

EXHIBIT B

EXHIBIT B

1 THE O'MARA LAW FIRM, P.C.
David C. O'Mara, Esq. (NV BAR 08599)
2 311 E. Liberty Street
Reno, NV 89501
3 Tel.: 775.323.1321
4 Fax: 775.323.4082
david@omaralaw.net

5
6 NEWMAN FERRARA, LLP
Jeffrey M. Norton, Esq. (Admitted *Pro Hac Vice*)
Benjamin D. Baker, Esq. (Admitted *Pro Hac Vice*)
7 1250 Broadway, 27th Floor
8 New York, NY 10001
Tel.: 212.619.5400
9 Fax: 212.619.3090
jnorton@nflp.com

10 *Attorneys for Plaintiff*

11
12 **UNITED STATES DISTRICT COURT**
DISTRICT OF NEVADA

13 JOHN SOLAK, derivatively on behalf of
14 RING ENERGY, INC.,

15 Plaintiff,

16 v.

17 LLOYD T ROCHFORD, KELLY HOFFMAN,
18 DAVID A. Fowler, STANLEY M. MCCABE,
ANTHONY B. PETRELLI and CLAYTON E.
WOODRUM ,

19 Defendants.

20 -and-

21 RING ENERGY, INC., a Nevada Corporation

22 Nominal Defendant.
23
24
25
26
27
28

Case No. 3:19-cv-00410-MMD-CSD

**NOTICE OF PENDENCY OF
SETTLEMENT OF ACTION**

1 **TO: ALL CURRENT STOCKHOLDERS OF RING ENERGY, INC.**
2 **(TRADING SYMBOL: REI)**

3 **PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS**
4 **WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LITIGATION. IF THE**
5 **COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER**
6 **BARRED FROM CONTESTING THE FAIRNESS, REASONABLENESS AND**
7 **ADEQUACY OF THE PROPOSED SETTLEMENT, OR PURSUING THE RELEASED**
8 **CLAIMS DEFINED HEREIN.**

9 **IF YOU DO NOT OBJECT TO THE PROPOSED SETTLEMENT, OR THE AGREED-TO**
10 **ATTORNEYS' FEE AND EXPENSE AMOUNT DESCRIBED IN THIS NOTICE, YOU ARE**
11 **NOT OBLIGATED TO TAKE ANY ACTION.**

12 **I. WHY ARE YOU RECEIVING THIS NOTICE?**

13 The purpose of this Notice is to inform you of (i) a lawsuit (the “Derivative Action”) in the
14 United States District Court for the District of Nevada (the “Court”) brought on behalf of Ring
15 Energy, Inc. (“Ring” or the “Company”); (ii) a proposal to settle the Derivative Action as provided
16 in a Stipulation of Compromise and Settlement which sets forth the terms and conditions of the
17 proposed settlement of this Action (the “Stipulation”); and (iii) your right, among other things, to
18 attend and participate in a hearing to be held on August 9, 2022 at 9:00 a.m. ~~p.m.~~, in the
19 Bruce R. Thompson Federal Courthouse, 400 S. Virginia St., Reno, Nevada, 89501 or via Zoom
20 (the “Settlement Hearing”). This Notice describes the rights you may have under the Stipulation
21 and what steps you may, but are not required to, take concerning the proposed Settlement. If the
22 Court approves the Stipulation, the parties will ask the Court to approve an Order and Final
23 Judgment (the “Final Judgment”) that would end the Derivative Action.

