

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

In re:	§	
	§	Chapter 11
	§	
SHERIDAN HOLDING COMPANY I, LLC, <i>et al.</i> , ¹	§	Case No. 20-31884 (DRJ)
	§	
Debtors.	§	(Jointly Administered)
	§	

**JOINT DECLARATION OF RONDA JEAN BORN AND STANLEY RAY BORN
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 REPRESENTATIVE FEES**

We, Ronda Jean Born and Stanley Ray Born, wife and husband, of lawful age and upon personal knowledge, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury:

1. We have personal knowledge of the facts in this declaration because of our personal involvement as Plaintiffs in the Born Action and Class Representatives for the Settlement, subject to this Court’s approval and on information provided to me by the DeVore Law Firm, PLC, Sharp Law, LLP (formerly Rex A. Sharp, P.A.), the Grant Law Firm, PLLC, or Diamond McCarthy, LLP (collectively “Settlement Class Counsel”).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 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”). Debtors’ non-debtor affiliate Sheridan Production Company, LLC is the contract operator of the Class Wells.

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*

2. We jointly submit this declaration in support of the motion for attorneys' fees, expenses, case contribution fee, and settlement administration expenses.

3. By submitting this declaration, we do not intend to, nor do we, waive any protections available to us, including the attorney-client privilege, work product privilege, or any other privileges we may have.

4. We have owned royalty interests in Oklahoma for many years including interests in wells operated by Sheridan Production Company, LLC ("SPC") as the contract operator for the Debtors. We have received royalty payments issued by SPC on behalf of the Debtors for years.

5. After examining our check stubs, but without much success in understanding them, we sought legal advice from Allan DeVore and Jandra Cox of the DeVore Law Firm, PLLC, who are experienced in investigating royalty payment practices. We own minerals, including the ones that are being produced by SPC, and depend on the income from our royalties to support us and supplement our farming and ranching operations. Because we know very little about how our minerals are produced and sold, we have to depend on the oil and gas companies to be honest and truthful and pay us our share of the money from the production out of wells in which we own royalty interests. We came to understand that some companies, including SPC, do not pay the full royalties due to us, but instead deduct costs that should be paid by the working interest owners in the wells, not us. Unfortunately, we do not have large enough stakes in wells where we own royalty to police the payments, and we do not have the expertise to figure out how and to what extent we have been underpaid. We also are working people who do not have

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 (the "Preliminary Approval Order") [ECF No. 123].

the resources to take on big oil companies on our own. We were glad that we could find attorneys who were willing to provide us their expertise, advance costs, and allow a contingent fee structure in our pursuit of the case. We realized there was significant risk involved in pursuing a lawsuit against a big company that has vastly greater resources than we do. Although we feared retaliation from SPC and potential (unfounded) claims against us, we also believed it was important for someone to be willing to stand up for royalty owners who were being cheated and needed help. We understood, from the beginning, we would likely be called upon to act as the representatives of a class of royalty owners and would need to treat all royalty owners' rights with the same importance we were treating our own royalty rights. We were aware we would become targets who might be made examples of for daring to challenge wrongdoing, and we worried our problems would be made even worse if SPC targeted us with more deductions, shut-in the wells, publicly criticized us, damaged our reputation, or took other actions that would personally harm us. We also knew we could ultimately lose the case and bear the adverse consequences of that loss. Despite our fears, we decided the right thing to do was to retain the DeVore Law Firm to sue SPC on our behalf. We are thankful that despite our fears and the risks we undertook, SPC did not retaliate and we were not treated like other plaintiffs have been treated in cases like this.

6. On May 1, 2012, we, through the DeVore Law Firm, filed a lawsuit styled *Born, et al. v. Sheridan Production Company, LLC*, No. CJ-2012-47, in the District Court of Caddo County, Oklahoma, alleging that SPC took undisclosed, improper deductions from royalty and, in so doing, breached its express and implied duties under the oil and gas leases and its fiduciary or quasi-fiduciary duty under Oklahoma law (the "Born Action").

7. We retained the DeVore Law Firm because we believed it possessed the requisite

expertise in complex oil and gas litigation and had sufficient legal and financial resources to vigorously prosecute the Born Action on our behalf against SPC, which we believed to be a well-funded and well-defended corporation.

