

**IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF OKLAHOMA**

PAULA PARKS MCCLINTOCK,)
)
 Plaintiff,)
)
 v.)
)
 CONTINUUM PRODUCER)
 SERVICES, L.L.C.,)
)
 Defendant.)

Case No. 6:17-cv-00259-JAG

**MEMORANDUM OF LAW IN SUPPORT OF CLASS COUNSEL'S
MOTION FOR APPROVAL OF ATTORNEYS' FEES**

TABLE OF CONTENTS

	PAGE
I. SUMMARY OF ARGUMENT	1
II. FACTUAL AND PROCEDURAL BACKGROUND	3
III. ARGUMENT	3
A. The Parties Have Agreed Federal Common Law Controls the Right to, And Reasonableness Of, Attorneys’ Fees.....	5
B. Class Counsel’s Fee Request Is Reasonable.....	7
IV. CONCLUSION.....	18

TABLE OF AUTHORITIES

CASE	PAGE(S)
<i>Barnes Group, Inc. v. C & C Prods., Inc.</i> , 716 F.2d 1023 (4th Cir. 1983)	6
<i>Boeing Co. v. Van Gemert</i> , 444 U.S. 472 (1980).....	9
<i>Boyd Rosene & Assocs., Inc. v. Kansas Mun. Gas Agency</i> , 174 F.3d 1115 (10th Cir. 1999)	6
<i>Bridenstine v. Kaiser Francis</i> , Case No. 97,117 (unpublished) August 22, 2003, <i>cert. denied</i> , June 26, 2006, Okla. Sup. Ct., Case No. DF-01569.....	12
<i>Brown v. Phillips Petroleum Co.</i> , 838 F.2d 451 (10th Cir. 1988)	2, 4, 7, 8
<i>Cecil v. BP America Production</i> , No. 16-CV-410-KEW (E.D. Okla. Nov. 19, 2018)	4
<i>Chieftain Royalty Co. v. EnerVest Energy Institutional Fund XIII-A, L.P.</i> , 888 F.3d 455 (10th Cir. 2017)	2
<i>Chieftain Royalty Co. v. Laredo Petro., Inc.</i> , No. CIV-12-1319-D (W.D. Okla. May 13, 2015)	<i>passim</i>
<i>Chieftain Royalty Co. v. Marathon Oil Co.</i> , No. CIV-17-334-SPS (E.D. Okla. Mar. 8, 2019).....	<i>passim</i>
<i>Chieftain Royalty Company v. QEP Energy Company</i> , No. CIV-11-212-R (W.D. Okla. May 31, 2013).....	5, 14
<i>Chieftain Royalty Co. v. XTO Energy Inc.</i> , No. CIV-11-29-KEW (E.D. Okla. Mar. 27, 2018)	<i>passim</i>
<i>CompSource Oklahoma v. BNY Mellon, N.A.</i> , No. CIV-08-469-KEW, 2012 U.S. Dist. LEXIS 185061, (E.D. Okla. Oct. 25, 2012).....	4, 12, 15, 16
<i>Fager v. Centurylink Comm'cns</i> , No. 14-cv-00870, 2015 U.S. Dist. LEXIS 190795 (D.N.M. June 25, 2015)	9

<i>Fitzgerald Farms, LLC v. Chesapeake Operating, L.L.C.</i> , No. CJ-2010-38, 2015 WL 5794008 (Okla. Dist. Ct. Beaver Cty. July 2, 2015).....	10, 14, 17
<i>Foster v. Apache</i> , 285 F.R.D. 632 (W.D. Okla. 2012).....	16
<i>Foster v. Merit Energy Co.</i> , 282 F.R.D. 541 (W.D. Okla. 2012).....	16
<i>Gottlieb v. Barry</i> , 43 F.3d 474 (10th Cir. 1994)	2, 4, 7, 8
<i>Hess v. Volkswagen of Am., Inc.</i> , 2017 OK CIV APP 35, 398 P.3d 27	9
<i>Hess v. Volkswagen of Am., Inc.</i> , 2014 OK 111, 341 P.3d 662	9
<i>In re King Res. Co. Sec. Litig.</i> , 420 F. Supp. 610 (D. Colo. 1976).....	13
<i>Johnson v. Georgia Highway Express, Inc.</i> , 488 F.2d 714 (5th Cir. 1974)	<i>passim</i>
<i>Morrison v. Anadarko Petroleum Co.</i> , 280 F.R.D. 621 (W.D. Okla. 2012).....	16
<i>Naylor Farms, Inc. v. Anadarko OGC Co.</i> , No. CIV-08-668-R (W.D. Okla. Oct. 5, 2012)	5
<i>Northumberland County Ret. Sys. v. GMX Res. Inc.</i> , No. CIV-11-520-D (W.D. Okla. July 31, 2014).....	5
<i>Reirdon v. Cimarex Energy Co.</i> , No. 16-cv-113-KEW (E.D. Okla. Dec. 18, 2018).....	<i>passim</i>
<i>Reirdon v. XTO Energy Inc.</i> , No. 16-cv-00087-KEW (E.D. Okla. Jan. 29, 2018).....	<i>passim</i>
<i>Sprague v. Ticonic Nat’l Bank</i> , 307 U.S. 161 (1939).....	2
<i>Tucker v. BP Am. Prod. Co.</i> , 278 F.R.D. 646 (W.D. Okla. 2011).....	16

<i>Union Asset Mgmt. Holding A. G. v. Dell, Inc.</i> , 669 F.3d 632 (5th Cir. 2012)	5
<i>Uselton v. Commercial Lovelace Motor Freight</i> , 9 F.3d 849 (10th Cir. 1993)	2
<i>Williams v. Shearson Lehman Bros.</i> , 1995 OK CIV APP 154, 917 P.2d 998	6
<i>Yavuz v. 61 MM, Ltd.</i> , 465 F.3d 418 (10th Cir. 2006)	6
STATUTES	
28 U.S.C. §1711(a)-(b)	6
RULES	
FED. R. CIV. P. 23 (h)	1, 3, 8
12 O.S. § 2023(G)(4)(e)(13)	8
OTHER AUTHORITIES	
<i>Attorneys’ Fees in Class Action Settlements: An Empirical Study</i> , 1 J. EMPIRICAL LEGAL STUD. 27 (2004).....	3
<i>Federal Practice and Procedure</i> § 1803 (3d ed.).....	2
MANUAL FOR COMPLEX LITIGATION § 14.121 (4th ed. 2004)	5
<i>Restatement 2d of Conflict of Laws</i> , § 187; 7B Wright, Miller, Kane & Marcus.....	2

Class Representative Paula McClintock (“Plaintiff” or “Class Representative”), by and through her counsel of record, submits the following memorandum of law in support of her Motion for Approval of Attorneys’ Fees.

I. SUMMARY OF ARGUMENT

In connection with approval of the Settlement¹ in the above-captioned Litigation, Class Counsel respectfully move the Court for an award of attorneys’ fees of \$300,000.00. The requested award will be paid from the \$900,000.00 Gross Settlement Fund and represents 1/3 of the Gross Settlement (the “Fee Request”). This request is fair and reasonable and therefore, should be approved.

Class Counsel has obtained an excellent recovery for the benefit of Class Members, which consists of a cash payment of \$900,000.00 to compensate the Settlement Class for past damages.² This is an outstanding recovery.³ Rule 23(h) of the Federal Rules of Civil Procedure requires the Court to assess the reasonableness of any fees “that are authorized by law or by the parties’ agreement.” Here, the Parties expressly agreed that all fees would be from a common fund as allowed under federal common law. *See* Settlement Agreement at ¶¶7.1, 11.8. Thus, federal

¹ All capitalized terms not otherwise defined herein shall have the meaning given to them in the August 20, 2019 Stipulation and Agreement of Settlement (“Settlement Agreement”), a copy of which is attached as Exhibit 1 to Plaintiff’s Memorandum of Law in Support of Plaintiff’s Motion to Certify the Settlement Class for Settlement Purposes, Preliminarily Approve Class Action Settlement, Approve Form and Manner of Notice and Set Date for Final Approval Hearing (the “Preliminary Approval Memorandum”) (Dkt. No. 39).

² *See* Affidavit of Barbara Ley (“Ley Affidavit”), attached to Final Approval Memorandum as Exhibit 3, at ¶3.

