, whether obtained from Chevron's records or a commercial source.³ Each Class Member's Royalty Owner Allocation

³ To the extent that a Chevron Well operated by an Affiliate or Predecessor Entity may have been plugged, the parties recognize that the plugged well may not be identifiable from Chevron's computer records. A reasonable effort shall be made to identify these wells by obtaining a report

Volume for that well shall be based on the Class Member's proportion of the total royalty volumes produced from that well that are attributable to Chevron's working interest in the Well during the applicable period. Determination of the Class Members' royalty volumes for a well under this sub-paragraph b) shall be based upon Chevron's last applicable royalty owner deck for that well. If no royalty owner deck is available for that well, and the royalty owners are not identifiable from other reasonably available sources, the royalty decimal shall be assumed to be 3/16 (.1875) and the Class Members shall be reflected as "Unknown Royalty Owners."

29. After the Net Settlement Amount for Distribution to Each Class Well has been determined, and subject to the terms and provisions of the Settlement Agreement, the Net Settlement Amount for Distribution to Each Class Well shall be allocated and distributed to the Class Member royalty owners within each Class Well in proportion to each Class Member's respective royalty ownership in the Class Well to the total of the Class Members' royalty ownership in the Class Well, utilizing the division of interest data reflected in Chevron's royalty payment records as the division of interest used to make the most recent distribution of royalties on production from each of the Class Wells. In other words, utilizing the Net Settlement Amount for Distribution to Each Class Well provided by Class Counsel, the "**Class Member's Net Settlement Distribution**" shall be determined by using the following formula:

$Q / R \times S =$ "Class Member's Net Settlement Distribution" for the specific Class Well, where Q, R & S equal the following:

- Q =** a Class Member's royalty ownership in the specific Class Well as of the date of the last royalty distribution by Chevron for that well, as reflected in Chevron's electronic royalty payment records for each Class Well;
- R =** the total of all Class Members' royalty ownership in the specific Class Well;
- S =** the Net Settlement Amount for Distribution to Each Class Well for the specific Class Well;

from a commercially available source reflecting the identity of the plugged wells for each Affiliate or Predecessor Company.

If no royalty owner deck is available for a specific Class Well, and the royalty owners are not identifiable from other reasonably available sources, the Class Members shall be reflected as “Unknown Royalty Owners.”

30. Each Class Member shall also be allocated the Other Miscellaneous Claims Distribution Amount as his share of the settlement of the Other Miscellaneous Claims.

31. To the extent that a putative Class Member elects not to participate in this Class (i.e., opts out of the Class), the amount of the “Class Member’s Net Settlement Distribution” originally attributed to those putative Class Members will be proportionately reallocated to the remaining Class Members with the resulting amounts being the final “Class Member’s Net Settlement Distribution.”

Timetable for Allocation and Distribution

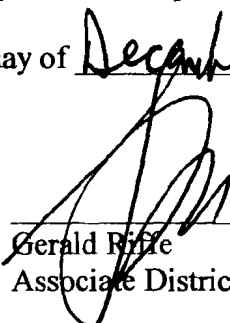
32. The allocation and distribution of the Settlement Proceeds shall be accomplished as follows, and on or before the dates set forth on the Schedule of Deadlines finally approved by the Settlement Judge (unless modified by Court for good cause shown); however, a proposed Schedule of Deadlines is attached to the Settlement Agreement as Exhibit “F”:

- a. Class Counsel (or the Class’ expert consultants), with the assistance and cooperation of Chevron, shall be responsible for preparing a proposed allocation of the Net Settlement Amount for Distribution to Each Class Well in a manner consistent with this Plan of Allocation and Distribution for submission to the Settlement Judge. Chevron shall provide Class Counsel copies of Chevron’s production and sales records for the Class Wells during the Claim Period, to the extent in Chevron’s possession and reasonably available to it. Chevron also shall provide Class Counsel copies of such other records as may be reasonably necessary for allocation of the Net Settlement Amount for Distribution to Each Class Well, to the extent the requested records are in Chevron’s possession and reasonably available to it. However, Chevron shall have no responsibility for determining the allocation of the Net Settlement Amount for Distribution to Each Class Well, and Chevron shall have no liability whatsoever in connection with the allocation of the Net Settlement Amount for Distribution to Each Class Well.