24 **II. BACKGROUND TO THE DERIVATIVE ACTION AND SETTLEMENT**

25 **THE FOLLOWING DESCRIPTION DOES NOT CONSTITUTE FINDINGS OF ANY**
26 **COURT. IT IS BASED ON STATEMENTS OF THE PARTIES AND SHOULD NOT BE**
27 **UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF ANY COURT AS TO THE**
28 **MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.**

 Plaintiff John Solak (“Plaintiff” or “Mr. Solak”) is a current stockholder of Ring. Nominal
Defendant Ring is a natural gas company that is incorporated in Nevada and headquartered in The

1 Woodlands, Texas focused on the acquisition, exploration, and development of high-quality, oil and
2 liquids rich assets in the Permian Basin of Texas and New Mexico. Lloyd T. Rochford, Kelly
3 Hoffman, David Fowler, Stanley McCabe, Anthony B. Petrelli, Regina Roesener, and Clayton E.
4 Woodrum (collectively, the “Individual Defendants” and together with Ring, “Defendants”) are all
5 current or former members of Ring’s Board of Directors (the “Board”).
6

7 On July 19, 2019, Plaintiff filed a shareholder derivative complaint (the “Complaint”) in the
8 United States District Court for the District of Nevada, alleging, *inter alia*, that the Individual
9 Defendants breached their fiduciary duties to the Company, were unjustly enriched, and wasted the
10 Company’s assets by compensating themselves at an excessive level in comparison to its peers in
11 years 2017 through 2020, and violated Section 14(a) of the Securities Exchange Act of 1934, as
12 amended, by including false and/or misleading information related to director compensation in the
13 Company’s proxy statements. Based on these allegations, Plaintiff alleged that certain directors and
14 officers of Ring breached their fiduciary duty, were unjustly enriched, wasted corporate assets, and
15 violated Section 14(a) of the Securities Exchange Act of 1934, as amended. On September 30, 2019,
16 Defendants moved to dismiss the Complaint, and the Defendants’ motion was granted by the Court
17 on April 14, 2020.
18

19 On April 29, 2020, Plaintiff filed an amended shareholder derivative complaint (the
20 “Amended Complaint) alleging, *inter alia*, that Ring’s policies and practices concerning non-
21 employee director compensation resulted in the Board’s non-employee members being compensated
22 at an excessive level in comparison to its peers in years 2017 through 2020, that Ring’s non-
23 employee director compensation had not been approved by the Company’s shareholders, and that
24 the Company’s proxy statements related to director compensation were false and/or misleading.
25 Specifically, the Complaint alleges that in fiscal years 2017, 2018, 2019, and 2020 Ring paid
26 excessive compensation to its non-employee directors relative to the compensation paid to non-
27
28

1 employee directors at Ring’s alleged peer companies. Based on these allegations, Plaintiff alleged
2 that certain directors and officers of Ring breached their fiduciary duty, were unjustly enriched,
3 wasted corporate assets, and violated Section 14(a) of the Securities Exchange Act of 1934, as
4 amended. The Individual Defendants deny all of the wrongdoing alleged in the Complaint, including
5 that the compensation paid to Ring’s non-employee directors in fiscal years 2017, 2018, 2019, and
6 2020 was excessive.
7

8 On June 30, 2020, defendants moved to dismiss the Amended Complaint, and the
9 defendants’ motion was granted by the Court on September 3, 2020. On September 11, 2020, Mr.
10 Solak filed a motion for reconsideration of the Court’s dismissal of the Amended Complaint, which
11 the Court granted on December 18, 2020. Then, on February 18, 2021, Defendants filed an Answer
12 to the Amended Complaint. Between March 12, 2021 and February 2022, the parties engaged in
13 substantial discovery, including: (i) demanding and responding to numerous written discovery
14 requests; (ii) defendants’ production of 3,724 documents; (iii) noticing and preparing for depositions
15 of all defendants; and (iv) briefing and arguing a motion to compel. Following numerous rounds of
16 negotiations between the parties, on March 1, 2022, the parties reached an agreement to settle all of
17 the claims in the Derivative Action upon the terms and subject to the conditions set forth in the
18 Stipulation (the “Settlement”).
19

20 **THE COURT HAS NOT FINALLY DETERMINED THE MERITS OF PLAINTIFF’S**
21 **CLAIMS OR THE DEFENSES THERETO. THIS NOTICE DOES NOT IMPLY THAT**
22 **THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW BY**
23 **THE INDIVIDUAL DEFENDANTS OR THAT RECOVERY COULD BE HAD IN ANY**
24 **AMOUNT IF THE ACTION WAS NOT SETTLED.**