³ *See* Declaration of Bradley E. Beckworth, Patrick M. Ryan and Robert N. Barnes on Behalf of Class Counsel (“Joint Class Counsel Decl.”), attached as Exhibit 2 to Final Approval Memorandum, at ¶5; Ley Affidavit at ¶3 (stating the \$900,000.00 recovery obtained in this case “yields a gross recovery of approximately 65% of the Settlement Class’ alleged statutory interest underpayment for the principal claim asserted by the Class for late payments made between May 2012 and February 2018.”).

common law governs the reasonableness of this agreement and the requested fee.

Class Counsel's Fee Request is reasonable under federal common law. First, the Parties agreed that the Settlement Agreement shall be governed *solely* by federal law regarding the right to and reasonableness of attorney's fees and expenses. *See* Settlement Agreement, ¶11.8. The Parties' contractual choice of law—the well-developed and consistent body of federal common law that applies to common fund class action settlements where no fee shifting occurs—should be given effect as written. This Court, and other federal courts in Oklahoma, have upheld identical or similar choice of law provisions. *See, e.g., Chieftain Royalty Co. v. Marathon Oil Co.*, No. CIV-17-334-SPS (E.D. Okla. Mar. 8, 2019) (Dkt. No. 120 at 4-5); *Reirdon v. Cimarex Energy Co.*, No. 16-cv-113-KEW (E.D. Okla. Dec. 18, 2018) (Dkt. No. 105 at 4-5); *Chieftain Royalty Co. v. XTO Energy Inc.*, No. CIV-11-29-KEW (E.D. Okla. Mar. 27, 2018) (Dkt. No. 231 at 5); *Reirdon v. XTO Energy Inc.*, No. 16-cv-00087-KEW (E.D. Okla. Jan. 29, 2018) (Dkt. No. 124 at 4-5); *see also Sprague v. Ticonic Nat'l Bank*, 307 U.S. 161, 165 (1939); *Restatement 2d of Conflict of Laws*, § 187; 7B Wright, Miller, Kane & Marcus, *Federal Practice and Procedure* § 1803 (3d ed.) (“The court’s authority for ... attorney fees stems from the fact that the class-action device is a creature of equity and the allowance of attorney-related costs is considered part of the historic equity power of the federal courts.”). Under federal equitable law, the Tenth Circuit expressly prefers the percentage of the fund method in determining the award of attorneys’ fees in common-fund cases. *See Gottlieb v. Barry*, 43 F.3d 474, 483 (10th Cir. 1994); *Uselton v. Commercial Lovelace Motor Freight*, 9 F.3d 849, 853 (10th Cir. 1993); *Brown v. Phillips Petroleum Co.*, 838 F.2d 451, 455-56 (10th Cir. 1988).⁴

⁴ In this regard, the Tenth Circuit’s decision in *Chieftain Royalty Co. v. EnerVest Energy Institutional Fund XIII-A, L.P.*, 888 F.3d 455 (10th Cir. 2017) is inapplicable, because the parties here contractually agreed to a choice of law provision. The *EnerVest* decision dealt with the

The Fee Request represents 1/3 of the Gross Settlement Fund. In light of the exceptional work performed by Class Counsel, the circumstances of this case, including the risks of further litigation and the cessation of Defendant's business operations, the Fee Request is fair, reasonable, and comports with fee awards granted in similar cases and is fully appropriate under Tenth Circuit precedent.

II. FACTUAL AND PROCEDURAL BACKGROUND

In the interest of brevity, Class Counsel will not recite the background of this Litigation again. Instead, Class Counsel respectfully refers the Court to the Final Approval Memorandum, Joint Class Counsel Declaration, the pleadings on file, and any other matters of which the Court may take judicial notice, all of which are incorporated fully herein.

III. ARGUMENT

The Fee Request is fair and reasonable and should be approved.⁵ Pursuant to Rule 23(h), Federal Rules of Civil Procedure, "the court may award reasonable attorney's fees and nontaxable

application of *state law* choice of law principles, while the parties here, unlike in *EnerVest*, contractually agreed that *federal common law* controls the right to, and reasonableness of, attorneys' fees. This Court has previously upheld virtually identical choice of law provisions in the federal decisions cited *supra* at 2-3. Accordingly, the Tenth Circuit's long line of federal common law fee jurisprudence in common fund class actions governs the present fee request.

⁵ See generally Declarations of Bradley Beckworth; Patrick M. Ryan; Robert N. Barnes, Patranell Britten Lewis, and Emily Nash Kitch; Michael Burrage; and Lawrence Murphy, attached hereto. Although not submitted as part of this fee request, law professors Geoffrey Miller and Steven Gensler have provided declarations in support of fee requests far greater than that here in previous class action settlements. See *Chieftain Royalty Co. v. Marathon Oil Co.*, No. CIV-17-334-SPS (E.D. Okla.) (Dkt. Nos. 81-82); *Chieftain Royalty Co. v. XTO Energy, Inc.*, No. 11-cv-29-KEW (E.D. Okla.) (Dkt. Nos. 206, 209); *Reirdon v. XTO Energy, Inc.*, No. 16-cv-87-KEW (E.D. Okla.) (Dkt. Nos. 92-93); *Reirdon v. Cimarex Energy Co.*, No. 6:16-cv-113-KEW (E.D. Okla.) (Dkt. Nos. 63-64). Professor Miller is the Stuyvesant P. Comfort Professor of Law at New York University. For more than twenty years he has been involved in the area of class action litigation as a teacher, scholar, attorney, consultant, and expert witness. He is co-author of the leading empirical analysis of attorneys' fees and expenses in class action cases, *Attorneys' Fees in Class Action Settlements: An Empirical Study*, 1 J. EMPIRICAL LEGAL STUD. 27 (2004), which has been extensively cited in federal court decisions on class action attorneys' fees. Professor Gensler is the Gene and Elaine

costs that are authorized by law or by the parties' agreement." An award of attorneys' fees is a matter uniquely within the discretion of the trial judge, who has firsthand knowledge of the efforts of counsel and the services provided. *Brown*, 838 F.2d at 453. Such an award will only be reversed for abuse of discretion. *Id.*; *Gottlieb*, 43 F.3d at 486. Here, the requested fees are authorized by an express agreement of the parties. Pursuant to the Settlement Agreement, federal common law governs both the right to, and reasonableness of, attorneys' fees. *See* Settlement Agreement at ¶¶7.1, 11.8. Under this law, the Tenth Circuit has expressed a clear preference for the percentage of the fund method, the reasonableness of which is determined through application of the *Johnson* factors (discussed below). *Gottlieb*, 43 F.3d at 483. This methodology calculates the fee as a reasonable percentage of the value obtained for the benefit of the class. *Brown*, 838 F.2d at 454.

This Court has previously acknowledged the Tenth Circuit's preference for the percentage method and rejected application of a lodestar analysis or lodestar cross check. *See, e.g., Chieftain Royalty Co. v. Marathon Oil Co.*, No. CIV-17-334-SPS (E.D. Okla. March 8, 2019) (Dkt. No. 120 at 5-6); *Reirdon v. Cimarex Energy Co.*, No. 16-CV-113-KEW (E.D. Okla. Dec. 18, 2018) (Dkt. No. 105 at 5-6); *Cecil v. BP America Production*, No. 16-CV-410-KEW (E.D. Okla. Nov. 19, 2018) (Dkt. No. 260 at 6); *Chieftain Royalty Co. v. XTO Energy, Inc.*, No. CIV-11-29-KEW (E.D. Okla. Mar. 27, 2018) (Dkt. No. 231 at 6); *Reirdon v. XTO Energy, Inc.*, No. 6:16-CV-00087-KEW (E.D. Okla. Jan. 29, 2018) (Dkt. No. 124 at 5); *CompSource Oklahoma v. BNY Mellon, N.A.*, No. CIV-08-469-KEW, 2012 U.S. Dist. LEXIS 185061, at *23 (E.D. Okla. Oct. 25, 2012) ("A majority of circuits recognize that trial courts have the discretion to award fees based solely on a percentage

Edwards Family Chair in Law at the University of Oklahoma College of Law, where he teaches Civil Procedure and related classes. He is the author of the treatise *FEDERAL RULES OF CIVIL PROCEDURE: RULES AND COMMENTARY* (Thomson Reuters 2019) and a wide range of articles on federal practice and procedure.

of the fund approach and are not required to conduct a lodestar analysis in common fund class actions.”) (citing *Union Asset Mgmt. Holding A. G. v. Dell, Inc.*, 669 F.3d 632, 644 (5th Cir. 2012)).⁶

Other Oklahoma federal courts agree. *See, e.g., Chieftain Royalty Co. v. Laredo Petro., Inc.*, No. CIV-12-1319-D (W.D. Okla. May 13, 2015) (“In the Tenth Circuit, the preferred approach for determining attorneys’ fees in common fund cases is the percentage of the fund method.”) (Dkt. No. 52 at 5) (the “Laredo Fee Order”); *Northumberland County Ret. Sys. v. GMX Res. Inc.*, No. CIV-11-520-D (W.D. Okla. July 31, 2014) (“The Court is not required to conduct a lodestar assessment of the hours versus a reasonable hourly rate. Nonetheless, even if such an assessment were made, the Court would reach the same conclusion that the requested fees are reasonable.”) (Dkt. No. 150, n.1); *Chieftain Royalty Company v. QEP Energy Company*, No. CIV-11-212-R (W.D. Okla. May 31, 2013) (Dkt. No. 182 at 4 n.3); *Naylor Farms, Inc. v. Anadarko OGC Co.*, No. CIV-08-668-R (W.D. Okla. Oct. 5, 2012) (Dkt. No. 329).