8. With what we learned in conversations with Mr. DeVore and Ms. Cox about the risks and uncertainty associated with litigation, the potentially significant expenses that might be incurred, and the high level of representation to be provided, we agreed the DeVore Law Firm would represent us on a contingency fee basis of 40%. At the time this agreement was reached and before we knew what the outcome of the litigation would be, we understood a 40% contingency fee was at or below the market rate for similar royalty owner actions. We executed a written agreement with the DeVore Law Firm that it could seek a fee of 40% of any gross recovery. We understood that the DeVore Law Firm would work on a fully contingent basis and that we would not pay hourly rates or actual expenses under any circumstances, although all expenses the DeVore Law Firm would be deducted from our share of any gross settlement recovery, so long as the total attorney fees did not exceed 50% of the gross recovery minus expenses. We could not have afforded to pay the fees and expenses necessary to litigate this matter to completion on a pay-as-you-go or non-contingent fee structure.

9. We have been involved in the Born Action since before the filing of the original Petition. We hoped to obtain a monetary recovery for ourselves and ultimately other royalty owners who were not paid the full amount of royalty due them.

10. We worked with our lawyers in: (i) identifying the royalty interests in SPC wells, (ii) obtaining and reviewing information to quantify the production subject to royalty underpayment, (iii) determining potential types of deductions, (iv) estimating the potential amounts of deductions, (v) discussing similar circumstances of other royalty owners, (vi)

assisting in the preparation of the lawsuit, (vii) learning about, understanding, and discussing the potential risks to us and the likelihood that we could be bearing the risks associated with a large group of other royalty owners, thereby freeing them from those risks while still obtaining benefits for them without their participation in the lawsuit, (viii) authorizing the filing of the lawsuit in our names, (ix) performing searches for documents and other information, as requested by our lawyers, (x) participating in numerous telephone conferences with our attorneys, (xi) engaging in repeated conferences with our lawyers concerning large amounts of information provided by SPC in discovery, (xii) conferring about information contained in documents and data and calculations of potential damages for us and the entire class of royalty owners, (xiii) discussing and reviewing potential settlement offer, including seeking class certification in our case of all royalty owner claims in SPC's Oklahoma wells, (xiv) approving offer of settlement to be sent to SPC, (xv) preparing for potential depositions and other testimony, (xvi) preparing for scheduled mediation (which was called off by SPC as we were in the car driving to Oklahoma City for mediation and meeting with our lawyers), (xvii) discussing potential for settlement of our case, in conjunction with Taylor and Whisenant federal cases to achieve a global resolution, (xviii) learning about and discussing bankruptcy filings by various Sheridan entities and the impact on potential settlement, (xix) discussing the potential for settlement within the bankruptcy process, (xx) evaluating settlement terms and reasonableness in light of all factors, including SPC's bankruptcy, financial problems, reorganization, and ongoing economic factors in the oil and gas industry, (xxi) approving various aspects of settlement documents, (xxii) evaluating overall settlement as fiduciaries for the entire class of royalty owners to ensure reasonableness and fairness for all, (xxiii) signing and returning settlement documents, approving settlement on behalf of the class, and (xxiv) participating in

document preparation for court-approval and implementation of settlement.

11. From making the decision to file the Petition, reviewing documents, communicating with counsel, reviewing pleadings, participating in settlement negotiations, and finally approving the terms of the Settlement, we have always been informed, involved, and active in the Born Action and later the Class Lawsuit and the Settlement. We have reviewed and approved all drafts of substantive pleadings prior to filing and received status reports from counsel. We sought to understand all of the legal work in this case and participated in all significant decisions, including the decision to enter the Settlement Agreement. We conferred regularly with the DeVore Law Firm throughout the Born Action and later the Class Lawsuit and were advised of all significant matters.

12. We were directly involved in the settlement negotiation process. Throughout the negotiation process, the DeVore Law Firm informed us of each development that occurred and sought and obtained approval to negotiate on our behalf and on behalf of the Settlement Class. Settlement Class Counsel acted with our approval in all respects. We continued to participate in the negotiation process to finalize the Settlement Agreement, reviewing the drafts of the settlement agreement and discussing these drafts with the DeVore Law Firm as one of Settlement Class Counsel prior to our signing the final version.