25 **III. WHAT ARE THE TERMS OF THE SETTLEMENT?**

26 During the course of the Derivative Action, Plaintiff asserts that Ring implemented a host of
27 corporate governance reforms, including: (i) reconstituting the Company’s Board; (ii) hiring new
28 officers; and (iii) changing the Company’s corporate policies, practices, and disclosures, including:
(a) updating the reported compensation in Ring’s Director Compensation Tables; (b) reducing the

1 number of potentially conflicted and/or non-independent members of the Board; (c) adopting a “say-
2 on-pay” advisory shareholder vote on executive compensation; and (d) awarding non-director grants
3 with lower reported values than those addressed in the Amended Complaint (together, the
4 “Corporate Governance Reforms”).

5
6 **IV. WHAT CLAIMS WILL THE SETTLEMENT RELEASE?**

7 Upon the effective date of the Settlement, the Releasing Persons (as defined below) shall be
8 deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled,
9 released, discharged, extinguished, and dismissed with prejudice the Released Claims (as defined
10 below) against the Individual Defendants and each and all of the Released Persons (as defined
11 below); provided, however, that such release shall not affect any claims or impair or restrict the
12 rights of any Settling Party to enforce the terms of the Stipulation.

13 “Released Claims” means and includes any and all claims for relief or causes of action,
14 debts, demands, rights, liabilities, losses, and claims whatsoever, known or unknown, fixed or
15 contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or
16 unmatured, suspected or unsuspected, apparent or unapparent, and without regard to the subsequent
17 discovery of additional or different facts, that have been or could have been asserted by Plaintiff as
18 a stockholder of Ring, or any other Ring stockholder, or any other Person acting or purporting to act
19 derivatively on behalf of Ring against the Released Persons, in the Derivative Action or in any other
20 forum arising out of, or based upon, any of the allegations, transactions, facts, matters, events,
21 disclosures, non-disclosures, occurrences, representations, statements, acts or omissions, alleged or
22 referred to in the Complaint, including, without limitation, (i) any compensation Ring paid to its
23 non-employee directors from January 1, 2013, through the Effective Date, (ii) any non-employee
24 director compensation plan, policies, or guidelines in effect at Ring from January 1, 2013, through
25 the Effective Date, (iii) the disclosure of director compensation in the Company’s proxy statements,
26
27
28

1 and (iv) any decision of the Company’s officers or directors related to the foregoing; provided,
2 however, that it is understood that “Released Claims” and any release provided by this Settlement
3 shall not include: (a) any claims to enforce the Settlement, and (b) any claims by Defendants or any
4 other insured to enforce their rights under any contract or policy of insurance.

5 “Released Persons” means the Individual Defendants and their predecessors, successors,
6 subsidiaries, affiliates, agents, attorneys, insurers, and each of their past or present officers,
7 directors, and employees. “Released Persons” also includes Ring and all current and former officers,
8 directors, or employees of Ring that could have been named in the Derivative Action.

9
10 **V. WHAT ARE THE REASONS FOR SETTling THE ACTION?**

11 Plaintiff’s entry into the Stipulation and the Settlement is not intended to be and shall not be
12 construed as an admission or concession concerning the relative strength or merit of the claims
13 alleged in the Derivative Action. Plaintiff’s Counsel has taken into account the uncertain outcome
14 and the risk of any litigation, especially in complex cases such as the Derivative Action, as well as
15 the difficulties and delays inherent in such litigation, and Plaintiff’s Counsel is also mindful of the
16 inherent problems of proof and possible defenses to the claims alleged in such action. Based upon
17 Plaintiff’s Counsel’s evaluation, Plaintiff has determined that the Settlement is fair, reasonable,
18 adequate, and in the best interests of Ring and its stockholders and has agreed to settle the Derivative
19 Action upon the terms and subject to the conditions set forth herein.