A. The Parties Have Agreed Federal Common Law Controls the Right to, And Reasonableness Of, Attorneys’ Fees

The Parties contractually agreed that the Settlement Agreement shall be governed *solely* by federal common law with respect to certain issues, including the right to and reasonableness of attorneys’ fees:

To promote certainty, predictability, the full enforceability of this Settlement Agreement as written, and its nationwide application, this Settlement Agreement shall be governed *solely by federal law*, both substantive and procedural, as to due process, class certification, judgment, collateral estoppel, res judicata, release, settlement approval, allocation, Case Contribution Award, *the right to and reasonableness of Plaintiff’s Attorneys’ Fees and Litigation Expenses*, and all other matters for which there is federal procedural or common law, including

⁶ The MANUAL FOR COMPLEX LITIGATION § 14.121 (4th ed. 2004) also approves of the percentage of the fund method for determining attorneys’ fees. Professors Gensler and Miller have repeatedly noted the Tenth Circuit’s preference for the percentage of the fund method. *See, e.g., Reirdon v. Cimarex Energy Co.*, No. 16-CV-113-KEW (E.D. Okla.) (Dkt. No. 63 at ¶37; Dkt. No. 64 at ¶27).

federal law regarding federal equitable common fund class actions.

Settlement Agreement at ¶11.8 (emphasis added). The Parties clearly intended to remove any doubt regarding which body of law would apply to certification, notice and overall evaluation of the fairness and reasonableness of the Settlement and associated requests for fees and expenses. Such an agreement directly aligns with the principles of the Class Action Fairness Act (“CAFA”), which was passed with the intent to provide certainty, uniformity and confidence in the application of the class device to cases involving interstate commerce. 28 U.S.C. §1711(a)-(b).

As noted, this Court has previously enforced nearly identical choice of law provisions. *See supra* at 2-3. Thus, the Settlement Agreement’s choice-of-law provision should be enforced here.

Further, the Tenth Circuit has recognized parties’ freedom to contract regarding choice of law issues and that courts typically honor the parties’ choice. *See Boyd Rosene & Assocs., Inc. v. Kansas Mun. Gas Agency*, 174 F.3d 1115, 1121 (10th Cir. 1999) (“Absent special circumstances, courts usually honor the parties’ choice of law because two ‘prime objectives’ of contract law are ‘to protect the justified expectations of the parties and to make it possible for them to foretell with accuracy what will be their rights and liabilities under the contract.’”) (citing *Restatement (Second) of Conflict of Laws* § 187, cmt. e (Am. Law Inst. 1988) (the *Restatement*); *Yavuz v. 61 MM, Ltd.*, 465 F.3d 418, 428 (10th Cir. 2006). The *Restatement* expands on this freedom to contract:

These objectives may best be attained in multistate transactions by letting the parties choose the law to govern the validity of the contract and the rights created thereby. In this way, certainty and predictability of result are most likely to be secured. Giving parties this power of choice is also consistent with the fact that, in contrast to other areas of the law, persons are free within broad limits to determine the nature of their contractual obligations.

Restatement (Second) of Conflict of Laws § 187, cmt. e; *see also Williams v. Shearson Lehman Bros.*, 1995 OK CIV APP 154, ¶17, 917 P.2d 998, 1002 (enforcing parties’ contractual choice of law); *Barnes Group, Inc. v. C & C Prods., Inc.*, 716 F.2d 1023, 1029 n.10 (4th Cir. 1983) (Parties

“enjoy full autonomy to choose controlling law with regard to matters within their contractual capacity.”). The Parties’ contractual agreement should be enforced here.⁷

B. Class Counsel’s Fee Request Is Reasonable

Under Tenth Circuit law, district courts have discretion to apply either the percentage of the fund method or the lodestar method, but the percentage of the fund method is clearly preferred. *Brown*, 838 F.2d at 454; *Gottlieb*, 43 F.3d at 483; *Laredo Fee Order* at 5. When determining attorneys’ fees under this method, the Tenth Circuit evaluates the reasonableness of the requested fee by analyzing the factors set forth in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974). *See Brown*, 838 F.2d at 454-55. Not all of the factors apply in every case, and some deserve more weight than others depending on the facts at issue. *Id.* at 456. Whether these factors are applied as a check on the reasonableness of the percentage awarded (federal common law), or in the lodestar context to determine an appropriate multiplier or enhancement factor, the result is the same—the requested fee of \$300,000.00 is reasonable.

The twelve *Johnson* factors are: (1) the time and labor required, (2) the novelty and difficulty of the questions presented by the litigation, (3) the skill required to perform the legal services properly, (4) the preclusion of other employment by the attorneys due to acceptance of the case, (5) the customary fee, (6) whether the fee is fixed or contingent, (7) time limitations imposed by the client or the circumstances, (8) the amount in controversy and the results obtained, (9) the experience, reputation and ability of the attorneys, (10) the undesirability of the case, (11)

⁷ Professors Gensler and Miller have previously opined that the parties’ contractual agreement regarding choice of law should be enforced. *See, e.g., Reirdon v. Cimarex Energy Co.*, No. 16-CV-113-KEW (E.D. Okla.) (Dkt. No. 63 at ¶36; Dkt. No. 64 at ¶27).

the nature and length of the professional relationship with the client, and (12) awards in similar cases. *Gottlieb*, 43 F.3d at 482 n.4.⁸

The *Johnson* factor that should be entitled to the most weight in this common fund case is the eighth factor—the amount involved in the case and the results obtained. *Brown*, 838 F.2d at 456 (holding this factor may be given greater weight when “the recovery [is] highly contingent and that the efforts of counsel were instrumental in realizing recovery on behalf of the class.”); Fed. R. Civ. P. 23(h), adv. comm. note (explaining for a “percentage” or contingency-based approach to class action fee awards, “results achieved is the basic starting point.”).

Here, the results obtained strongly support the Fee Request. The Gross Settlement Fund of \$900,000.00 represents a significant recovery for the Class and bestows a substantial economic benefit under the circumstances presented here. Defendant entered into a purchase and sale agreement effective January 5, 2018 that resulted in all of the company’s business being sold and stopped any ongoing business; Defendant retained the liability for this case as part of the sale and its remaining assets were limited to approximately \$1,275,000 and a deposit with the Oklahoma Tax Commission that would be returned to the company at some point. *See Depo.* of David House at 7:06-8:25, Exhibit 1 hereto. Defendant’s insurer also provided no coverage for this case. *See id.* at 11:18-24. This amount was also being used to fund the defense of this litigation. *See id.* at 15:11-21. Thus, the \$900,000.00 Settlement achieved here is an outstanding value for the Settlement Class under such circumstances.

