

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

JOHN CECIL,  
on behalf of himself and all others similarly  
situated,

Plaintiff,

vs.

BP AMERICA PRODUCTION COMPANY  
(f/k/a Amoco Production Company) (including  
BP Amoco Corporation, ARCO, BP Exploration,  
Inc., BP Corporation North America, Inc., and  
BP Energy Company),

Defendant.

Civil Action No. 16-CV-00410-KEW

**DECLARATION OF DANIEL T. REINEKE  
VALUATION OF PAST AND FUTURE SETTLEMENT BENEFITS**

I, Daniel T. Reineke, declare as follows:

1. Class Counsel engaged my services as an expert to aid in evaluating the damages incurred from Defendants' alleged underpayment of royalties and in evaluating the proposed Settlement, including the value of past benefits and discounted present value of the future royalties provision in the Settlement Agreement. Settlement Agreement, ECF No. 171-1 at 18-19. As such, I have personal knowledge of and am competent to provide the facts stated in this declaration.

2. I have a Bachelor of Science Degree from Colorado School of Mines and am a registered Petroleum Engineer, No. 15820, in the State of Oklahoma. I possess over 43 years of oil and natural gas industry experience in both the Mid-Continent and Rocky Mountain Regions of the United States. During that time, I have served as operator, drilling engineer,

and production engineer. Additionally, I have operated numerous wells, entered into oil and gas leases, marketed natural gas, negotiated gathering, processing and sales agreements, and paid royalty to royalty interest owners like those comprising the proposed Settlement Class. I possess experience inspecting gas processing plants and am familiar with all phases of natural gas field operations—specifically, those that occur between the wellhead and the point of delivery for residue gas into the Interstate Pipeline System, for natural gas liquids (NGLs) after fractionation, for helium after processing to Grade A quality, for nitrogen after processing, and for CO<sub>2</sub> after processing and transportation. Finally, I have been accepted by courts as a testifying expert in oil and gas matters in over 30 state and federal court cases, testifying in-person, by deposition, or by affidavit or declaration during class certification, trial, and settlement proceedings. A resume containing my personal background, work experience, previous cases in which I provided testimony since 2014, and which explains my compensation for study and testimony in this case is attached as

**Exhibit 1.**

3. I have testified to the settlement value of past and future benefits to royalty owners many times. Based on the royalty accounting changes made and the volumes and payment methodologies employed, I have BP data from which calculations can be made, along with confidential testimony and data.

4. **Settlement as a % of Damages.** Based on my review of pay decks, gas contracts, remittance statements, plant statements, public and confidential data produced in this case, the total damages (fees and in-kind deductions) without interest equals \$145,367,109. The cash portion of the Settlement, \$147,000,000, was more than that.

5. **The royalty methodology change.** This was done during and as a result of the *Chockley* class action pending against BP. The change resulted in elimination or reduction of most midstream service fees and in-kind deductions for affiliate sales which was 96% of the production from the class wells.

6. **Past Benefits.**

BP altered the manner in which it paid royalty by no longer taking certain post production deductions from the royalty owners. These deductions consisted of gathering, compression and dehydration. This resulted in an increase in payments to the royalty owners starting in 2009. It is estimated that the change in methodology resulted in a \$38,000,000 benefit to the class members from 2009 through 2017.

7. **Future Benefits.**

a. Future Change in Deductions.

The future production volume was estimated based on historical records for gas sold on a POP basis, gas sold to affiliates and gas processed and sold as residue gas. The historic volumes showed a 3% decline. Future production for each category was estimated using a 3% decline factor for a 7 year period. The differential increase due to the settlement on the POP volumes was estimated at \$0.20 per mcf, the differential for the residue volumes was estimated at \$0.25 per mcf and the differential for the affiliate sales was estimated at \$0.40 per mcf. The future benefit was then discounted at 2.5% per year. The total was \$36,216,351.

**Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury, that the foregoing is true and correct. Executed in Oklahoma City, Oklahoma on**

Aug 15, 2018.

A handwritten signature in black ink, appearing to read "Daniel T. Reineke", written in a cursive style.