- b. Upon completion of the proposed allocation of the Net Settlement Amount for Distribution to Each Class Well, Class Counsel shall provide Chevron with a list of the proposed allocated amounts of the Net Settlement Amount for Distribution to Each Class Well. Upon receipt of this list, Chevron shall apply its current and historical royalty payment decks for the Class Wells (utilizing the last available deck for each Class Well) to the allocated Class Well amounts to determine the Net Settlement Amount that should be distributed to each Class Member. Chevron shall provide the results of this allocation process to Class Counsel for review and approval, together with copies of such other records as may be reasonably necessary for verification of the allocation of the Net Settlement Amount to the individual Class Members, to the extent the requested records are in Chevron's possession and reasonably available to it.
- c. After review and verification of the allocation process by Class Counsel (or the Class' expert consultants), Class Counsel shall present the proposed allocation in the form of the Summary Final Distribution to the Settlement Judge for his approval of the proposed allocation of the Net Settlement Amount to each Class Member.
- d. In preparing the proposed Summary Final Distribution, the following shall be taken into account:
 - i. The actual Gross Settlement Proceeds;
 - ii. The exclusion of royalty owners who: 1) are not Class Members pursuant to the Settlement Agreement, and 2) opted out of the Class; and
 - iii. The actual Class Counsel's Fees and Expenses (as determined by the Court) paid from the Settlement Distribution Account.
- e. Following the Settlement Judge's approval of the Summary Final Distribution, and within the time period prescribed in the Schedule of Deadlines (unless modified by Court for good cause shown), Chevron shall issue and mail (or cause a third party to issue and mail) the Distribution Checks to the Class Members identified on the Summary Final Distribution schedule for the amounts reflected thereon. This act is solely ministerial in nature. Said checks shall include line entry detail of the Class Member's distribution amount on a well-by-well, claim-by-claim basis, to the extent that information is reasonably available from Chevron's records.
- f. To the extent there shall exist Unlocated Class Members (which term shall include any Class Member that is in "suspense" in Chevron's royalty owner decks because the royalty owner cannot be located), such Class Member's distribution shall remain in the Settlement Distribution Account and become a part of the Final Unclaimed Fund.

- g. As soon as is reasonably practicable after the mailing of the settlement distribution checks, Chevron shall provide Class Counsel a check register, in the form of an electronic spreadsheet, reflecting the distribution by amount and owner number. Chevron shall also file with the Court an Affidavit of Mailing reflecting said distribution. The Affidavit of Mailing shall be filed under seal and subject to the Protective Order entered in the Class Action Litigation.
- h. Within the time period subsequently ordered by the Settlement Judge, Chevron and Class Representatives shall file a reconciliation of the Settlement Distribution Account. That reconciliation shall provide the detail as to the Final Unclaimed Fund that remains in the Settlement Distribution Account, subject to further order of the Settlement Judge as to its disposition.

IT IS SO ORDERED this 22nd day of December, 2009.




Gerald Riffe
Associate District Judge

KAREN PARISH, District Court Clerk
in and for Texas County Oklahoma,
hereby certify that the foregoing is a
true, correct and complete copy of the
instrument herewith set out as appears
of record in the Court Clerk's office of
Texas County, Oklahoma.
DATE December 22, 2009
KAREN PARISH District Court Clerk
BY Karen Ellis Deputy

Approved:

12/22/09
Date



Terry J. Barker, OBA No. 12553
Joseph C. Woltz, OBA No. 14341
Gene G. Boerner, OBA No. 17577
Pezold Barker & Woltz
401 South Boston, Suite 3400
Tulsa, OK 74103-4017

Douglas E. Burns, OBA No. 1342
Terry L. Stowers, OBA No. 17453
Burns & Stowers, P.C.
1300 West Lindsey
Norman, Oklahoma 73069

Robert J. Kee, OBA No. 4903
Trippet, Kee, Trippet & Parsons
P.O. Box 728
Beaver, OK 73932

Attorneys for Plaintiffs

12/27/2009
Date


Richard B. Noulles, OBA No. 6719
Gable & Gotwals
1100 Oneok Plaza
100 West Fifth Street
Tulsa, OK 74103

Charles C. Correll
King & Spaulding LLP
Four Embarcadero Center
Suite 3500
San Francisco, CA 94111

David T. Chang
Chevron U.S.A., Inc.