

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

Wake Energy, LLC, on behalf of itself and
all others similarly situated,

Plaintiff,

v.

BCE-MACH LLC, *et al.*,

Defendants.

Frederick M. Scott III, Trustee of the Scott
Family Trust and Wake Energy, LLC, on
behalf of themselves and all of others
similarly situated,

Plaintiff,

v.

BCE-MACH LLC, *et al.*,

Defendants.

Case No. CIV-22-794-HE

(Consolidated Case)

Case No. CIV-23-0264-HE

**MOTION FOR APPROVAL OF PLAINTIFF’S ATTORNEYS’ FEES,
LITIGATION EXPENSES, ADMINISTRATION, NOTICE, AND
DISTRIBUTION COSTS, AND CASE CONTRIBUTION AWARD**

Having obtained a cash settlement of \$4,200,000.00 and Future Benefits estimated to be up to \$7,285,000.00 for a Gross Settlement Value of \$11,485,000.00, Class Representatives respectfully moves the Court for an award of Plaintiff’s Attorneys’ Fees in the amount \$1,680,000, which is forty percent (40%) of the Cash Settlement Fund and approximately fourteen percent (14.62%) of the Gross Settlement value, for Litigation Expenses of \$76,939.13, Administration, Notice, and Distribution Costs of \$250,000.00, and for a Case Contribution Award of \$84,000.00 for service of the Class Representatives

in prosecuting the Litigation for the Settlement Class. In addition, Class Representatives seek a reserve of an additional \$30,000.00 for anticipated future Litigation Expenses for costs incurred between the filing of this motion and the complete administration of the Settlement. Class Counsel will apply to the Court for approval of the payment of any such future expenses.

The requests for Plaintiff's Attorneys' Fees and a Case Contribution Award are based on the going rates for such fees in prior class action litigation of this type. The requests for Litigation Expenses and Administration, Notice, and Distribution Costs are based on the amounts incurred in prosecuting the Litigation and incurred or expected to be incurred in administering the Settlement. As set forth in the Notices and the Settlement Agreement, the requested awards will be paid from the Gross Settlement Fund. For the reasons set forth in this Motion, the requested awards are fair and reasonable, and therefore should be approved.

BACKGROUND

In the interest of brevity, Class Representatives will not recite the entire background of this Litigation on behalf of the Settlement Class. Rather, Class Representative refers the Court to the Motion for Preliminary Approval (Doc. 60), the Joint Declaration of Class Counsel ("Joint Counsel Decl.") (Doc. 64-5), the pleadings on file, and any other matters of which the Court may take judicial notice, all of which are incorporated as if fully set out in this memorandum.

ARGUMENT & AUTHORITY

Each of the requests are warranted considering the work done and result achieved. They are also in line with similar requests recently granted by this Court and in other districts.

1. Federal Common Law Controls the Right to and Reasonableness of the Requests in this Motion

The Parties contractually agreed that federal common law governs the awards requested in this Motion. Doc. 60-1 at 48, ¶ 11.7. This contractual language removes any doubt about the applicable body of law as to class certification, notice, and overall evaluation of the fairness and reasonableness of the Settlement and the associated requests in this Motion. This choice of law provision has previously been enforced by federal courts in Oklahoma. *See, e.g., See, e.g., Chieftain Royalty Co. v. SM Energy Co.*, No. CIV-18-1225-J (W.D. Okla. April 27, 2021), Doc. 115 at 5 (“[T]he Parties here contractually agreed that the right to and reasonableness of attorneys’ fees (among other things) shall be governed solely by federal common law . . . This choice of law provision should be and is hereby enforced.”); *Dinsmore, et al. v. Phillips 66 Co.*, No. 22-CV-44-JFH (E.D. Okla. Sept. 21, 2023), Doc. 36 at 3 (“The Parties contractually agreed that the Settlement Agreement shall be governed solely by federal common law, including the right to and reasonableness of attorneys’ fees and reimbursement of expenses.”).¹

¹ The Honorable Joe Heaton considered nearly identical requests in *Rhea v. Apache Corporation*, so Class Counsel, for the sake of brevity, will not repeat the case law cited by the Court in support of its rulings. *See* Order Awarding Attorneys’ Fees (Doc. 505), No. 14-CV-00433-JH, (E.D. Okla. Sept. 29, 2014).