Daniel T. Reineke

## **CV**

### **DANIEL T. REINEKE**

3/1/2018

**EDUCATION:** Bachelor of Science Degree in Petroleum Engineering  
Colorado School of Mines, May 1975

**PROFESSIONAL:** Registered Professional Engineer - Oklahoma PE #15820  
Utah PE #9759622-2202

**AFFILIATIONS:** Member Society of Petroleum Engineers

#### **BUSINESS**

**ADDRESS:** 6900 North Classen Blvd.  
Oklahoma City, OK 73116

#### **BUSINESS**

**PHONE:** 405-463-0001

#### **CELL**

**PHONE:** 405-650-5700

**PROFESSIONAL HISTORY:**

**Employment Summary**

05/72 - 09/79	Roughneck Circle A Drilling Company, Gillette, Summer job while in college.
05/73 - 09/73	Roughneck Brinkerhoff Drilling Company, Vernal, Utah, and Riverton, Wyoming. Summer job while in college.
05/74 - 09/74	Student Engineer, CONOCO, New Orleans, Louisiana. Assigned to drilling department with duties of drilling engineer.
05/75 - 06/76	CONOCO, Houston, Texas Drilling Engineer.
06/76 - 02/78	Kansas - Nebraska Natural Gas Company District Engineer.
02/78 - 09/79	SAMEDAN Oil Corporation Division Engineer
09/79 - Present	Independent Consulting Engineer
03/87 – 2010	C.D. Operating Company, Inc. President

**PROFESSIONAL EXPERIENCE**

**CONOCO** May 1975 to June 1976

Drilling engineer assigned to PES Group in Houston, Texas. Designed drilling procedures for offshore and onshore wells. Supervised wells drilled offshore Louisiana and Rocky Mountain District. Attended industry schools on offshore and onshore drilling practices.

**KANSAS - NEBRASKA NATURAL GAS COMPANY** June 1976 to February 1978

District engineer responsible for drilling and production in Kansas, Nebraska, and Colorado. Drilled and completed 40 wells in Council Grove field in Southwest Kansas. Designed and supervised installation of gathering system including compression and treating facilities. Coordinated field operations with gas plant personnel for maximum efficiency in gas production.

**SAMEDAN OIL CORPORATION** February 1978 to September 1979

Division engineer, supervising drilling, completion and production for Mid-Continent Region. Participated in gas contract negotiations, joint interest billing procedures and reservoir analysis on all wells for yearly budget reviews.

**INDEPENDENT CONSULTING ENGINEER** September 1979 to Present

Independent consultant, supervising field operations in drilling and completion as well as reservoir analysis, economic evaluation, and gathering system design. Drilled and completed wells ranging from 3,000 ft to 25,000 ft throughout Oklahoma, Kansas and Texas. Assisted clients in negotiating gas sales contracts, lease agreements and operating agreements. Continue to perform engineering consulting for various independent oil companies.

**C.D. OPERATING COMPANY, INC.** March 1987 to 2010

Established C.D. Operating Company in March 1987. Owned and operated as many as 88 wells over a 12 year period. C.D. Operating handled all accounting, distribution of revenue, production monitoring and operations. Operated wells in Colorado and Utah on a contract basis. Sold operated Oklahoma production in 2001.

**EXPERT WITNESS TESTIMONY** April 1995 to Present

Expert witness at District Court, Federal Court, United States Court of Federal Claims, United States Department of Interior and the Oklahoma Corporation Commission, Oil and Gas Division. Case descriptions available on request.

DANIEL T. REINEKE

Litigation in which deposition or testimony was given.  
2014 - 2018

- 1    STYLE:            Roderick v XTO  
    CASE NO.        08-CV-01330-JTM-KMH  
    COURT:           US District Court for the District of Kansas  
    DATE:            2014
  
- 2    STYLE:            COPC v Patrick Lyons, Commissioner of Public Lands, NM  
    CASE NO.        D-506-CV-2007-00433  
    COURT:           Fifth Judicial District Court, Lea County, NM  
    DATE:            2015
  
- 3    STYLE:            Chieftain v Apache Corporation  
    CASE NO.        CJ-2012-8110-573-HE  
    COURT:           District Court of Caddo County, Oklahoma  
    DATE:            2014
  
- 4    STYLE:            Patterson v BP  
    CASE NO.        2003 CV 9926  
    COURT:           District Court of Denver County, Colorado  
    DATE:            2014
  
- 5    STYLE:            Department of Enforcement v Chestnut Energy Partners  
    CASE NO.        2011 0256115  
    COURT:           Financial Industry Regulation Authority  
    DATE:            2014
  
- 6    STYLE:            Anderson v WPX  
    CASE NO.        12-CV-0040 JB/WPL  
    COURT:           US District Court of New Mexico  
    DATE:            2014
  
- 7    STYLE:            Arkalon v Chesapeake Operating  
    CASE NO.        CJ-12-42  
    COURT:           US District Court of Kansas  
    DATE:            2014
  
- 8    STYLE:            Martinez v Angel Exploration  
    CASE NO.        CIV-13-352-F  
    COURT:           US District Court for the Western District of Oklahoma  
    DATE:            2014