In valuing the result obtained for purposes of determining a reasonable fee to award under the Tenth Circuit’s percentage of recovery method, it is well-established that the fee award should

⁸ An additional factor under Oklahoma law is the risk of recovery. 12 O.S. § 2023(G)(4)(e)(13). Even if the Court applied Oklahoma law, this factor would be easily met.

be based on the total economic benefit bestowed on the class. *See, e.g., Chieftain Royalty Co. v. Marathon Oil Co.*, No. CIV-17-334-SPS (E.D. Okla. Mar. 8, 2019) (Dkt. No. 120 at 4-5); *Reirdon v. Cimarex Energy Co.*, No. 16-cv-113-KEW (E.D. Okla. Dec. 18, 2018) (Dkt. No. 105 at 7-8); *Chieftain Royalty Co. v. XTO Energy Inc.*, No. CIV-11-29-KEW (E.D. Okla. Mar. 27, 2018) (Dkt. No. 231 at 8); *Reirdon v. XTO Energy Inc.*, No. 16-cv-00087-KEW (E.D. Okla. Jan. 29, 2018) (Dkt. No. 124 at 8); *Fager v. Centurylink Comm'cns*, No. 14-cv-00870, 2015 U.S. Dist. LEXIS 190795, at *7-8 (D.N.M. June 25, 2015) (collecting cases), *aff'd* 854 F.3d 1167 (10th Cir. 2016); *see also Boeing Co. v. Van Gemert*, 444 U.S. 472, 479 (1980) (explaining that, in common fund cases, the fee to be awarded should be based on “the full value of the benefit to each absentee member” obtained through the “entire judgment fund”). Here, the Settlement represents significant, concrete monetary benefits to the Settlement Class. And, as Professor Gensler has previously opined, unlike cases in which absent class members’ recovery is contingent upon their submission of information or some sort of complicated claims process, here, these benefits are **guaranteed** and automatically bestowed upon the Settlement Class as a result of the Settlement. *See Reirdon v. Cimarex Energy Co.*, No. 16-CV-113-KEW (E.D. Okla.) (Dkt. No. 63 at ¶46). Accordingly, the “results obtained” factor strongly supports a fee award of \$300,000.00 to be paid from the immediate cash portion of the Settlement.⁹

⁹ The outstanding result obtained is in stark contrast to cases like *Hess v. Volkswagen of Am., Inc.*, 2014 OK 111, 341 P.3d 662, where fees are based upon coupons or claims made settlements with no guaranteed common fund. *Hess* was a fee-shifting case where defendants contractually agreed to incur liability for the class’ attorneys’ fees, resulting in application of the lodestar method. *See id.* at 666. The concurring opinion even recognized there are other cases where “**the attorney-fee award is based on a percentage of the plaintiffs’ recovery.**” *Id.* at 672 n.3 (emphasis added). And, *Hess* was an egregious outlier where the entire class got less than \$46,000, but the lawyers were asking for over **\$14 million**—a result that could never pass muster under the “result obtained” factor. *See id.* at 673. On remand, the trial court, as instructed, subtracted the fees generated in the failed Florida litigation from the lodestar fee and “then reduced the lodestar by 70%” to arrive at an attorney fee in the amount of \$983,616.75, together with expenses and post-judgment interest.

The other *Johnson* factors also support the Fee Request. First, the time and labor involved supports the fee request. For over two years, Class Counsel investigated and analyzed the Settlement Class' claims and conducted extensive discovery and document review, reviewing documents and a large amount of electronically produced data, including but not limited to organizational documents, well data, and historical proceeds payments for Oklahoma owners. Class Counsel deposed two witness for Defendant regarding both the underlying conduct at issue, Defendant's proceeds payment practices, and financial viability. Class Counsel spent significant time working with accounting experts in the prosecution and evaluation of the Settlement Class' claims and engaged in a lengthy negotiation process to obtain this outstanding Settlement. The process necessary to achieve this Settlement required months of negotiations and extensive consultation with experts to evaluate and analyze damages. Overall, as evidenced through their submissions, Class Counsel dedicated substantial hours of attorney and professional time to this Litigation and anticipate dedicating additional hours through final approval and distribution.

Second, the novelty and difficulty of the questions presented in this action supports the Fee Request. Class actions are known to be complex and vigorously contested. The legal and factual

Hess v. Volkswagen of Am., Inc., 2017 OK CIV APP 35, ¶2, 398 P.3d 27. Volkswagen appealed the trial court's award, arguing that "the new attorney fee award—an award which constitutes a mere 13.6% of the prior attorney fee award—is still too high," as it "equals approximately '21.5 times as much money as . . . recovered for the entire class[.]'" *Id.* The Court of Civil Appeals affirmed the trial court's *downward* reduction of the lodestar by 70% given the low recovery obtained in the case, even though the fee awarded and affirmed still represented 21.5 times as much money as recovered for the entire class (Fees of \$983,616.75 vs. Class Recovery of \$45,780); *see also, e.g., Fitzgerald Farms, LLC v. Chesapeake Operating, L.L.C.*, No. CJ-2010-38, 2015 WL 5794008, at *2 (Okla. Dist. Ct. Beaver Cty. July 2, 2015) (finding "recovery of 41% of damages within the statute of limitations period" to be "an outstanding benefit to the Settlement Class when compared against other royalty underpayment class action settlements approved by other Oklahoma district courts"). Given the amount involved in this Litigation and the Settlement achieved for the benefit of the Settlement Class, this highly significant factor strongly supports Class Counsel's Fee Request.

issues litigated in this case involved complex and highly technical issues. The claims involved difficult and highly contested issues of Oklahoma oil and gas law that are currently being litigated in multiple forums. The successful prosecution and resolution of the Settlement Class' claims required Class Counsel to work with experts to analyze complex data to support their legal theories and evaluate the amount of alleged damages. The fact that Class Counsel litigated such difficult issues against the vigorous opposition of highly skilled defense counsel and obtained a significant recovery for the Settlement Class further supports the fee request in this case. *See* Joint Class Counsel Decl. at ¶13. Moreover, Defendant asserted a number of significant defenses to the Settlement Class' claims that would have to be overcome if the Litigation continued to trial. Thus, the immediacy and certainty of this recovery, when considered against the very real risks of continuing to a difficult trial and possible appeal, support the Fee Request. *Id.* at ¶14.

The third and ninth *Johnson* factors—the skill required to perform the legal services and the experience, reputation and ability of the attorneys—supports the Fee Request. This Litigation called for Class Counsel's considerable skill and experience in oil and gas and complex class action litigation to bring it to such a successful conclusion, requiring investigation and mastery of complex facts, the ability to develop creative legal theories, and the skill to respond to a host of legal defenses. *See* Joint Class Counsel Decl. at ¶51. The case required investigation and mastery of highly technical issues regarding proceeds payments in Oklahoma. *Id.* Class Counsel has years of experience litigating royalty underpayment class actions and statutory interest class actions in Oklahoma state and federal courts. *Id.* at ¶¶52-56. Class Counsel also is highly experienced in class action, commercial, *qui tam*, mass tort, securities, and other complex litigation and has successfully prosecuted and settled numerous class actions, including oil and gas royalty underpayment class actions. *Id.* Additionally, Class Counsel has taken on some of the world's

largest corporations in contingent fee litigation, including the tobacco industry, the pharmaceutical industry, and the energy industry. *Id.* Class Counsel consists of some of the most experienced complex litigation attorneys in the country. Utilizing creativity and zealous advocacy, these attorneys have achieved huge results for their clients. *Id.* For example, the Court commended Nix Patterson for its work in *CompSource Oklahoma v. BNY Mellon, NA*, No. CIV 08-469-KEW (E.D. Okla.), stating: “It was a hard-fought case, and I think that the legal work on this case has just been absolutely spectacular, and I want to brag on all of you for the work that you put into it.” *See* Final Approval Memo. at Ex. 5.

Further, the law firm of Ryan Whaley Coldiron Jantzen Peters & Webber PLLC (“Ryan Whaley”) is a litigation, energy, and environmental law firm based in Oklahoma City with national, regional, and state clients. *See generally* Joint Class Counsel Decl. Ryan Whaley has litigated class actions and complex commercial litigations in courts across the country. *Id.* With more than 48 years of experience in Oklahoma state and federal courts, Pat Ryan is best known for successful high-profile cases including his work as U.S. Attorney in the prosecution and conviction of Oklahoma City Bombing defendants Timothy McVeigh and Terry Nichols in Denver, Colorado, and securing the acquittal of a founder/CEO in one of the largest corporate fraud cases prosecuted by the U.S. Department of Justice. *Id.*

Further, the law firm of Barnes & Lewis has been lead counsel in at least fourteen (14) Oklahoma oil and gas class action cases that have been concluded and resulted in combined Common Funds exceeding \$700 million – far more than any other law firm. BL holds the distinction of having been lead counsel in the first oil and gas class action nationwide to have been successfully tried to a jury. That jury verdict was upheld on appeal and resulted in a total Common Fund of approximately \$110 million. *See Bridenstine v. Kaiser Francis*, Case No. 97, 117

(unpublished) August 22, 2003, *cert. denied*, June 26, 2006, Okla. Sup. Ct., Case No. DF-01569.

