IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
SHERIDAN HOLDING COMPANY I, LLC, *et al.*,[1]	§	Case No. 20-31884 (DRJ)
Reorganized Debtors.	§	(Jointly Administered)

DECLARATION OF KYLE ALLAN TAYLOR
IN SUPPORT OF CLASS REPRESENTATIVES' AND
SETTLEMENT CLASS COUNSEL'S MOTION FOR APPROVAL OF:
(I) ADMINISTRATION EXPENSES; (II) CLASS COUNSEL FEES AND EXPENSES;
AND (III) CLASS REPRESENTATIVES FEE

I, Kyle Allan Taylor, of lawful age, upon personal knowledge, and pursuant to 28 U.S.C. § 1746, declare under penalty of perjury as follows:

1. I am the named plaintiff in *Taylor v. Sheridan Production Co., L.L.C.*, No. CIV-18-29-JD pending in the United States District Court for the Western District of Oklahoma (the "*Taylor* Action") and a court-appointed Class Representative in the Class Lawsuit that is the subject of the pending class action settlement in the above-captioned Bankruptcy Proceeding.[2]

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, include: Sheridan Holding Company I, LLC (7648); Sheridan Investment Partners I, LLC (8607); Sheridan Production Partners I, LLC (8094); Sheridan Production Partners I-A, L.P. (8100); Sheridan Production Partners I-B, L.P. (8104); Sheridan Production Partners I-M, L.P. (8106); and SPP I-B GP, LLC (8092). The location of the Reorganized Debtors' service address is: 1360 Post Oak Blvd., Suite 2500, Houston, Texas 77056. "Debtors" refers to these same entities before the Effective Date of the *Amended Joint Prepackaged Plan of Reorganization of Sheridan Holding Company I, LLC and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code.* [ECF No. 11] (the "Plan").

[2] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Settlement Agreement dated as of March 20, 2020 (the "Settlement Agreement"), which is attached as Exhibit 1 to the Preliminary Approval Order (I) Directing the Application of Bankruptcy Rule 7023, (II) Preliminarily Approving the Class Settlement, (III) Appointing the Settlement Administrator; (IV) Approving Form and Manner of Notice to Class Members, (V) Certifying a Class, Designating Class Representatives, and Appointing Class Counsel for Settlement Purposes Only, (VI) Scheduling a Settlement Fairness Hearing to Consider Final Approval of the Settlement, and (VII) Granting Related Relief [ECF No. 123] (the "Preliminary Approval Order").

2. I respectfully submit this declaration in support of the motion for attorneys' fees, expenses, and settlement administration expenses, which includes my application for a case contribution fee, and the forthcoming motion for final approval of the Settlement Agreement and entry of Judgment.

3. By submitting this declaration, I neither intend to, nor do I waive, any protections available to me including, but not limited to, the attorney-client privilege, work product privilege, or any other privileges I may have.

4. I have owned royalty interests in Oklahoma for many years. Sheridan Production Company, L.L.C. ("SPC") operated one of the wells in which I have royalty interests on behalf of the Debtors. I have received royalty payments from SPC on behalf of the Debtors for several years.

5. The check stubs bear SPC's name and purport to account for the royalty owed under the oil and gas lease. But, unless you have knowledge and experience with the production and marketing of oil and gas, the check stubs are hard to understand. I am a farmer, not an oil and gas expert.

6. I happened to meet Mr. Rex Sharp when he was in Liberal, Kansas visiting his parents whose land I farm. I knew that he was a lawyer and that he represented royalty owners in lawsuits against the oil and gas companies, so I asked him what he knew about how the oil and gas companies calculated royalty. He explained to me what he had learned through litigating against the oil and gas companies for almost two decades. So, I asked him if he would look at some of my check stubs and oil and gas leases. He agreed.

7. Some time passed before we spoke again. He had reviewed the documents I provided him. He told me about another action he had pending against SPC called *Whisenant v.*

Sheridan Production Company, LLC, No. CIV-15-81-JD pending in the United States District Court for the Western District of Oklahoma (the "*Whisenant* Action") for royalty owners in wells in Beaver County, Oklahoma. The *Whisenant* Action had been filed on December 6, 2014. Having learned about SPC's royalty payment practices in that case, he believed SPC was treating all royalty owners in Oklahoma wells the same way. He asked if I was willing to be a named plaintiff on behalf of all royalty owners in Oklahoma wells operated by SPC or where SPC marketed the gas and paid royalty directly to royalty owners. I remember thinking that all royalty owners should know how the lessee calculates and pays their royalty and, if underpayment was occurring, that they should be paid what they were owed. After discussing the matter with Mr. Sharp, I decided to retain his law firm Rex A. Sharp, P.A. (now known as Sharp Law, L.L.P.) to file and prosecute the Taylor Action as a class action on behalf of all royalty owners for the above-described class.