- 9 STYLE: Golden State v Western Energy  
CASE NO. 14 198 J 0071813  
COURT: American Arbitration Association  
DATE: 2014
- 10 STYLE: Medina v Aquirre and Lane Trucking  
CASE NO. CJ-2011-52  
COURT: District Court of Woods County, Oklahoma  
DATE: 2014
- 11 STYLE: Kay v Peak Water Systems  
CASE NO. 4:13-cv-487-DPM  
COURT: US District Court for the Eastern District of Arkansas  
DATE: 2014
- 12 STYLE: Fleming v Endeavor  
CASE NO. CJ-10-48  
COURT: District Court of Nowata County, Oklahoma  
DATE: 2014
- 13 STYLE: Kronberg v Oasis, et al  
CASE NO. 4:13-cv--011  
COURT: US District Court for the Northern District of North Dakota  
DATE: 2014
- 14 STYLE: Saindon v Express Energy Services, et al  
CASE NO. 2013-51013  
COURT: District Court of Harris County, Texas  
DATE: 2014
- 15 STYLE: Snow v SEECO  
CASE NO. CV-2010-126  
COURT: Circuit Court of Conway County, Arkansas  
DATE: 2015-2017
- 16 STYLE: Summa Engineering v Venus  
CASE NO. CJ-2012-10  
COURT: District Court of Grant County, Oklahoma  
DATE: 2014
- 17 STYLE: Jay Management v Parker Tools  
CASE NO. 0-12-51  
COURT: District Court of the 87<sup>th</sup> Judicial District, Leon County, Texas  
DATE: 2014

- 18 STYLE: Tate v Chesapeake and Cameron  
CASE NO. 13 DJ 0000041  
COURT: US District Court for the Middle District of Pennsylvania  
DATE: 2014
- 19 STYLE: Smith v SEECO  
CASE NO. 14-cv-435-BRW  
COURT: US District Court for the Eastern District of Arkansas  
DATE: 2014-2017
- 20 STYLE: Moreno v HES  
CASE NO. c-3452-12-J  
COURT: District Court of the 430th Judicial District, Hildago County, Tx.  
DATE: 2014
- 21 STYLE: Calvert Company v Antoinette Calvert  
CASE NO. cj-2010-10255  
COURT: District Court Oklahoma County, Oklahoma  
DATE: 2014-2015
- 22 STYLE: Colton v Antero  
CASE NO. 2013CV030281  
COURT: District Court Garfield County, Colorado  
DATE: 2014-2015
- 23 STYLE: Pummill v Cimarex  
CASE NO. CV-2011-82  
COURT: District Court of Grady County, Oklahoma  
DATE: 2015-2016
- 24 STYLE: Fitzgerald v Chesapeake  
CASE NO. CJ-10-38  
COURT: District Court of Beaver County, Oklahoma  
DATE: 2014-2015
- 25 STYLE: Gagnon v Merit  
CASE NO. 1:14-CV-832-PAB  
COURT: US District Court for the District of Colorado  
DATE: 2015
- 26 STYLE: Gaedeke v Speed, et al  
CASE NO. CV-11-00649-M  
COURT: US District Court for the Western District of Oklahoma  
DATE: 2015

- 27 STYLE: Trinity Valley v Chesapeake  
CASE NO. 3:13-CV-01082-K  
COURT: US District Court for the Northern District of Texas  
DATE: 2015
- 28 STYLE: Seeligson v Devon  
CASE NO. Civil Action No. 2:14-cv-00996  
COURT: US District Court for the Eastern District of Texas, Marshal Division  
DATE: 2015
- 29 STYLE: Dorchester v CHK  
CASE NO. Civil Action No. 4:12-cv-461-KGB  
COURT: US District Court for the Eastern District of Arkansas, Western Division  
DATE: 2015
- 30 STYLE: Exaro v Encana  
CASE NO. Private Arbitration  
COURT: Institute for Conflict Prevention and Resolution  
DATE: 2015
- 31 STYLE: Parchman v EOG/HESD  
CASE NO. 2013-57039  
COURT: District Court of Harris County, Texas  
DATE: 2016
- 32 STYLE: Energy Drilling v Pacific Energy  
CASE NO. 14CV186-S  
COURT: US District Court for the District of Wyoming  
DATE: 2016
- 33 STYLE: Beaner v CHK/SPM  
CASE NO. 13-06-00156-CVL  
COURT: District Court of the 218th Judicial District, La Salle County, Tx.  
DATE: 2016
- 34 STYLE: Dorchester Minerals v Chesapeake Exploration  
CASE NO. 4:12-cv-461-KGB  
COURT: US District Court for the Eastern District of Arkansas  
DATE: 2015-2016
- 35 STYLE: Enriquez v Geosouthern Energy  
CASE NO. 15-04-54463-CV  
COURT: District Court 79<sup>th</sup> District Jim Wells County, Tx.  
DATE: 2016