20
21 The Individual Defendants have denied, and continue to deny, any and all allegations of
22 wrongdoing or liability asserted in the Derivative Action. The Individual Defendants have further
23 asserted, and continue to assert, that at all relevant times, they acted in good faith and in a manner
24 that they reasonably believed to be in the best interests of Ring and its stockholders in connection
25 with the Company’s compensation practices. Defendants are entering into the Stipulation and the
26
27
28

1 Settlement solely to eliminate the uncertainty, distraction, disruption, burden, risk, and expense of
2 further litigation.

3 **VI. HOW WILL THE ATTORNEYS GET PAID?**

4 After agreeing to the terms of the Settlement other than with respect to the amount of any
5 attorneys' fees and expenses to be paid to Plaintiff's Counsel, Plaintiff's Counsel and Defendants
6 separately negotiated the appropriate amount of attorneys' fees and expenses to be paid to Plaintiff's
7 Counsel. Plaintiff and Defendants did not discuss the appropriateness or amount of attorneys' fees
8 and expenses at any time prior to reaching agreement on the terms of the Settlement, and the Settling
9 Parties understood at all times that the Settlement was not contingent upon agreement or payment
10 of any attorneys' fees and expenses to Plaintiff's Counsel. In recognition of the terms of the
11 Settlement and the prosecution and settlement of the Derivative Action, and subject to Court
12 approval, Plaintiff's Counsel may apply to the Court for an award of attorneys' fees and expenses
13 for up to \$150,000 (the "Fee and Expense Amount"), which Defendants have agreed not to oppose.
14 The Fee and Expense Amount will be paid by Ring and/or its insurers. This Fee and Expense
15 Amount includes the fees and expenses incurred in connection with the prosecution and settlement
16 of the Derivative Action. Plaintiff's Counsel will not make an application for attorneys' fees or
17 expenses in any other jurisdiction. Except as otherwise provided in the Stipulation, each of the
18 Settling Parties shall bear his, her, or its own fees and costs.

19 **VII. WHEN WILL THE SETTLEMENT HEARING TAKE PLACE?**

20 The Court has scheduled a Settlement Hearing to be held on August 9, 2022 at 9:00
21 a.m. ~~p.m.~~, in the Bruce R. Thompson Federal Courthouse, 400 S. Virginia St., Reno, Nevada,
22 89501. At the Settlement Hearing, the Court will consider whether the terms of the Settlement are
23 fair, reasonable, and adequate and thus should be finally approved, whether the Fee and Expense
24 Amount should be approved, and whether the Derivative Action should be dismissed with prejudice
25 by entry of the Final Judgment pursuant to the Stipulation. The Court will also hear and determine
26
27
28

1 objections, if any, to the proposed Settlement and the Fee and Expense Amount and rule on such
2 other matters as the Court may deem appropriate. The Court may adjourn the Settlement Hearing
3 from time to time without further notice to anyone other than the Settling Parties and any Objectors
4 (as defined below). The Court reserves the right to approve the Stipulation at or after the Settlement
5 Hearing with such modifications as may be consented to by the Settling Parties to the Stipulation
6 and without further notice.
7