2. **The Request for Plaintiff’s Attorneys’ Fees Is Reasonable Under Federal Common Law**

The forty percent fee request for Class Counsel is reasonable. The market rate for these types of class actions is forty percent as reflected in myriad federal and state court oil-and-gas class actions² and as reflected in the contingent fee agreement in this case, executed before Class Representative and Class Counsel knew how the litigation would progress and whether any recovery would be obtained. *See* Doc. 64-5, Joint Counsel Decl. at 8, ¶ 27.

Under Rule 23(h), “the court may award reasonable attorney’s fees and nontaxable costs that are authorized by law or by the parties’ agreement.” Fed. R. Civ. P. 23(h). An award of attorneys’ fees is a matter uniquely within the discretion of the trial judge. *Brown v. Phillips Petroleum Co.*, 838 F.2d 451, 453 (10th Cir. 1988). Such an award will only be reversed for abuse of discretion. *Id.*; *Gottlieb v. Barry*, 43 F.3d 474, 486 (10th Cir. 1994). Here, the fee agreement expressly authorizes the requested fee of forty percent of the common fund recovery and the requested fee is reasonable and should be approved.

a. Attorneys’ Fees Are Calculated as a Percentage of the Fund under Tenth Circuit Law

“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.” 7B Wright & Miller § 1803; Sprague,

² The Honorable Joe Heaton considered nearly identical requests in *Rhea v. Apache Corporation*, so Class Counsel, for the sake of brevity, will not repeat the case law cited by the Court in support of its rulings. *See* Order Awarding Attorneys’ Fees (Doc. 505), No. 14-CV-00433-JH, (E.D. Okla. Sept. 29, 2014) (“I find this fee is consistent with the market rate and is in the range of the “customary fee” in oil and gas class actions in Oklahoma state courts over the past fifteen (15) years. . . .”).

307 U.S. at 165. 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*, 43 F.3d at 483; *Brown*, 838 F.2d at 454; *Uselton v. Commercial Lovelace Motor Freight*, 9 F.3d 849 (10th Cir. 1993); see also *Braver v. Northstar Alarm Services, LLC*, No. CIV-17-0383-F, 2020 WL 6468227, *1 (W.D. Okla. Nov. 3, 2020) (“[T]he Tenth Circuit has expressed a preference for using a percentage of the fund method of calculating attorneys fees in common fund cases . . . the court will take that approach here.”). This method calculates the fee as a reasonable percentage of the value obtained for the benefit of the class. See *Brown*, 838 F.2d at 454; see also *Chieftain*, No. 17-CV-336-KEW (E.D. Okla. Mar. 3, 2020), Doc. 71 at 5 (“[I]n the Tenth Circuit, in a percentage of the fund recovery case such as this, where federal common law is used to determine the reasonableness of the attorneys’ fee under Rule 23(h), neither a lodestar nor a lodestar cross check is required.”).

b. Attorneys’ Fees Are Calculated as a Percentage of the Fund under Tenth Circuit Law

When determining attorneys’ fees under the preferred percentage-of-the-fund 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 factors apply in every case, and some deserve more weight than others depending on the facts at issue. *Id.*

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) 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.

The *Johnson* factor entitled to the most weight in this common fund case is the eighth factor—the amount involved in the case and the results obtained. *See 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 result is exceptional—\$4,200,000.00 in up-front cash to the Settlement Class plus up to \$7,285,000.00 in Future Benefits, for a Gross Settlement Value of \$11,485,000.00. *See* Doc. 64-5, Joint Counsel Decl. at 3, ¶ 3. And these benefits are ***guaranteed*** and automatically bestowed upon the Settlement Class. There are no claim forms to fill out, no elections to make, and no documentation to scavenge out of old records. Class Members do not have to take any action whatsoever to receive their benefits. The only thing Class Members must do is remain in the Settlement Class, *i.e.*, not opt out, and wait for distribution after the Court grants, if it does grant, final approval of the Settlement. Accordingly, the “results obtained” factor strongly supports a fee award of forty percent of the Gross Settlement Fund.