8. As part of that decision, Mr. Sharp and I discussed my commitment to fulfill the responsibilities as a named plaintiff and as the proposed class representative in a class action. I understand that my job is to monitor the lawsuit, to communicate with counsel to keep the case moving, to be available when needed to answer questions, to provide or review documents when requested, to meet with counsel, and to act as the representative for and in the best interest of the class of royalty owners, not just myself.

9. I also discussed my concerns about retaliation against me if I were to file a lawsuit, especially a class action lawsuit. Would SPC not service my well? Would SPC take more deductions from my royalty? Would SPC stop paying my royalty altogether? Would SPC do something to make my life difficult? While I realize some of these fears may be unjustified, they nevertheless arose and caused some anxiety. But I decided to face them rather than to allow

them to stop me from pursuing the claims and a recovery for the hundreds, if not thousands, of other royalty owners who were in the dark about how their royalties are calculated and whether SPC and Debtors had paid them properly under their leases.

10. I retained Sharp Law because I believed it knew what it was doing. It had litigated many class actions against oil and gas companies before, including the *Whisenant* Action against SPC. It was willing to accept the representation on a contingent fee basis, which was important because my small royalty interest would be insufficient to fund a lawsuit to recover damages for me, much less for an entire class of royalty owners that would likely take multiple years to resolve. It was important to me that I would not pay hourly rates under any circumstances. Sharp Law had the financial resources to vigorously prosecute the Taylor Action on my behalf and on behalf of all members of the proposed class against SPC and Debtors.

11. With what I learned in conversations with Mr. Sharp, including the risks and uncertainty associated with a class action, the potentially significant expenses that might be incurred, the time demanded to prosecute a class action likely over many years, and the high level of representation to be provided, I agreed Sharp Law would represent me and the class I intended to represent in the class action on a contingency fee basis, meaning 40% of any recovery obtained before an appeal and 45% of any recovery obtained after an appeal would be paid as attorneys' fees to Sharp Law and any associated counsel. At the time this agreement was reached, I understood a 40% contingency fee was at or below the market rate for similar actions, especially for a law firm with many successful royalty underpayment class actions like Sharp Law. I signed a written agreement that Sharp Law, and any firms it associated with, could seek attorneys' fees under our agreement subject to the court's approval.

12. Mr. Michael Grant also represents me as local counsel in the Taylor Action.

13. After the representation agreement was in place, I reviewed the draft complaint that would begin the Taylor Action. It was filed on January 1, 2018.

14. Thereafter I gathered more documents related to my royalty interests in the wells SPC operated. I provided documents to counsel. I reviewed documents counsel sent to me, including the initial disclosures. I communicated with counsel in-person, by telephone, and by email on the status of the *Taylor* Action and on the consolidation of the *Whisenant* Action into the *Taylor* Action, making the Class Lawsuit referenced in the Settlement Agreement. I have made myself available to counsel whenever needed. I have always been informed, involved, and active in the *Taylor* Action and then the Class Lawsuit. I have done my best to understand all legal work done the cases and have participated in all significant decisions, including the decision to enter the Settlement.

15. I had several discussions with Mr. Sharp and Ms. Barbara Frankland of Sharp Law about possibly settling the royalty owner claims against SPC and the Debtors. During those discussions, I agreed to adding the DeVore Law Firm as counsel for me and the Settlement Class. The DeVore Law Firm represents plaintiffs in *Born, et al. v. Sheridan Production Company, L.L.C.*, No. CJ-2012-47 in the District Court of Caddo County, Oklahoma (the "*Born* Action"). I understood SPC wanted to resolve the *Born* Action as well as the Class Lawsuit as it prepared to reorganize its debt in Chapter 11 proceedings. And, to ensure the class was well-represented in the Bankruptcy Proceeding, Mr. Sharp brought on Mr. Charles Rubio of Diamond McCarthy, LLP. The Settlement Class is represented by four law firms: Sharp Law, LLP (formerly Rex A. Sharp, P.A.), the Grant Law Firm, PLLC, the DeVore Law Firm, PLC and Diamond McCarthy, LLP (collectively "Class Counsel").

16. I was directly involved in the settlement negotiation process. From initial

discussions about settling the Class Lawsuit, to bringing on the *Born* Action, to the months of negotiating and documenting the Settlement Agreement as part of the Bankruptcy Proceeding, I had multiple calls and emails with Ms. Frankland and Mr. Sharp. Class Counsel obtained my approval to negotiate on behalf of the Class and myself. Throughout the negotiation process, I was informed of each development. Class Counsel acted with my approval in all respects.

17. Once counsel for Debtors, counsel for SPC, and Class Counsel had nearly completed the voluminous Settlement Agreement and exhibits, I read every word. I cannot say I understood it all, but I did my best. I understand the Settlement Class will ultimately receive millions of dollars under the Settlement Agreement. I reviewed the final Settlement Agreement, including its exhibits, and signed it, believing the Settlement is in the best interest of the Settlement Class.

