

IN THE COURT OF COMMON PLEAS OF MERCER COUNTY, PENNSYLVANIA

VODENICHAR, *et al.*,

Plaintiffs,

v.

HALCÓN ENERGY PROPERTIES, INC.,
MORASCYZK & POLOCHAK, AND
CO-EXPRIZE, INC.

Defendants.

Case No. 2013-512

NOTICE OF CLASS ACTION SETTLEMENT

**THE COURT OF COMMON PLEAS HAS ORDERED THIS NOTICE TO BE MAILED TO YOU.
PLEASE READ IT CAREFULLY. YOUR LEGAL RIGHTS MAY BE AFFECTED.**

THIS NOTICE RELATES TO LITIGATION BETWEEN PLAINTIFF CLASS MEMBERS AND DEFENDANTS MORASCYZK & POLOCHAK AND CO-EXPRIZE, INC. YOU MAY HAVE PREVIOUSLY RECEIVED NOTICE ABOUT THE SETTLEMENT BETWEEN PLAINTIFFS AND HALCÓN

SUMMARY

Jeffrey S. Vodenichar and six other plaintiffs filed this lawsuit in 2013 on behalf of themselves and a class of persons who in 2012 signed oil and gas leases for property in Mercer County naming Halcón Energy Properties, Inc. (“Halcón”) as the lessee but Halcón did not counter-sign or pay the persons. You should have previously received notice about a \$5.95 million settlement between the plaintiff Class and Halcón. A copy of that Notice is also posted on the Settlement Website www.HalconMercerSettlement.com.

This Notice is to inform you about a proposed Settlement between Plaintiffs and the remaining Defendants Morascyzk & Polochak (“M&P”) and Co-eXprise, Inc. (“CX-Energy”).

When you signed a Landowner MarketPlace Agreement (“LMA”) and became a member of the landowner group, you agreed to pay CX-Energy and M&P “Transaction Fees,” generally 6% to 8% of the bonus payment Halcón was to pay you. M&P and CX-Energy have asserted claims in this litigation against Plaintiffs, the class and Halcón seeking Transaction Fees, to be calculated as a percentage of the \$5,950,000 Settlement that Plaintiffs reached with Halcón (“Transaction Fee Claims”). Plaintiffs asserted defenses to the Transaction Fee Claims and all other claims of M&P and CX-Energy. On August 3, 2016, however, the Court ordered that 8% of the \$5,950,000 Settlement funds (\$476,000) be held back and not distributed to Class Members pending the completion of litigation between Class Members and M&P and CX-Energy. Plaintiffs, M&P and CX-Energy have reached a compromise whereby M&P and CX-Energy will receive only \$150,000 (\$75,000 each), or 2.5% instead of the 6% to 8% they claimed they were owed. This will provide an additional \$326,000 to be distributed to Class Members. The payment will resolve all claims between Class Members, M&P and CX-Energy. In addition, M&P and CX Energy continue to litigate their claims with Halcón. If either M&P or CX-Energy recovers more than \$1.5 million from Halcón, then M&P, CX-Energy or both (if each recovers that amount) will be required to pay back their \$75,000, which would then be distributed to the Class.

Your legal rights are affected whether you act or don't act. Please read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
DO NOTHING AND STAY IN THE CLASS:	If you do nothing you will be part of the Class and receive a release from M&P and CX-Energy. They will not be able to sue you for Transactions Fees if you stay in the Settlement Class
TO OBJECT TO THE SETTLEMENT:	You must follow the steps in Questions 13 and 14 on pages 6 and 7 so that your written statement is received by December 7, 2016. You will still be a Member of the Class.
TO EXCLUDE YOURSELF FROM THE SETTLEMENT.	You must follow the steps in Question 8 on page 5 so that your written request is postmarked or received by December 7, 2016. If you exclude yourself you will be able to separately sue M&P and CX-Energy for damages they may have caused you but you will not receive a release from them and they could sue you individually for the full Transaction Fee under your LMA and possibly for other costs and expenses.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The Court still has to decide whether to enter final judgment approving this Settlement with M&P and CX-Energy.

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BASIC INFORMATION

1. Why is there a notice?

You, someone in your family, or your organization owns land in Mercer County, PA and may have signed an oil and gas lease naming Halcón as the lessee and were not paid. The Court directed that this Settlement Notice be sent to Class Members because you have a right to know about the Settlement and your options before the Court decides whether to give final approval to this Settlement with M&P and CX-Energy.