The other *Johnson* factors also support approval of the fee request. Although these factors do not merit as much weight as the results-obtained factor, the Joint Counsel Decl. (Doc. 64-5), incorporated by reference, addresses each of them. To summarize:

Time and Labor. The Joint Counsel Declaration shows Class Counsel invested substantial time in researching, investigating, prosecuting, and resolving the Litigation on behalf of the Settlement Class. *Id.* at 3–7, ¶¶ 4–25.

Novelty and Difficulty. Class actions are known to be complex and vigorously contested. The claims involve difficult and highly contested issues of Oklahoma oil-and-gas law and class certification law that are currently being litigated in multiple fora. Class Counsel litigated such difficult issues against the vigorous opposition of highly skilled defense counsel. Moreover, Defendants asserted numerous defenses to the claims that would have to be overcome if the Litigation continued to trial. Despite these hurdles, Class Counsel obtained a significant up-front cash recovery for the Settlement Class. 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 9-10, ¶ 33.

Skill required. Only a few firms handle oil-and-gas class litigation because of the nuanced intersection of class action and oil-and-gas law and the expense of funding such a large and potentially long-lasting endeavor. *Id.* at 10, ¶ 34. Defendants are represented by experienced class action defense attorneys who can expend significant effort and expense in the defense of their client. This factor strongly supports the fee request.

Preclusion of Other Cases. Class Counsel has only a finite number of hours to invest in class action cases. Often, they must decline opportunities to pursue other cases because they have

committed time and expense to cases, such as this one, where they have already accepted representation. *Id.* at 10-11, ¶ 35.

Customary Fee. Class Representative negotiated a contract to prosecute this case on a fully contingent basis, with a fee arrangement of 40% of any recovery obtained for the putative class after the filing of the Litigation on behalf of the Settlement Class. *Id.* at 11, ¶ 36; Docs. 64-3 and 64-4, Class Rep. Decl. at 2 - 3, ¶ 7. This fee represents the market rate. *See supra* at 3, n. 2.

Fixed Hourly or Contingent Fee. As set forth above, Class Counsel undertook this Litigation on a purely contingent fee basis (with the amount of any fee being subject to Court approval) and assumed a substantial risk that the Litigation would yield no recovery, leaving them uncompensated and without the ability to recover expenses. *See* Doc. 64-5, Joint Counsel Decl. at 11, ¶ 37. Courts consistently recognize that the risk of receiving little or no recovery is a major factor in considering an award of attorneys' fees. *See, e.g., Phillips 66*, No. 22-CV-44- JFH (E.D. Okla. Sept. 21, 2023), Doc. 36 at 9 (“Class Counsel undertook this Litigation on a purely contingent fee basis (with the amount of any fee being subject to Court approval), assuming a risk that the Litigation would yield no recovery and leave them uncompensated. Courts consistently recognize that the risk of receiving little or no recovery is a major factor in considering an award of attorneys' fees.”). 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. Accordingly, this factor strongly supports the fee request.

Time Limitations. This was not a factor in this case and should not influence the Court one

way or the other. *See* Doc. 64-5, Joint Counsel Decl. at 11, ¶ 38.

Amount in Controversy and Result Obtained. In negotiating the Settlement, the Parties had varying damage models, as is customary in this type of litigation. The \$4,200,000.00 up-front cash settlement represents a significant portion of Class Counsel’s overall damage model. *Id.* at 11-12, ¶ 39. Defendants argued they had *zero* liability for the claims asserted in the Litigation. The result obtained in a contingent fee case is by far the most important factor in determining the fee to award, as noted above. Many class actions have settled near or for a lower proportionate recovery of actual damages than here, and in Oklahoma, some actions have failed altogether. *Id.* This factor supports the fee request.

Experience, Reputation, and Ability of Counsel. Class Counsel have extensive experience and demonstrated ability in these types of class actions. *Id.* at 12, ¶ 40.