18. I understand that I could have chosen to continue litigating the Class Lawsuit. Weighing the significant risks in obtaining certification of a class action in the district court, holding a favorable class certification ruling in the Tenth Circuit, prevailing against Debtors' summary judgment motion, then trying the case on the merits, holding a favorable ruling on appeal, and then collecting any judgment, against the relatively immediate and certain recovery of money through the settlement, I decided the latter seemed to be a better result for the Settlement Class.

19. I believe the negotiation process resulted in a good settlement with significant benefit to the Class. The Settlement provides a cash payment of $5,094,000, which, after reduction for Monies Payable to Opt-Outs, court-approved attorneys' fees, reimbursement of litigation expenses, administration expenses, and a case contribution fee, if any, to me, will be

distributed to Class Members after the Settlement becomes Final and Non-Appealable.

20. My understanding of the facts as they pertain to the Class Lawsuit, as well as my extensive interaction with Class Counsel, enables me to recommend approval of the Settlement. The Settlement is a substantial recovery for the Class under circumstances where it was possible that no recovery at all would be obtained, especially once Debtors filed the Bankruptcy Proceeding. I fully support this Settlement as fair, reasonable, and adequate for the Settlement Class.

21. I am very pleased with the efforts of Class Counsel who conducted themselves with professionalism and diligence at all times while effectively representing the interests of the Class and myself.

22. Together the four law firms that comprise Class Counsel are applying for an award of attorneys' fees out of the Settlement Proceeds, as well as reimbursement of litigation expenses reasonably and necessarily incurred in successfully prosecuting the claims in this Class Lawsuit.

23. As a result of Class Counsel's extensive, efficient, and excellent work, I approve Class Counsel's application for a fee award equal to forty percent of the Settlement Proceeds. I approve of Class Counsel's request for reimbursement of reasonable costs and expenses. I understand that if the award is granted, attorneys' fees and reimbursed expenses will be paid to Class Counsel out of the Settlement Proceeds before distribution of money to the Settlement Class.

24. The request for attorneys' fees is consistent with my negotiated fee agreement with Class Counsel.

25. I support Class Counsel's request for reimbursement of expenses in the Class

Lawsuit. Based on the information provided to me and my experience working with Class Counsel to date, I believe Class Counsel has prosecuted this Class Lawsuit in an efficient manner in light of its complexities and has incurred reasonable and necessary expenses that should be reimbursed.

26. While I will recover only my pro rata share of the Net Settlement Amount, I, as one of the Class Representatives, intend to seek a case contribution fee for our representation of the Class, which will not exceed 2% of the Settlement Proceeds, which would not exceed $100,000.00. This amount is based on the amount of time dedicated to the Class Lawsuit, as well a reasonable estimate of the time to be dedicated to the Class Lawsuit in the future by attending the Settlement Fairness Hearing and participating in any appeal, if there is one. I have dedicated many hours to working on the *Taylor* Action and then the Class Lawsuit. I estimate that I have spent 300 hours on this matter since 2017, when Mr. Sharp and I first discussed this matter. I also anticipate working on this case in the future, including attending the Settlement Fairness Hearing, whether in person or via video or audio conference. If the Court approves the settlement, I will continue to assist the Court and Class Counsel to administer the settlement. And, if there is an appeal in this case, I intend to remain involved throughout the proceedings and to continue my work as Class Representative until the Settlement Proceeds are fully accounted for to the Court.

27. The Class Representatives Fee is to be divided one-third to me, one-third to Mr. Whisenant, and one-third to Mr. and Mrs. Born. I believe that such an award is justified in this case.

28. I believe I actively and effectively fulfilled my obligations as a Class Representative. To the best of my knowledge, I have complied with all demands placed on me

during the prosecution of the Class Lawsuit and the settlement of this Class Lawsuit and the *Born* Action.

29. I am not aware of any conflicts of interest I have with members of the Settlement Class. I was not promised any recovery or made any guarantees prior to filing the *Taylor* Action, nor at any time during the *Taylor* Action or the Class Lawsuit. I was never told, nor has there ever been any discussion, that I would obtain a case contribution fee if this case was resolved by settlement or judgment, or that the amount of any such fee would be based upon, tied to, or in any way related to the ultimate outcome of the Class Lawsuit, or that any such fee would be based upon, tied to, or in any way related to any request for Class Counsel Fees and Expenses. Indeed, I would support the Settlement even if I were to receive no case contribution or incentive fee; and, I would continue to act in the capacity as Class Representative.

30. Based on the foregoing-described efforts and the benefits obtained for the Settlement Class, I submit that a case contribution fee is fair and reasonable as compensation for the time and expense the Class Representatives incurred in order to obtain this Settlement on behalf of the Class.

DECLARATION UNDER PENALTY OF PERJURY UNDER *28 U.S.C. § 1746*

I declare under penalty of perjury that the foregoing is true and correct.
Executed on May 13, 2020.

DocuSigned by:
Kyle Taylor
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Kyle Allan Taylor