2. What is the lawsuit about?

The case is called *Jeffrey Vodenichar et al. v. Halcón Energy Properties, Inc., Morascyzk & Polochak, and Co-eXprise, Inc., d/b/a CX-Energy*, Case No. 2013-512 in the Court of Common Pleas for Mercer County, PA. The people who sued are called plaintiffs and the companies they sued are called defendants. Judge Daniel P. Wallace is overseeing the case.

The lawsuit against M&P and CX-Energy claims that M&P and CX-Energy breached their duties to Class Members under Landowner Marketplace Agreements. M&P and CX-Energy deny and dispute plaintiffs' claims and have asserted counterclaims against the Class for Transaction Fees they claim Class Members owe them under the Landowner Marketplace Agreements that Class Members signed with them, and CX-Energy seeks indemnification for costs and expenses of litigation. The Court has not decided whether plaintiffs or M&P or CX-Energy are right. Plaintiffs and M&P and CX-Energy have agreed to resolve their claims by settlement to avoid the time, expense and uncertainty associated with continued litigation.

On October 28, 2016, the Court entered a Preliminary Approval Order, which preliminarily approved the Settlement and certified the Class against M&P and CX-Energy for settlement purposes and directed that Notice be sent to Class Members. The Court also scheduled a Fairness Hearing at 9:00 a.m. on December 15, 2016, to consider whether to enter final judgment approving this Settlement with M&P and CX-Energy.

3. Why is this a class action?

Jeffrey S. Vodenichar, David M. King, Jr., Leigh V. King, Joseph B. Davis, Lauren E. Davis, Grove City Country Club, and Richard Broadhead (through his estate) sued on behalf of people who have similar claims. All persons and entities with similar claims to the Class Representatives are "Class Members," except for those who exclude themselves from the Class. Bringing a case as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring individually.

4. Why is there a Settlement?

The plaintiffs and their attorneys believe that the claims asserted in the lawsuit have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims through trial and appeals (which could have taken years), as well as the associated risks related to the counterclaims M&P and CX-Energy asserted against the Class for Transaction Fees they claim are owed to them, as well as CX-Energy's claim for indemnification for its costs and expenses of litigation from the Class. Both sides want to avoid the cost of further litigation and to bring this matter to a conclusion. The attorneys investigated the facts and applicable law regarding the plaintiffs' claims and M&P and CX-Energy's defenses. After approximately three and a half years of litigation, plaintiffs engaged in negotiations with M&P and CX-Energy to resolve the parties' claims and defenses. At the time of settlement counsel for both sides had a thorough understanding of the strengths and weaknesses of their respective positions. Plaintiffs' attorneys believe the Settlement is best for everyone who is affected. The Settlement provides a release of all counterclaims asserted by M&P and CX-Energy against Class Members and reduces the Transaction Fees to 2.5% from the 6% to 8% that M&P and CX-Energy claim they are owed under the LMAs.

The Settlement resolves and **releases all claims and counterclaims** that were or could have been brought in the lawsuit against M&P and CX-Energy, except for those who exclude themselves from the Settlement. The full language of the release is in the Stipulation of Settlement available online at www.HalconMercerSettlement.com. You can also request a copy be mailed to you by calling the Claims Administrator.

WHO IS IN THE SETTLEMENT?

Any individual or entity that signed a lease naming Halcón as a lessee in 2012 for land in Mercer County, PA and was not paid by Halcón under the lease and related documents is a member of the Class. More specifically, the Court certified the following Class against M&P and CX-Energy for Settlement purposes:

All persons (1) who entered into a Landowner MarketPlace Agreement with CX-Energy and M&P relating to property located in Mercer County, Pennsylvania, (2) who executed an oil and gas lease and related documents with Halcón Energy Properties, Inc., (3) whose name was submitted to Halcón pursuant to ¶ 3 of the Halcón Agreement (as defined in the Amended Complaint), but (4) whose oil and gas lease was not paid by Halcón. Excluded from the class are claims arising from any oil and gas lease for which Halcón, within the time period permitted under the Halcón Agreement, gave written notice to CX-Energy or M&P asserting a Title Defect or "other Defect," except for any purported notice contained in the November 1, 2012 letter from David S. Elkouri to Joseph E. Morascyzk.

5. What if I am still not sure if I am included in the Class?

If you are still not sure whether you are included in the Class, you can call 1-855-907-3226 for free help or visit www.HalconMercerSettlement.com for more information or you can mail or fax a letter to the Claims Administrator at the address in Question 8 below to request information on whether you are a Class Member.