The quality of representation by counsel on *both* sides of this Litigation was high. Defendant is represented by skilled class action defense attorneys who spared no effort in the defense of their client. *See In re King Res. Co. Sec. Litig.*, 420 F. Supp. 610, 634 (D. Colo. 1976). Simply put, without the experience, skill and determination displayed by *all* counsel involved, the Settlement would not have been reached. *See* Joint Class Counsel Decl. at ¶53. These factors strongly support the Fee Request.

The fourth and seventh *Johnson* factors—the preclusion of other employment by Class Counsel and time limitations imposed by the client or circumstances—support the Fee Request. The Declarations prove that because the law firms comprising Class Counsel are relatively small, Class Counsel necessarily were precluded from working on other cases and pursuing otherwise available opportunities due to their dedication of time and effort to the prosecution of this Litigation. *See* Joint Class Counsel Decl. at ¶46. This case was filed over two years ago in May 2017, and has required the devotion of substantial time, manpower and resources from Class Counsel over that period. *See* Joint Class Counsel Decl. at ¶46. Class Counsel has spent substantial time and effort in negotiating and preparing the necessary paperwork related to the Settlement. *Id.* Numerous time limitations have been imposed on Class Counsel throughout the course of this Litigation. *Id.* A case of the size and complexity of this one deserves and requires the commitment of a significant percentage of the total time and resources of firms the size of those of Class Counsel. *Id.* Accordingly, these factors support the Fee Request.

The fifth and twelfth *Johnson* factors—the customary fee and awards in similar cases—further supports the Fee Request. Class Counsel and Ms. McClintock negotiated and agreed to prosecute this case based on a 40% contingent fee. *See* McClintock Decl. at ¶7; Joint Class Counsel

Decl. at ¶41. This fee represents the market rate and is in the range of the customary fee in oil and gas class actions in Oklahoma state courts. *See* Joint Class Counsel Decl. at ¶42; *Reirdon v. Cimarex Energy Co.*, No. 16-CV-113-KEW (E.D. Okla.) (Dkt. No. 63 at ¶51) (Gensler Decl.) (collecting cases); *see also, e.g., Fitzgerald Farms*, 2015 WL 5794008, at *3 (collecting Oklahoma cases to find in “the royalty underpayment class action context, the customary fee is a 40% contingency fee” and awarding 40% fee of \$119 million common fund). And, Class Counsel is seeking *less* than their agreement with Ms. McClintock allows.

Federal and state courts in Oklahoma, including this Court, have approved similar fee awards in similar cases. *See, e.g., Chieftain Royalty Co. v. Marathon Oil Co.*, No. CIV-17-334-SPS (E.D. Okla. Mar. 8, 2019) (Dkt. No. 120); *Reirdon v. Cimarex Energy Co.*, No. 16-cv-113-KEW (E.D. Okla. Dec. 18, 2018) (Dkt. No. 105); *Chieftain Royalty Co. v. XTO Energy Inc.*, No. CIV-11-29-KEW (E.D. Okla. Mar. 27, 2018) (Dkt. No. 231); *Reirdon v. XTO Energy Inc.*, No. 16-cv-00087-KEW (E.D. Okla. Jan. 29, 2018) (Dkt. No. 124). Moreover, the Western District of Oklahoma approved a 40% fee and a 39% fee in similar royalty underpayment class actions. *See Laredo Fee Order* (“Class Counsel’s request of forty percent (40%) of the \$6,651,997.95 Settlement Amount is within the acceptable range of attorneys’ fees approved by Oklahoma Courts as being fair and reasonable in contingent fee class action litigation . . .”); *QEP Fee Order* at *6 (awarding a fee of \$46.5 million, which represented approximately 39% of the cash portion of a \$155 million settlement). The typical fee award in similar royalty underpayment class actions in Oklahoma state court is 40%. *See* Joint Class Counsel Decl. at ¶42,44; *Reirdon v. Cimarex Energy Co.*, No. 16-CV-113-KEW (E.D. Okla.) (Dkt. No. 63 at ¶51) (Gensler Decl.) (collecting cases). Given the outstanding cash recovery, the fact that the Fee Request is in line with the typical fee award granted in similar cases supports its approval.

Moreover, a 1/3 fee is below the typical market rate for high quality legal services in royalty underpayment class actions like this. *See Laredo Fee Order* at 8 (“The market rate for Class Counsel’s legal services also informs the determination of a reasonable percentage to be awarded from the common fund as attorneys’ fees.”). This Court has held a contingency fee negotiated at arms’ length at the outset of the litigation “reflect[s] the value the Class Representatives placed on the future success of [the] [a]ction.” *CompSource Oklahoma*, 2012 U.S. Dist. LEXIS 185061, at *23; *see also Laredo Fee Order* at 8 (“Class Representative negotiated at arm’s-length and agreed to a forty percent (40%) contingency fee at the outset of this litigation, reflecting the value Class Representative placed on the future success of this Litigation.”). Here, Class Representative agreed Class Counsel would represent her on a contingency fee basis not to exceed 40%. *See McClintock Decl.* at ¶7. Class Counsel are seeking less than that agreed upon amount, requesting only 1/3. And, Ms. McClintock’s Declaration demonstrates her continued support of the fairness and reasonableness of the Fee Request. *Id.* at ¶14. This factor supports the Fee Request.

The sixth *Johnson* factor—the contingent nature of the fee—also supports the Fee Request. Class Counsel undertook this Litigation on a purely contingent fee basis (with the amount of any fee being subject to Court approval), assuming a substantial risk that the Litigation would yield no recovery and leave them uncompensated. *See Joint Class Counsel Decl.* at ¶41. Courts consistently recognize that the risk of receiving little or no recovery is a major factor in considering an award of attorneys’ fees, and as Professor Miller has aptly noted, “the risk of no recovery in complex cases of this type is very real and is heightened when plaintiffs’ counsel press to achieve the very best results for those they represent.” *Reirdon v. Cimarex Energy Co.*, No. 16-CV-113-KEW (E.D. Okla.) (Dkt. No. 64 at ¶55); *see also Joint Class Counsel Decl.* at ¶41. Class Counsel expended thousands of hours litigating several similar royalty underpayment actions where the courts denied

class certification and thus, Class Counsel received no remuneration whatsoever despite their diligence and expertise.¹⁰ Simply put, it would not have been economically prudent or feasible if Class Counsel were to pursue the case under any prospect that the Court would award a fee on the basis of normal hourly rates.

Further, Class Representative negotiated and agreed Class Counsel would represent her on a contingency fee basis, not to exceed 40%. *See* McClintock Decl. at ¶7; Joint Class Counsel Decl. at ¶41. This agreed-upon fee reflects the value of this Litigation as measured when the risks and uncertainties of litigation still lay ahead. *See CompSource*, 2012 U.S. Dist. LEXIS 185061, at *23-25; *Laredo* Fee Order at 8. If Class Counsel had not been successful, they would have received zero compensation (not to mention reimbursement for expenses). Joint Class Counsel Decl. at ¶¶41, 66. Accordingly, this factor strongly supports the Fee Request.

The tenth *Johnson* factor—the undesirability of the case—also supports the Fee Request. Compared to most civil litigation, this Litigation clearly fits the “undesirable” test. *See* Joint Class Counsel Decl. at ¶¶41, 66. Few law firms would be willing to risk investing the time, trouble and expenses necessary to prosecute this Litigation for multiple years. *Id.* ¶41. There was no doubt from the beginning that this lawsuit would be a lengthy undertaking. *Id.* The investment by Class Counsel of their time, money and effort, coupled with the attendant potential of no recovery and loss of all the time and expenses advanced by Class Counsel, rendered the case sufficiently undesirable so as to preclude most law firms from taking a case of this nature. And, this Litigation involved a number of uncertain legal and factual issues. *Id.* at ¶49. For example, in another complex royalty class action, one Oklahoma state court explained:

¹⁰ *See, e.g., Foster v. Apache*, 285 F.R.D. 632 (W.D. Okla. 2012); *Foster v. Merit Energy Co.*, 282 F.R.D. 541 (W.D. Okla. 2012); *Morrison v. Anadarko Petroleum Co.*, 280 F.R.D. 621 (W.D. Okla. 2012); *Tucker v. BP Am. Prod. Co.*, 278 F.R.D. 646 (W.D. Okla. 2011).