Undesirability. Defendants and their counsel are worthy adversaries that were willing to litigate zealously. *Id.* at 12-13, ¶ 41. Very few attorneys have the desire to take on the risk involved in class actions, much less a class action against a well-financed oil-and-gas companies such as Defendants. *See, e.g., Rhea v. Apache Corporation*, No. 14-CV-00433-JH, (E.D. Okla. Sept. 29, 2014), Doc. 505 at 17-18 (“Compared to most civil litigation, this Litigation fits the ‘undesirable’ test. Few law firms would be willing to risk investing the time, trouble, and expenses necessary to prosecute this Litigation for multiple years.”). Nevertheless, Class Counsel did so and achieved an excellent recovery. This factor supports the fee request.

Nature and Length of Professional Relationship with Client. Although of little relevance in a case where the client does not engage regularly in litigation to warrant a discounted

hourly rate, this factor supports the requested fee. Class Counsel worked extensively with Class Representatives throughout the Litigation to prosecute the claims on behalf of the Settlement Class. *See* Doc. 64-5, Joint Counsel Decl. at 13, ¶ 42; Docs. 64-3 and 64-4, Class Rep. Decl. at 3, ¶¶ 8 - 10. And Class Representative supports the Fee Request. *Id.* at 4, ¶ 20. This factor supports the fee request.

Awards in Similar Cases. Forty percent is a customary fee award in royalty underpayment class action litigation and supports the Fee Request in this case. *See supra* at 3.

The analysis of the *Johnson* factors under federal common law strongly demonstrates approval of the fee request is warranted.

3. The Request for Reimbursement of Litigation Expenses and Administration, Notice, and Distribution Costs Is Reasonable under Federal Common Law

In connection with approval of the Settlement of the Litigation, and in accord with the Notice to the Settlement Class, Class Representatives respectfully move the Court for reimbursement of expenses incurred in successfully prosecuting and resolving this Litigation and administering the Settlement (the “Expense Request”). As described above, Class Counsel has obtained an excellent recovery for the benefit of Class Members, which necessitated incurring expenses that Class Counsel paid or will be obligated to pay. Class Counsel has advanced or incurred \$76,939.13 in prosecuting and resolving this case. *See* Doc. 64-5, Joint Counsel Decl. at 13-14, ¶ 46. All the expenses incurred have been reasonable and necessary to the prosecution of the Litigation. *Id.* Class Counsel will incur an estimated \$30,000.00 in additional expenses, primarily related to the allocation and distribution of settlement benefits to the Class Members and to prepare for the Final Fairness Hearing, which is in the range of expense estimated in the Notices. *Id.* at 14, ¶ 47.

Class Counsel will seek the Court's approval on all expenses before their payment from the Settlement.

In addition, the Settlement Agreement directs payment of the Administration, Notice, and Distribution Costs from the Gross Settlement Fund. Doc. 60-1 at 4. The Settlement Administrator declares such costs to be \$41,888.86 as of August 31, 2024, and estimates the total cost of bringing the administration to completion will not exceed \$170,000.00. *See* Doc. 64-6, Keough Decl. at 6, ¶ 19.

Because the Expense Request is fair and reasonable, and for the reasons set forth below, the Expense Request should be granted.

a. The Expense Request Is Reasonable under Federal Common Law

“As with attorney fees, an attorney who creates or preserves a common fund for the benefit of a class is entitled to receive reimbursement of all reasonable costs incurred . . . in addition to the attorney fee percentage.” *Vaszlavik v. Storage Tech. Corp.*, No. 95-B-2525, 2000 WL 1268824, at *4 (D. Colo. Mar. 9, 2000) (citing *Blum*, 465 U.S. at 573); Fed. R. Civ. P. 23(h) (authorizing the Court to reimburse counsel for “non-taxable costs that are authorized by law.”). Where a settlement agreement calls for the costs of administration to be borne by the settlement fund, the court should approve the same. *See, e.g., In re High-Tech Emp. Antitrust Litig.*, No. 11-CV-2509-LHK, 2013 WL 6328811, at *5 (N.D. Cal. Oct. 30, 2013) (permitting all costs incurred in disseminating notice and administering the settlement to shall be paid from the settlement fund, pursuant to the terms of a settlement agreement). All such expenses were reasonably and necessarily incurred and were related to the prosecution and resolution of this Litigation. The costs include, for

example, routine expenses related to court fees, post- age and shipping, and legal research, as well as expenses for experts, document production and review, database and information costs, and settlement administration, which are typical of large, complex class actions such as this. Accordingly, the Expense Request is fair and reasonable and should be approved.

