

## Examples of Payment Calculations

### Flat Rate Subclass.

Flat Rate Subclass Members are eligible to receive a Settlement Payment based upon their share of an amount equal to 50% of the difference between a royalty based upon one-eighth of the DTI Monthly Index Price for monthly volumes and the actual monthly royalty payment during the period of June 1999 through May 2006, plus 9% simple annual interest, and less Court-approved Fee Awards (see [Question 31](#) in the Settlement Notice). The Settlement Payment due each Flat Rate Subclass Member is calculated first by determining the Aggregate Monthly Difference for each Flat Rate Well on their lease and then determining the Net Owner's Total, as outlined below:

### Step1: Calculating the Aggregate Monthly Difference for a Flat Rate Well.

First, calculate the Monthly Difference for the Flat Rate Well for each month of the Calculation Period:

- A.  $1/8 \times (\text{DTI Monthly Index Price} \times \text{Monthly Volume})$
- B. Subtotal from A - Monthly Flat Rate Royalty Paid
- C. Subtotal from B  $\times 0.0075 \times \text{Interest Months}$
- D. Subtotal from B + Subtotal from C

Second, calculate the Aggregate Monthly Difference for the Flat Rate Well:

- A. Monthly Difference for Month 1 + Monthly Difference for Month 2 + ...  
Monthly Difference for Final Month of Calculation Period

Calculation Example for Aggregate Monthly Difference for Flat Rate Well: If the production for Well #1 for June 1999 was 100 Dt, the DTI Monthly Index Price was

\$5.00/Dt, and Dominion paid a flat rate royalty of \$25.00, the Monthly Difference for Well #1 for June 1999 is \$61.13, as follows:

- A. Calculate Monthly Flat Rate Index Amount =  $1/8 \times (\$5.00 \times 100 \text{ Dt}) = \$62.50$
- B. Calculate difference of Monthly Flat Rate Index Amount less Monthly Flat Rate Royalty Paid =  $\$62.50 - \$25.00 = \$37.50$
- C. Calculate 9% simple annual interest =  $\$37.50 \times 0.0075 \times 84 \text{ months} = \$23.63$
- D. Calculate Monthly Difference =  $\$37.50 + \$23.63 = \$61.13$

The Aggregate Monthly Difference for Well #1 is the sum of the Monthly Differences for each month of the Calculation Period.

Step 2: Calculating the Settlement Payment (or Net Owner's Total) for a Flat Rate Well.

First, calculate the Gross Owner's Total for the Flat Rate Well:

- A. Aggregate Monthly Difference for Well x Settlement Percentage x Monthly Percentage x Division of Royalty Interest

Second, calculate the Settlement Payment (or Net Owner's Total) for the Flat Rate Well:

- A. Gross Owner's Total less Fee Award (see [Question 31](#) in the Settlement Notice).

Calculation Example for Settlement Payment for Flat Rate Well: If the Aggregate Monthly Difference for Well #1 is \$5,000.00 and Owner A is the sole royalty owner for the entire Compensation Period, the Settlement Payment due to Owner A is \$2,500.00, less the Fee Award (see [Question 31](#) in the Settlement Notice), as follows:

- A. Calculate the Gross Owner's Total =  $\$5,000.00 \times .50 \times 1 \times 1 = \$2,500.00$
- B. Calculate Settlement Payment (Net Owner's Total) =  $\$2,500.00$  less Fee Award (see [Question 31](#) in the Settlement Notice)

One-Eighth Subclass.

One-Eighth Subclass Members who currently own a One-Eighth Lease and who agree to a Lease Modification, are eligible to receive a Settlement Payment based upon their share of an amount equal to 155% of the difference between a royalty based upon one-eighth of the DTI Monthly Index Price and the rate on which royalties were paid for monthly volumes during the period of June 1996 through May 2006, plus 9% simple annual interest, and less Court-approved Fee Awards (see [Question 31](#) in the Settlement Notice). One-Eighth Subclass Members who owned a One-Eighth Lease and those who currently own a One-Eighth Lease but who do not elect the Lease Modification are eligible to receive a Settlement Payment based upon their share of an amount equal to 120% of the difference between a royalty based upon one-eighth of the DTI Monthly Index Price and the rate on which royalties were paid for monthly volumes during the period of June 1996 through May 2006, plus 9% simple annual interest, and less Court-approved Fee Awards (see [Question 31](#) in the Settlement Notice). The Settlement Payment due One-eighth Subclass Members is calculated first by determining the Aggregate Monthly Difference for a well and then determining the Net Owner's Total, as outlined below:

Step 1: Calculating the Aggregate Monthly Difference for a One-Eighth Well.

First, calculate the Monthly Difference for the One-Eighth Well for each month of the Calculation Period:

- A.  $1/8 \times [(DTI \text{ Monthly Index Price} - \text{Monthly Royalty Rate}) \times \text{Monthly Volume}]$
- B. Subtotal from A  $\times 0.0075 \times \text{Interest Months}$
- C. Subtotal from A + Subtotal from B

Second, calculate the Aggregate Monthly Difference for the One-Eighth Well:

- A. Monthly Difference for Month 1 + Monthly Difference for Month 2 + ...  
Monthly Difference for Final Month of Calculation Period

Calculation Example for Aggregate Monthly Difference for One-Eighth Well: If

Dominion used a royalty rate of \$4.50/Dt for a royalty volume of 100 Dt for Well #2 during June 1996 and the DTI Monthly Index Price was \$5.00/Dt, the Monthly Difference for June 1996 is \$11.88, as follows:

- A. Calculate difference between DTI index and rate paid =  $1/8 \times [(\$5.00/Dt - \$4.50/Dt) \times 100 Dt] = \$6.25$
- B. Calculate 9% simple annual interest =  $\$6.25 \times 0.0075 \times 120 = \$5.63$
- C. Calculate Monthly Difference =  $\$6.25 + \$5.63 = \$11.88$

The Aggregate Monthly Difference for Well #2 is the total of the Monthly Differences for June 1996 through May 2006.

Step 2: Calculating the Settlement Payment (or Net Owner's Total) for a One-Eighth Well.

First, calculate the Gross Owner's Total for the One-Eighth Well:

- A. Aggregate Monthly Difference for Well x Settlement Percentage x Monthly Percentage x Division of Royalty Interest

Second, calculate the Settlement Payment (or Net Owner's Total) for the One-Eighth Well:

- A. Gross Owner's Total less Fee Award (see [Question 31](#) in the Settlement Notice)

Calculation Example for Settlement Payment for One-Eighth Well: If the

Aggregate Monthly Difference for Well #2 is \$5,000.00, and Owner B owned the entire royalty for the entire Compensation Period and selected Settlement Option A, the Settlement Payment due to Owner B is \$7,750.00, less the Fee Award (see [Question 31](#) in the Settlement Notice), as follows:

- A. Calculate Gross Owner's Total =  $\$5,000.00 \times 1.55 \times 1 \times 1 = \$7,750.00$
- B. Calculate Settlement Payment (Net Owner's Total) =  $\$7,750.00$  less Fee Award (see [Question 31](#) in the Settlement Notice)