Few law firms are willing to litigate cases requiring review of tens of thousands of pages of detailed contracts and accounting records, advance payment of hundreds of thousands of dollars in consultants and expert witness fees, and investment of substantial time, effort, and other expenses throughout an unknown number of years to prosecute a case with high risk, both at the trial and appellate levels.

Fitzgerald Farms, 2015 WL 5794008, at *8. The same principle holds true here. Class Counsel reviewed large amounts of electronically produced data, organizational documents, well data, and historical proceeds payments for Oklahoma owners. Joint Class Counsel Decl. at ¶10. Class Counsel and Plaintiff's Counsel also advanced \$14,608.58 in litigation expenses to date. *See* Decl. of Brad Beckworth on Behalf of Nix Patterson, LLP at ¶33; Decl. of Patrick Ryan on Behalf of Ryan Whaley Coldiron Jantzen Peters & Webber at ¶16 (attached as Exhibits 1 and 2 to Class Representative's Motion for Attorney's Fees). And, Class Counsel expended substantial hours of time over the length of this action. Joint Class Counsel Decl. at ¶46. This factor also supports the Fee Request.

The eleventh *Johnson* factor—the nature and length of the professional relationship with the client—also supports the Fee Request. Ms. McClintock is an educated royalty owner with extensive experience dealing with royalty interests. *See* McClintock Decl. at ¶¶4-5. She was and remains very active in this litigation. *Id.* at ¶¶8-11. Further, Class Counsel has represented Ms. McClintock in other litigation. *See* Joint Class Counsel Decl. at ¶69. Ms. McClintock negotiated a 40% fee when she agreed to be class representative in this litigation. *See* McClintock Decl. at ¶7; Joint Class Counsel Decl. at ¶41. She also supports the Fee Request. McClintock Decl. at ¶¶16-17. Accordingly, this factor supports Class Counsel's fee request.

In summary, analysis of the *Johnson* factors under federal common law strongly demonstrates that the Fee Request should be approved.

Moreover, while not required, Plaintiff's Counsel collectively spent over 719 hours of attorney and paraprofessional time to date prosecuting this Litigation behalf of the Settlement Class. *See generally* Declarations of Bradley Beckworth; Patrick M. Ryan; Robert N. Barnes, Patranell Britten Lewis, and Emily Nash Kitch; Michael Burrage, and Lawrence Murphy, attached hereto. The resulting lodestar is \$472,842.50. *Id.* The requested fee is \$300,000.00. Thus, the requested fee represents only 63.4% of counsel's actual time, resulting in a negative (or fractional) multiplier. *See, e.g., In re Veeco Instruments Sec. Litig.*, No. 05 MDL 01695 (CM), 2007 U.S. Dist. LEXIS 85554, at **31-32 (S.D.N.Y. Nov. 7, 2007) ("Not only is Plaintiffs' Counsel not receiving a premium on their lodestar to compensate them for the contingent risk factor, their fee request amounts to a deep discount from their lodestar."). Moreover, Plaintiff's Counsel anticipates spending at least another 147.5 hours to this case through Final Approval and distribution, for a total combined lodestar (including past and anticipated future hours) of \$563,530.00.

IV. CONCLUSION

For the foregoing reasons, Class Counsel respectfully request the Court enter an order granting approval of the Fee Request of \$300,000.00.

DATED: January 15, 2020.

Respectfully submitted,

/s/ Bradley E. Beckworth

Bradley E. Beckworth, OBA No. 19982

Andrew G. Pate, TX Bar No. 24079111

NIX PATTERSON, LLP

3600 N. Capital of Texas Hwy.

Building B, Suite 350

Austin, TX 78746

(512) 328-5333 telephone

(512) 328-5335 facsimile

bbeckworth@nixlaw.com

dpate@nixlaw.com

Susan Whatley, OBA No. 30960
NIX PATTERSON, LLP
P.O. Box 178
Linden, Texas 75563
(903) 215-8310 telephone
swhatley@nixlaw.com

Patrick M. Ryan, OBA No. 7864
Phillip G. Whaley, OBA No. 13371
Jason A. Ryan, OBA No. 18824
Paula M. Jantzen, OBA No. 20464
RYAN WHALEY COLDIRON
JANTZEN PETERS & WEBBER PLLC
400 North Walnut Avenue
Oklahoma City, OK 73140
(405) 239-6040 telephone
(405) 239-6766 facsimile
pryan@ryanwhaley.com
pwhaley@ryanwhaley.com
jryan@ryanwhaley.com
pjantzen@ryanwhaley.com

Michael Burrage, OBA No. 1350
WHITTEN BURRAGE
512 N. Broadway Ave., Suite 300
Oklahoma City, OK 73103
(405) 516-7800 telephone
(405) 516-7859 facsimile
mburrage@whittenburragelaw.com

Robert N. Barnes, OBA No. 537
Patranell Lewis, OBA No. 12279
Emily Nash Kitch, OBA No. 22244
BARNES & LEWIS, LLP
208 N.W. 60th Street
Oklahoma City, OK 73118
(405) 843-0363 telephone
(405) 843-0790 facsimile
rbarnes@barneslewis.com
plewis@barneslewis.com
ekitch@barneslewis.com

Lawrence R. Murphy, Jr., OBA No. 17681
SMOLEN LAW
611 S. Detroit Ave.
Tulsa, OK 74120
larry@smolen.law

CLASS COUNSEL

CERTIFICATE OF SERVICE

I hereby certify that I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system, which will send email notification of such filing to all registered parties.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

DATED: January 15, 2020.

/s/ Bradley E. Beckworth

Bradley E. Beckworth

EXHIBIT 1

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF OKLAHOMA

PAULA PARKS MCCLINTOCK,)	
)	
Plaintiff,)	
)	
vs.)	CASE NO. 6:17-cv-00259-JHP
)	
CONTINUUM PRODUCER SERVICES,)	
LLC,)	
)	
Defendant.)	

ORAL DEPOSITION OF
DAVID HOUSE
OCTOBER 4, 2018

ORAL DEPOSITION OF DAVID HOUSE, produced as a witness at the instance of the Plaintiff, and duly sworn/affirmed, was taken in the above-styled and numbered cause on the 4th day of October, 2018, from 9:03 a.m. to 10:01 a.m. before Rosie Standridge, CSR in and for the State of Oklahoma and the State of Texas, reported by machine shorthand, at the offices of Crowe & Dunlevy, 500 Kennedy Building, 321 South Boston Avenue, Tulsa, Oklahoma, pursuant to the Federal Rules of Civil Procedure.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

FOR THE PLAINTIFF:

Mr. Andrew G. Pate
NIX, PATTERSON & ROACH, LLP
3600 N. Capital of Texas Highway
Building B, Suite 350
Austin, Texas 78746
512.328.5333
dpate@nixlaw.com

FOR THE DEFENDANT:

Mr. Michael J. Gibbens
CROWE & DUNLEVY
500 Kennedy Building
321 South Boston Avenue
Tulsa, Oklahoma 74103
918.592.9840
mike.gibbens@crowedunlevy.com

ALSO PRESENT:

Mr. Alex Goldberg

1	INDEX	
2	Appearances.....	2
3	DAVID HOUSE	
4	Examination by Mr. Pate.....	4
5	Changes and Signature.....	26
6	Reporter's Certificate.....	27

7	EXHIBITS		
8	NO.	DESCRIPTION	PAGE
9	Exhibit 1.....		5
10		Deposition Notice	
11	Exhibit 2.....		6
12		Purchase and Sale Agreement [CPS000001-38]	

13	REQUESTED DOCUMENTS/INFORMATION		
14	NO.	DESCRIPTION	PAGE
15	1	All Exhibits and Attachments Re: Schedule 1.1(d)	22
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

1 (Deposition commenced at 9:04 a.m.)

2 DAVID HOUSE,
3 having been first duly sworn/affirmed testified as
4 follows:

5 EXAMINATION

6 BY MR. PATE:

7 Q. Good morning.

8 A. Good morning.

9 Q. Can you please state your name?

10 A. David House, H-O-U-S-E.

11 Q. Mr. House, where do you work?

12 A. Continuum.

13 Q. What's your job title with Continuum?

14 A. President.

15 Q. How long have you been president of Continuum?

16 A. Approximately two and a half years.

17 Q. How many years have you been with the company
18 total would you say?

19 A. The same, two and a half years.

20 Q. Are you the -- I assume as the president,
21 you're the highest ranking officer at Continuum?

22 A. Yes, sir.

23 Q. I'm going to hand you what we'll mark as
24 Exhibit 1, which is a copy of the notice of the
25 deposition for today. Have you ever seen that document

1 before?