- 36 STYLE: Arnold v Cabot Oil and Gas  
CASE NO. CV-2012-42  
COURT: District Court of Beaver County, Ok  
DATE: 2016-2017
- 37 STYLE: Whisenant v Strat Land Exploration  
CASE NO. CJ-2014-4  
COURT: District Court of Beaver County, Ok  
DATE: 2016
- 38 STYLE: Lee et al v COP  
CASE NO. CIV-14-01391-D  
COURT: US District Court for the Western District of Oklahoma  
DATE: 2016
- 39 STYLE: Frank v Crawley Petroleum  
CASE NO. CIV-14-01193-R  
COURT: US District Court for the Western District of Oklahoma  
DATE: 2016
- 40 STYLE: McGehee v Forest Oil  
CASE NO. CIV-15-145-C  
COURT: US District Court for the Western District of Oklahoma  
DATE: 2016-2017
- 41 STYLE: Lambert v Chevron  
CASE NO. 14-cv-01220-JAR-TJJ  
COURT: US District Court for the District of Kansas  
DATE: 2016
- 42 STYLE: Department of Enforcement v Red River Securities  
CASE NO. 2013 035344201  
COURT: Financial Industry Regulation Authority  
DATE: 2016
- 43 STYLE: Singer v Newfield  
CASE NO. CIV-16-768-M  
COURT: US District Court for the Western District of Oklahoma  
DATE: 2016-2017
- 44 STYLE: Hackett v XTO, et al  
CASE NO. CV-2016-3  
COURT: District Court of Garvin County, OK  
DATE: 2016-2017

- 45 STYLE: ROCO v EOG  
CASE NO. 14-1065-JAR-GEB  
COURT: US District Court for the District of Kansas  
DATE: 2016
- 46 STYLE: Cannon v Encana  
CASE NO. 2015-0415A  
COURT: Judicial Arbitrator Group  
DATE: 2016-2017
- 47 STYLE: Wytex v Davis Oil  
CASE NO. CV-2010-27  
COURT: District Court of Pittsburg County, OK  
DATE: 2016-2017
- 48 STYLE: Cooksey v Smith  
CASE NO. cv-2016-38  
COURT: District Court of Woods County, OK  
DATE: 2017
- 49 STYLE: BDI v Summit Drilling  
CASE NO. 16-cv-226-CVE-FHM  
COURT: US District Court for the Northern District of Oklahoma  
DATE: 2016-2017
- 50 STYLE: Jolley v WPX  
CASE NO. 2015-cv-30218  
COURT: District Court of Garfield County, CO  
DATE: 2017
- 51 STYLE: NOMAC v USEDC  
CASE NO. CIV-14-155-C  
COURT: US District Court for the Western District of Oklahoma  
DATE: 2016-2017
- 52 STYLE: Vanderwarker v Wade Works  
CASE NO. 4-13-cv-070-DLH  
COURT: US District Court for the Northern District of North Dakota  
DATE: 2017
- 53 STYLE: Henceroth v CHK  
CASE NO. 4:15-cv-02591-BYP  
COURT: US District Court for the Northern District of Ohio  
DATE: 2017

- 54 STYLE: Stonegate v CHK  
CASE NO. 4:15-cv-00602  
COURT: US District Court for the Southern District of Texas  
DATE: 2017
- 55 STYLE: Retova v Bill Barrett Corporation  
CASE NO. 2015-cv-34351  
COURT: District Court of Denver County, CO  
DATE: 2017
- 56 STYLE: Hobble v Merit  
CASE NO. 2017-cv-000016  
COURT: District Court of Haskell County, Kansas  
DATE: 2017
- 57 STYLE: Cosmo Energy v CHK et al  
CASE NO. cv-2017-69  
COURT: District Court of Kingfisher County, OK  
DATE: 2017
- 58 STYLE: Haney v Multi-Chem et al  
CASE NO. 2012-3534  
COURT: Court of Common Pleas of Washington County, PA  
DATE: 2018
- 59 STYLE: Stamp v Western Oil & Gas  
CASE NO. 2016-91  
COURT: District Court of Grady County, OK  
DATE: 2018

## COMPENSATION

My hourly rate is \$400 per hour for general engineering and consulting services and \$500 per hour for deposition and trial testimony.