13. We have continued to remain involved in post-settlement matters. We have reviewed the motion for attorneys' fees, expenses, class representative fee, and settlement administration expenses and the supporting documents. Because we are farmers and ranchers and are usually working in our fields, home, livestock sale barns, farm-to-market roads, and other places where recording time of specific tasks is virtually impossible, we do not maintain specific time records of our work on projects and did not keep specific time records of our efforts

over the last eight (8) years of the Born Action litigation. Many of the discussions we had with our attorneys in the Born Action were on cellular telephones while in the fields, farming and ranching, or away from home while engaged in other business. While we do not know a precise amount of time we spent on this case, between the two of us, we estimate we spent approximately 220 hours. We plan to review the motion for final approval when it is filed, and we plan to appear in person or by video/audio conference at the Settlement Fairness Hearing on July 13, depending on the circumstances at that time.

14. We believe the negotiation process resulted in an excellent settlement and a significant benefit to the Settlement Class — 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 us, will be distributed to Settlement Class Members after the Settlement becomes Final and Non-Appealable.

15. Through our involvement in the Born Action, Class Lawsuit, and the settlement negotiations, as well as frequent discussions with the DeVore Law Firm, we believe we understand the strengths and weaknesses of the Class' claims against SPC and the Debtors. We are aware of the factors the Settlement Class would be required to prove to establish liability and damages.

16. Our understanding of the facts as they pertain to the Born Action and the Class Lawsuit, as well as our extensive interaction with the DeVore Law Firm as one of Settlement Class Counsel, enables us 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. We fully support this Settlement as fair, reasonable and adequate for the

Settlement Class.

17. We are 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 us.

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

19. Class Counsel's request for attorneys' fees is consistent with our negotiated fee agreement with Class Counsel, and we have been pleased with how Class Counsel conducted the Class Lawsuit and with the results achieved. Further, we support Class Counsel's request for reimbursement of Class Lawsuit expenses because, based on the information provided to us and our experience working with Class Counsel to date, we believe Class Counsel has prosecuted this Class Lawsuit in an efficient manner in light of its complexities and has incurred reasonable and necessary expenses.

20. While we will recover only our pro rata share of the Net Settlement Amount, we, as two 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. This amount is based on the time and effort we dedicated to the Class Lawsuit and the risks we took, as well as a reasonable

estimate of the time we anticipate we will dedicate to the Class Lawsuit in the future. We believe that such an award is justified in this case.

21. As set forth below, we believe we actively and effectively fulfilled our obligations as representatives of the Class, complying with all demands placed on us during the prosecution and settlement of this Class Lawsuit.

22. We reviewed draft pleadings and motions, searched for and produced records, reviewed filings, communicated regularly with Class Counsel, and were continuously involved in the Class Lawsuit, settlement and post-settlement process. We have dedicated many hours to working on this Class Lawsuit for the Class. We estimate that we have spent approximately 220 hours, to date, on the Born Action, the Class Lawsuit, and on reviewing the Settlement Agreement with Settlement Class Counsel. We also anticipate spending additional time working on this case in the future, including attending the Settlement Fairness Hearing. If the Court approves the settlement, we will continue to assist the Court and Settlement Class Counsel to administer the settlement in any way we can. And if there is an appeal in this case, we intend to remain involved throughout the proceedings and to continue our work as Class Representatives.

23. We are not aware of any conflicts of interest we have with members of the Settlement Class. We were not promised any recovery or made any guarantees prior to filing our lawsuit, nor at any time during the Class Lawsuit. Based on our efforts, the efforts of other Class Representatives, and the benefits obtained for the Class, we submit that a case contribution fee is fair and reasonable as compensation for the time and expense 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.

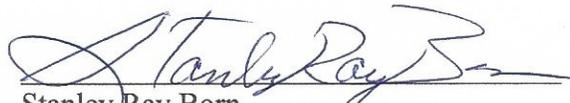
Executed on May ____, 2020.


Ronda Jean Born

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 ____, 2020.


Stanley Ray Born