2 (Exhibit 1 marked)

3 A. Yes, sir, I have.

4 Q. You're here today to testify on the five
5 deposition topics that are listed on page 1 of Exhibit 1,
6 correct?

7 A. That's my understanding.

8 Q. Are you prepared to testify on those topics
9 today?

10 A. Yes, sir.

11 Q. Did you do anything to prepare for the
12 deposition today?

13 A. I reviewed the deposition request and the
14 purchase and sale agreement between Continuum Producer
15 Services and BlueMark.

16 Q. Anything else?

17 A. I reviewed the 6/30 financial statements.

18 Q. Anything else?

19 A. Well, I visited with my general counsel.

20 Q. Is that Mr. Golberg?

21 A. Yes.

22 Q. And with your outside counsel, Mr. Gibbens?

23 A. Yes.

24 Q. You mentioned the purchase and sale agreement
25 you reviewed, so let's go -- I'll just go ahead and mark

1 A. I don't recall specifically.

2 Q. One of the things that you're here to testify
3 about today is the current financial condition of
4 Continuum, correct?

5 A. Yes, sir.

6 Q. How would you describe Continuum's current
7 financial condition?

8 A. Well, there's no ongoing business as far as all
9 of the business of the company's been sold. The balance
10 sheet has a couple of assets on it and essentially no
11 liabilities.

12 Q. There's no liabilities remaining for Continuum?

13 A. Essentially none. Maybe some de minimis.

14 Q. You said all of the business had been sold.
15 Was all of the business sold to BlueMark Energy as part
16 of this purchase and sale agreement?

17 A. Yes.

18 Q. There were no ancillary sales or other
19 transactions with different companies?

20 A. Not that I recall.

21 Q. What are the assets of Continuum that remain on
22 its balance sheet?

23 A. Cash and a deposit at the Oklahoma Tax
24 Commission.

25 Q. Do you know how much cash Continuum still has

1 on its balance sheet?

2 A. At June 30th, if I recall, it was approximately
3 \$1,275,000.

4 Q. And what about the value of the deposit that
5 you mentioned?

6 A. I believe the deposit is \$585,000,
7 approximately.

8 Q. When you say a deposit at the tax commission,
9 what does that mean?

10 A. The Oklahoma Tax Commission requires companies
11 that remit severance tax to keep an amount on deposit, in
12 essence, to serve as a bond in case someone doesn't pay
13 their severance taxes.

14 Q. And at some point, is Continuum going to get
15 that money back?

16 A. Yes. We should get it back at some point in
17 time.

18 Q. When?

19 A. I'm sorry. What did you say?

20 Q. When?

21 A. When? Usually, it takes between 18 and 24
22 months.

23 Q. Are there any other assets that Continuum still
24 has that haven't been sold?

25 A. No, sir.

1 Q. Does it have a building?

2 A. No, sir.

3 Q. There's no physical assets, office furniture,
4 things like that?

5 A. No, sir.

6 Q. What about any oil and gas purchase contracts
7 or interests?

8 A. No, sir.

9 Q. No working interests?

10 A. No, sir.

11 Q. So you said that there are essentially no
12 liabilities remaining on Continuum's balance sheet; is
13 that right?

14 A. Yes, sir.

15 Q. It doesn't have any remaining debts to pay off?

16 A. No, sir.

17 Q. What about this lawsuit? Is this considered a
18 liability of Continuum's?

19 A. It's not on the balance sheet as such.

20 Q. But is it -- as part of the purchase and sale
21 agreement between Continuum and BlueMark, this case
22 remains a liability of Continuum's?

23 A. I'm sorry. I'm getting -- my wires aren't
24 working too good. Could you speak up, please?

25 Q. Sure. I'll try to speak up a little bit. I

1 know sometimes I can talk low, so --

2 A. Sorry.

3 Q. No, it's all right.

4 I'm just trying to understand who's liable
5 for this -- this lawsuit. So if it's a liability that
6 remains with Continuum or if that was part of the -- any
7 part of the purchase and sale agreement.

8 MR. GIBBENS: And I'm going to object to
9 the form of the question because it assumes that this
10 lawsuit is a liability.

11 Q. (By Mr. Pate) You can still answer.

12 A. The only -- the transaction with BlueMark was
13 for the contracts that we sold them. And that was all we
14 sold to them were the contracts.

15 Q. Maybe I can ask it this way. Did -- did
16 BlueMark assume any liability for the claims that are
17 alleged in this lawsuit?

18 A. No, sir.

19 Q. According to the purchase and sale agreement,
20 that liability remains with Continuum?

21 MR. GIBBENS: Same objection.

22 Q. (By Mr. Pate) Where any liability for the
23 claims in this case would remain?

24 A. Yes, sir.

25 Q. Okay. Maybe I can ask it this way. Let's say

1 tomorrow there was a judgment -- this is just
2 hypothetical. Let's say tomorrow there was a judgment in
3 this case for \$10 million. Are you with me?

4 A. Yes, sir.

5 Q. All right. Who would pay that?

6 MR. GIBBENS: Object to the form.

7 A. Continuum Producer Services would pay it to the
8 extent they had the money.

9 Q. (By Mr. Pate) And where would the money to pay
10 that judgment come from?

11 A. From Continuum Producer Services.

12 Q. From the cash --

13 A. Yes.

14 Q. -- that you mentioned? And anything from the
15 deposit that Continuum got back?

16 A. If we had it back, I assume it would. But
17 tomorrow, it wouldn't be back.

18 Q. What about an insurance policy? Does Continuum
19 have an insurance policy?

20 A. We have insurance policies.

21 Q. Does the insurance cover this case?

22 A. No.

23 Q. Has Continuum inquired about that?

24 A. Yes.

25 Q. And were you denied coverage?

1 exist, so it hasn't been closed down yet.

2 Q. But is the plan to close it down eventually?

3 A. I don't know that that plan has been set yet.

4 Q. Is Continuum Energy the sole owner of Continuum
5 Producer Services?

6 A. The sole owner of Continuum Producer Services
7 is Continuum Energy Services.

8 Q. Does Continuum Producer have any existing lines
9 of credit?

10 A. No, sir.

11 Q. Other than your counsel in this lawsuit, is
12 there anything that the -- that the cash at Continuum
13 Producer Services is being used for currently?

14 MR. GIBBENS: Continuum Producer Services?
15 Is that what you said?

16 MR. PATE: Yes.

17 A. I think we still have an office space we're
18 paying rent on in Edmond.

19 Q. (By Mr. Pate) Anything else that that cash is
20 currently being used for?

21 A. No, sir.

22 Q. Are there any employees still on the payroll?

23 A. No, sir.

24 Q. Are you no longer being paid by Continuum
25 Producer Services?

1 Q. Does Continuum -- I apologize if I asked you
2 this already. But does Continuum have any actual oil or
3 gas production that it still owns?

4 A. No, sir.

5 Q. Would Continuum Energy Services provide any
6 funding if this case -- if there was a judgment in this
7 case?

8 A. No, sir.

9 Q. All right. The purchase price that's listed in
10 Exhibit 2, which is on page 11, is 1,850,000; is that
11 right?

12 A. Yes.

13 Q. And there's an additional amount of \$566,008;
14 is that right?

15 A. That was an offset against the million 850.

16 Q. Okay. Where did that money go?

17 A. That was an assumed liability that BlueMark
18 assumed as part of the transaction.

19 Q. The 566?

20 A. Yes, sir.

21 Q. What was the assumed liability?

22 A. It was a -- money that was -- is to be paid out
23 for production bought.

24 Q. And the remainder, the one million -- which I
25 think is the 1.283 and some change?

1 might not be any that actually exist?

2 A. Correct.

3 Q. Do you have a full copy of this with all of the
4 exhibits and attachments?

5 A. I'm sure that we do somewhere. I don't have it
6 in my possession.

7 MR. PATE: Mike, could we get a copy of
8 that?

9 MR. GIBBENS: I'll check with the company
10 and see if we can provide you one.

11 MR. PATE: Thank you.

12 Q. (By Mr. Pate) There is -- on the next page,
13 page 9 of Exhibit 2, there's a reference to all equity or
14 ownership interests in any other person. Do you see
15 that?

16 A. Yes, sir.

17 Q. Does CPS have any equity or ownership interests
18 in any other person?

19 A. Not that I'm aware of. No, sir, we don't.

20 Q. Page 10, it starts describing the excluded
21 liabilities. These are liabilities retained by Continuum
22 Producer Services; is that right?