4. The Requested Case Contribution Award Is Reasonable Under Federal Common Law

Class Representatives also request a \$84,000.00 Case Contribution Award, which is 2% of the \$4,200,000.00 in cash, and 0.731% of the Gross Settlement Value (\$11,485,000.00). *See* Doc. 64-5, Joint Counsel Decl. at 14 - 15, ¶¶ 49-50. The requested Case Contribution Award was included in the Notice provided to Class Members (Doc. 56-5 at 7) and is reasonable under the case law. Federal courts regularly give incentive awards to compensate named plaintiffs. *See, e.g., Harris v. Chevron U.S.A., Inc., et al.*, No. 19-CV-355-SPS (E.D. Okla. Feb. 27, 2020), Doc. 40 at 17 (The class representative’s “request for an award of two percent is consistent with awards entered by Oklahoma state and federal courts, as well as federal courts across the country.”); *Phillips 66*, No. 22-CV-44-JFH (E.D. Okla. Sept. 21, 2023), Doc. 36 at 9 (“The request for an award of 2% is consistent with awards entered in similar cases.”). Evidence supporting an award request may be provided through “affidavits submitted by class counsel and/or the class representatives, through which these persons testify to the particular services performed, the risks encountered, and any other facts pertinent to the award.” Newberg § 17:12.

Class Representative seeks a Case Contribution Award based on the demonstrated risk and burden as well as compensation for time and effort, as more fully set forth in the Class Representatives’ Declaration. *See* Docs. 64-3 and 64-4, Class Reps. Decl. at 5, ¶ 22.

Having worked with the Class Representatives in the investigation, filing, prosecution, and settlement of this Litigation on behalf of the Settlement Class, Class Counsel fully supports the request. *See* Doc. 64-5, Joint Counsel Decl. at 15, ¶ 50. Accordingly, Class Representative's request for a Case Contribution Award here is fair and reasonable and supported by the same evidence of reasonableness.

CONCLUSION

For the reasons set forth in this Motion, Class Representatives and Class Counsel move the Court to grant this Motion and enter an Order approving the following, in accord with the Settlement Agreement and the Notices, to be deducted from the Gross Settlement Fund before Distribution Checks are mailed to the class from the remaining Net Settlement Fund: 1) Plaintiffs' Attorneys' Fees in the amount of forty percent of the Settlement Fund, which is \$1,680,000 (14.62% of the Gross Settlement value); 2) a Case Contribution Award in the amount of \$84,00.00 (2.0% of the Gross Settlement Fund); 3) Litigation Expenses in the amount of 76,939.13; 4) Administration, Notice, and Distribution Costs in the amount of \$250,000; and 5) a reserve of up to \$30,000.00 for future Litigation Expenses and Administration, Notice, and Distribution Costs through the Final Fairness Hearing and full implementation of the Settlement. Class Representatives will submit a proposed order to the Court for the relief requested in this Motion prior to the Final Fairness Hearing.

Respectfully Submitted,

/s/Randy C. Smith

Randy C. Smith, OBA #21824
RANDY C. SMITH AND ASSOCIATES
One Leadership Square, Suite 1310
211 North Robinson Ave.
Oklahoma City, OK 73102
Telephone (405) 212-2786
Facsimile (405) 232-6515
randy@rcsmithlaw.com

–and–

Brady L. Smith, OBA #30727
Harry “Skeeter” Jordan, OBA #32437
BRADY SMITH LAW, PLLC
One Leadership Square, Suite 1320
211 N. Robinson
Oklahoma City, OK 73102
(405) 293-3029
brady@blsmithlaw.com
skeeter@blsmithlaw.com

**COUNSEL FOR
CLASS REPRESENTATIVE**

CERTIFICATE OF SERVICE

I hereby certify that on October 3, 2024, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system, which will send a notice of electronic filing to parties and attorneys who are filing users.

/s/ Randy C. Smith