THE SETTLEMENT TERMS

6. What does the Settlement provide?

On August 3, 2016, the Court ordered that 8% (\$476,000) of the \$5,950,000 Settlement funds from the Settlement between the Class Members and Defendant Halcón be held back and not distributed to Class Members pending the completion of litigation between Class Members and M&P and CX-Energy. Plaintiffs, M&P and CX-Energy reached a compromise whereby M&P and CX-Energy will receive only \$150,000 (\$75,000 each), or 2.5% instead of the 6% to 8% they claimed they were owed. This will provide an additional \$326,000 to be distributed to Class Members from the \$5,950,000 Settlement with Halcón. The payment will resolve all claims between Class Members, M&P and CX-Energy. In addition, M&P and CX Energy continue to litigate their claims against Halcón. If either M&P or CX-Energy recovers more than \$1.5 million from Halcón, then M&P, CX-Energy or both (if each recovers that amount) will be required to pay back their \$75,000, which would then be distributed to the Class.

7. What am I giving up to stay in the Class?

Unless you exclude yourself from this Settlement, you cannot separately sue M&P and CX-Energy, or be part of any other lawsuit against M&P and CX-Energy about the legal issues in this case. The issues in this case include all claims that could be asserted by a Class Member relating to damages they may have caused you in connection with your lease with Halcón. The decisions of the Court will bind all Class Members who do not exclude themselves. The "released claims" – the claims you are giving up - are described more fully in the Stipulation of Settlement, which describes exactly the legal claims that you give up if you do not exclude yourself from the Settlement. The Stipulation of Settlement is available at www.HalconMercerSettlement.com. You may also contact the Claims Administrator at 1-855-907-3226 and request that a copy of the Stipulation of Settlement be mailed to you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you want to keep the right to sue or continue to sue M&P and CX-Energy on your own about the legal issues in this case, then you must exclude yourself – or opt out of the Class.

8. How do I get out of the Settlement?

You **cannot** exclude yourself by telephone or by email. To exclude yourself from the Settlement, you must mail or fax a letter to the Claims Administrator that includes the following:

- The case name *Jeffrey S. Vodenichar et al. v. Halcón Energy Properties, Inc., Morascyzk and Polochak and Co-xPrise, Inc.* Case No. 2013-512;
- Your full name, address and telephone number;
- A statement that you wish to be excluded from the Class; and
- Your signature (or in the event of an entity, the signature of an individual authorized by your entity to request exclusion).

If you are a co-owner of property (such as where the property is in the name of both husband and wife), a Request for Exclusion by one co-owner applies to all co-owners. The Request for Exclusion must be postmarked or received by the Claims Administrator by **December 7, 2016**:

By Mail:	By Fax:
Halcón Mercer Settlement c/o GCG P.O. Box 35100 Seattle, WA 98124-1100	(206) 876-5201

9. If I don't exclude myself, can I sue M&P or CX-Energy for the same thing later?

Unless you exclude yourself, you give up the right to sue M&P and CX-Energy for the claims that the Settlement resolves and releases. You must exclude yourself from the Class in order to try and maintain your own lawsuit.

10. If I exclude myself from the Settlement, will I still get a release from the counterclaims asserted by M&P and CX-Energy?

You will not get a release if you exclude yourself from the Settlement and M&P and CX-Energy could sue you individually for the full Transaction Fee under your LMA and possibly for other costs and expenses.

THE LAWYERS REPRESENTING YOU

11. Do I have a lawyer in this case?

The Court has appointed David A. Borkovic, Richard A. Finberg, David M. Cohen and John C. Butters as counsel for all Class Members. They are called Class Counsel. You will not be separately charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense and that lawyer must file an Entry of Appearance with the Court.

12. How will the lawyers be paid?

Class Counsel have been awarded fees and reimbursement of their expenses by the Court in connection with the claims Plaintiffs and the Class asserted against Halcon. Class Counsel will not seek any additional fees for their services in pursuing the claims against M&P and CX-Energy or defending the counterclaims M&P and CX-Energy asserted against the Class if the Settlement is approved.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the Settlement or some part of it.

13. How do I tell the Court I don't like the Settlement?

If you are a member of the Class, you can object to any part or all of the Settlement. To object, you must submit a letter that includes the following:

- The case name *Jeffrey S. Vodenichar et al. v. Halcón Energy Properties, Inc., Morascyzk & Polochak and Co-eXprise, Inc.*, Case No. 2013-512;
- Your full name, address and telephone number;
- A statement saying that you object to the Settlement;
- The reasons you object to the Settlement, along with any supporting materials; and
- Your signature (or in the event of an entity, the signature of an individual authorized by your entity to request exclusion).

If you are a co-owner of property (such as where the property is in the name of both husband and wife), all owners must complete and sign the Objection.