23 A. Yes, sir.

24 Q. Part (g) of excluded liabilities refers to any
25 pending or threatened proceeding as shown on Schedule

1 3.10, and some additional language. Do you see that?

2 A. Yes, sir.

3 Q. Do you know if -- if this case was considered a
4 pending or a threatened proceeding?

5 A. Again, I don't recall what was on Schedule
6 3.10.

7 Q. Do you know if there were any other pending or
8 threatened proceedings that would have been included on
9 this list other than possibly this case?

10 A. I'm not aware of any.

11 Q. You're not aware of any other cases currently
12 pending against Continuum Producer?

13 A. Correct.

14 Q. You're not aware of any other cases that have
15 been currently threatened against Continuum Producer
16 Services?

17 A. I'm not aware of any, no, sir.

18 MR. PATE: Take a quick break.

19 MR. GIBBENS: Sure.

20 (Recess 9:40 a.m. to 9:59 a.m.)

21 Q. (By Mr. Pate) Mr. House, are you ready to
22 proceed?

23 A. Yes, sir.

24 Q. Okay. I understand during the break, you had
25 an opportunity to confer with your counsel. Were you

1 able to learn whether or not this lawsuit, the McClintock
2 v. Continuum case, is listed on Schedule 3.10 of the
3 purchase and sale agreement?

4 A. Yes, sir, I did, and it is.

5 Q. And your understanding is that there are no
6 other cases listed on Schedule 3.10, correct?

7 A. That is correct.

8 Q. All right. In your -- in your opinion, could
9 Continuum Producer pay a \$10 million judgment if a
10 \$10 million judgment was ordered in this case?

11 A. No, sir.

12 Q. Would it be able to pay a \$5 million judgment?

13 A. No, sir.

14 Q. Would it be able to pay a \$3 million judgment?

15 A. No, sir.

16 Q. The only assets that you're aware of that are
17 available potentially for Continuum to pay any judgment
18 is the cash and the tax -- maybe the tax deposit that you
19 mentioned earlier; is that correct?

20 A. That is correct.

21 Q. Okay. So then would the total amount of those
22 two assets be the maximum amount that Continuum Producer
23 could pay on a judgment in this case?

24 A. Yes, sir.

25 MR. PATE: All right. Pass the witness.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CHANGES AND SIGNATURE

PAGE LINE

CHANGE

REASON

1 I, DAVID HOUSE, have read the foregoing deposition
2 and hereby affix my signature that same is true and
3 correct, except as noted above.

4

5

6

DAVID HOUSE

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF OKLAHOMA

PAULA PARKS MCCLINTOCK,)
)
Plaintiff,)
)
vs.) CASE NO. 6:17-cv-00259-JHP
)
CONTINUUM PRODUCER SERVICES,)
LLC,)
)
Defendant.)

REPORTER'S CERTIFICATION
ORAL DEPOSITION OF
DAVID HOUSE
OCTOBER 4, 2018

I, ROSIE STANDRIDGE, Certified Shorthand Reporter in
and for the State of Texas and the State of Oklahoma,
hereby certify to the following:

That the witness, DAVID HOUSE, was duly
sworn/affirmed by the officer and that the transcript of
the oral deposition is a true record of the testimony
given by the witness;

I further certify that pursuant to FRCP Rule
30(e)(1) that the signature of the deponent:

X was requested by the deponent or a party
before the completion of the deposition and returned
within 30 days from date of receipt of the transcript.

If returned, the attached Changes and Signature page
contain any changes and the reasons therefor;

1 _____ was not requested by the deponent or a party
2 before the completion of the deposition.

3 I further certify that I am neither attorney nor
4 counsel for, related to, nor employed by any of the
5 parties to the action in which this testimony is taken.

6 Further, I am not a relative or employee of any
7 attorney of record in this case, nor do I have a
8 financial interest in the action.

9 Subscribed and sworn to on this the 12th day of
10 October, 2018.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

ROSIE STANDRIDGE, Texas CSR 6019
Oklahoma CSR 1848
Expiration Date: 12/31/19
LEXITAS - Firm Registration No. 459
6500 Greenville Avenue
Suite 445
Dallas, Texas 75206
214-373-4977

Subject: Activity in Case 6:17-cv-00259-JAG McClintock v. Continuum Producer Services, L.L.C. Brief in Support of Motion

Date: Wednesday, January 15, 2020 at 4:22:11 PM Central Standard Time

From: CM-ECFRetMail_OKED@oked.uscourts.gov

To: CM-ECFLive_OKED@oked.uscourts.gov

This is an automatic e-mail message generated by the CM/ECF system. Please DO NOT RESPOND to this e-mail because the mail box is unattended.

*****NOTE TO PUBLIC ACCESS USERS***** Judicial Conference of the United States policy permits attorneys of record and parties in a case (including pro se litigants) to receive one free electronic copy of all documents filed electronically, if receipt is required by law or directed by the filer. PACER access fees apply to all other users. To avoid later charges, download a copy of each document during this first viewing. However, if the referenced document is a transcript, the free copy and 30 page limit do not apply.

U.S. District Court

Eastern District of Oklahoma

Notice of Electronic Filing

The following transaction was entered by Beckworth, Bradley on 1/15/2020 at 4:22 PM CST and filed on 1/15/2020

Case Name: McClintock v. Continuum Producer Services, L.L.C.

Case Number: [6:17-cv-00259-JAG](#)

Filer: Paula Parks McClintock

Document Number: [48](#)

Docket Text:

BRIEF in Support of Motion (Re: [47] MOTION for Attorney Fees Class Counsel's Motion for Approval of Attorneys' Fees) by Paula Parks McClintock ; (With attachments)(Beckworth, Bradley)

6:17-cv-00259-JAG Notice has been electronically mailed to:

Andrew G. Pate dpate@nixlaw.com, ncameron@nixlaw.com

Bradley E. Beckworth bbeckworth@nixlaw.com, codyhill@nixlaw.com, sprince@nixlaw.com, swhatley@nixlaw.com

Jason A. Ryan jryan@ryanwhaley.com, jmickle@ryanwhaley.com

L. Mark Walker mark.walker@crowedunlevy.com, dresden.mcdonald@crowedunlevy.com, ecf@crowedunlevy.com, elizabeth.minyard@crowedunlevy.com

Lawrence R. Murphy, Jr larry@smolen.law

Michael Burrage mburrage@whittenburragelaw.com, cnorman@whittenburragelaw.com, docketing@whittenburragelaw.com, mbuchanan@whittenburragelaw.com

Michael J. Gibbens mike.gibbens@crowedunlevy.com, ecft@crowedunlevy.com, wynn.rist@crowedunlevy.com

Patranell Lewis plewis@barneslewis.com, abarnes@barneslewis.com, lbeebe@barneslewis.com, lrosales@barneslewis.com

Patrick M. Ryan pryan@ryanwhaley.com, dmaple@ryanwhaley.com, jmickle@ryanwhaley.com

Paula M. Jantzen pjantzen@ryanwhaley.com, jmickle@ryanwhaley.com, mkeplinger@ryanwhaley.com

Phillip G. Whaley pwhaley@ryanwhaley.com, dmaple@ryanwhaley.com, jmickle@ryanwhaley.com

Robert N. Barnes rbarnes@barneslewis.com, aoldenburg@barneslewis.com, ekitch@barneslewis.com, lbeebe@barneslewis.com

Susan E. Huntsman susan.huntsman@crowedunlevy.com, ecft@crowedunlevy.com, jackie.shubitowski@crowedunlevy.com, wynn.rist@crowedunlevy.com

Susan R. Whatley swhatley@nixlaw.com

6:17-cv-00259-JAG Notice has been delivered by other means to:

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1108664770 [Date=1/15/2020] [FileNumber=1086549-0] [00533e8398d31683fbadcd6b4561ee39c6b0b63b89be58d712aa65d33cd8df17173c2734bdcd8028d22f7ad577649221a70fc531a57ae09ca949f0537fbc90b8]]

Document description:Exhibit 1 - David House Deposition Excerpts

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1108664770 [Date=1/15/2020] [FileNumber=1086549-1] [7f65d200f34f6c7b35acf723fe7152417d8fcaefe05c2613d3093255d94e2ed701e1eb599bf7a10c24d63dd6ed63eca7ddbc42738386ecd4dec73a4803469138]]