You must mail your objection so it is received no later than **December 7, 2016**, to the following **two** addresses:

BY HAND OR MAIL:	<u>AND BY MAIL TO:</u>
Ruth Bice, Prothonotary Mercer County 105 Mercer County Courthouse Mercer, PA 16137	Halcón Mercer Settlement c/o GCG P.O. Box 35100 Seattle, WA 98124-1100

14. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the Settlement. You can object to the Settlement *only if you do not exclude yourself from the Settlement*. Excluding yourself from the Settlement is telling the Court that you do not want to be a part of the Settlement.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to enter a final judgment approving the Settlement. You may attend, but you do not have to do so.

15. When and where will the Court decide whether to approve the Settlement?

The Court will hold the Settlement hearing at 9:00 a.m. on December 15, 2016 before the Honorable Daniel P. Wallace, Court of Common Pleas for Mercer County, Courtroom No. 2, 105 Mercer County Courthouse Mercer, PA 16137. You should be aware that the Court may change the date and time of the hearing without another notice being sent. The latest information will be posted on the website www.HalconMercerSettlement.com. If you want to come to the hearing, you should check the website or with Class Counsel before coming to be sure that the date and/or time has not changed. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. After the hearing, the Court will decide whether to enter a final judgment approving the Settlement.

16. Do I have to come to the hearing?

No. Class Counsel will answer questions the Court may have. But you may come at your own expense. If you send an objection, you do not have to come to court to talk about it. As long as you submit your written objection on time as describe above, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

17. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that you intend to appear and wish to be heard. Your notice of intention to appear must include the following:

- Your name, address and telephone number;
- A statement that this is your Notice of Intention to Appear in *Jeffrey S. Vodenichar et al. v. Halcón Energy Properties, Inc., Morasczyk & Polochak and Co-eXprise, Inc.*, Case No. 2013-512;
- The reasons you wish to be heard;
- Copies of any papers, exhibits or other evidence or information that is to be presented to the Court at the Fairness Hearing; and
- Your signature.

If you are a co-owner of property (such as where the property is in the name of both husband and wife), all owners must complete and sign the Notice of Intention to Appear. You must submit your Notice of Intention to Appear so it is postmarked no later than **December 7, 2016** to the two addresses in Question 13. You cannot speak at the Fairness Hearing if you excluded yourself from the Class or if you have not provided your Notice of Intention to Appear and speak in accordance with the procedures in this Question.

IF YOU DO NOTHING

18. What happens if I do nothing at all?

If you are a Class Member then the Claims Administrator has a record of your lease and you do not need to do anything to receive a release from M&P and CX-Energy. **If you are a Class Member and did not receive a copy of any notice by mail, to receive a release from M&P and CX-Energy you must contact the Claims Administrator by December 7, 2016** and confirm that you signed an oil and gas lease with Halcón in 2012 but were not paid. **If you do nothing and you are a member of the Class, you will receive a full release of the counterclaims M&P and CX-Energy asserted against you. Whether you received a notice by mail or not, unless you exclude yourself, you will release and not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against M&P and CX-Energy about the legal issues in this case, ever again.**

ADDITIONAL INFORMATION

19. How do I get more information?

This notice summarizes the proposed Settlement. More details are in the “Stipulation of Settlement” available at the Settlement website. You may also review the Stipulation of Settlement or other documents filed in the case during business hours at the Office of the Prothonotary, Mercer County, 105 Mercer County Courthouse, Mercer, PA 16137.

For assistance, you may call the Claims Administrator toll free at 1-855-907-3226, fax the Claims Administrator at (206) 876-5201 or write the Claims Administrator at Halcón Mercer Settlement c/o GCG, PO Box 35100, Seattle, WA 98124-1100. You may also visit the website of the Claims Administrator at www.HalconMercerSettlement.com where you can download copies of the Stipulation of Settlement and other court documents.

You may also contact Class Counsel David A. Borkovic at Jones, Gregg Creehan & Gerace, LLP 411 Seventh Avenue, Suite 1200, Pittsburgh, PA 15219, (412) 261-6400, dab@jgcg.com or Richard A. Finberg 300 Mt. Lebanon Boulevard, Suite 206-B Pittsburgh, PA 15234, (412) 341-1342, richardfinberg@gmail.com or David M. Cohen at Complex Law Group, LLC, 40 Powder Springs Street, Marietta, Georgia 30064, (770) 200-3100, dcohen@complexlawgroup.com.

DO NOT CONTACT THE COURT FOR INFORMATION ABOUT THIS SETTLEMENT.

Dated: October 31, 2016.

BY ORDER OF THE COURT OF COMMON PLEAS OF MERCER COUNTY, PENNSYLVANIA