8 **VIII. DO I HAVE A RIGHT TO APPEAR AND OBJECT?**

9 Any record or beneficial stockholder of Ring who objects to the Stipulation, the proposed
10 Final Judgment to be entered, and/or the Fee and Expense Amount who wishes to be heard
11 (“Objector”), may appear in person or by his, her, or its attorney at the Settlement Hearing and
12 present any evidence or argument that may be proper and relevant; provided, however, that no
13 Objector shall be heard or entitled to contest the approval of the terms and conditions of the
14 Settlement, or, if approved, the Final Judgment to be entered thereon, unless he, she, or it has, no
15 later than ten (10) calendar days before the Settlement Hearing (unless the Court in its discretion
16 shall thereafter otherwise direct, upon application of such person and for good cause shown), filed
17 with the Clerk of Court for the United States District Court for the District of Nevada, Bruce R.
18 Thompson Federal Courthouse, 400 S. Virginia St., Reno, Nevada, 89501, and served upon counsel
19 listed below, the following: (i) proof of current ownership of Ring stock; (ii) a written notice of the
20 Objector’s intention to appear that states the Objector’s name, address, and telephone number and,
21 if represented, the Objector’s counsel; (iii) a detailed statement of all of the grounds thereon and the
22 reasons for the Objector’s desire to appear and to be heard, and (iv) all documents or writings which
23 the Objector desires the Court to consider. Such filings must be served upon the following counsel
24 by hand delivery, overnight mail, or the Court’s electronic filing and service system:
25
26
27
28

1 **THE O'MARA LAW FIRM, P.C.**
2 David C. O'Mara (NV Bar 8599)
3 311 E. Liberty St.
4 Reno, Nevada 89501
5 Tel: (775) 323-1321
6 david@omaralaw.net

7 *Attorneys for Plaintiff*

8 **DICKINSON WRIGHT PLLC**
9 Michael N. Feder (NV Bar 7332)
10 3883 Howard Hughes Pkwy., Suite 800
11 Las Vegas, Nevada 89169
12 Tel: (702) 550-4440
13 mfeder@dickinson-wright.com

14 *Attorneys for Defendants*

15 Any Person who fails to object in the manner prescribed above shall be deemed to have
16 waived such objection (including the right to appeal), unless the Court in its discretion allows such
17 objection to be heard at the Settlement Hearing, and shall forever be barred from raising such
18 objection in the Derivative Action or any other action or proceeding or otherwise contesting the
19 Stipulation or the Fee and Expense Amount, and will otherwise be bound by the Final Judgment to
20 be entered and the releases to be given.

21 **IX. HOW DO I GET ADDITIONAL INFORMATION?**

22 This Notice summarizes the Stipulation. It is *not* a complete statement of the events of the
23 Derivative Action or the Stipulation. For additional information about the Derivative Action and
24 the Settlement, please refer to the documents filed with the Court and the Stipulation. You may
25 examine the Court files during regular business hours of each business day at the office of the Clerk
26 of Court for the United States District Court for the District of Nevada, Bruce R. Thompson Federal
27 Courthouse, 400 S. Virginia St., Reno, Nevada, 89501. The Clerk's office will not mail copies of
28 documents to you. For more information concerning the Settlement, you may also write, call, or
29 email Plaintiff's Counsel at: Newman Ferrara LLP, c/o Jeffrey M. Norton, 1250 Broadway, 27th
30 Fl., New York, New York 10001; Telephone: (212) 619-5400; or email jnorton@nflfp.com.

31 NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON
32 BEHALF OF OTHERS

33 Within fourteen (14) business days after the entry of the Scheduling Order, Ring shall mail
34 or cause to be mailed the Notice to all record Ring stockholders at their respective addresses

1 currently set forth in Ring's stock records. All record holders who were not also the beneficial
2 owners of the shares of Ring common stock held by them of record shall be requested to forward
3 the Notice to the beneficial owners of those shares. The Company shall use reasonable efforts to
4 give notice to such beneficial owners by: (i) making additional copies of the Notice available to any
5 record holder who, prior to the Settlement Hearing, requests the same for distribution to beneficial
6 owners, or (ii) mailing or causing to be mailed additional copies of the Notice to beneficial owners
7 as reasonably requested by record holders who provide names and addresses for such beneficial
8 holders. In addition, the Company shall use reasonable efforts to give notice to all beneficial owners
9 of Ring's stock by posting a copy of the Notice on the Company's website.
10

11
12 ***PLEASE DO NOT WRITE OR CALL THE COURT OR THE CLERK OF COURT FOR THE***
13 ***UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEVADA REGARDING***
14 ***THIS NOTICE.***

15 BY ORDER OF THE COURT

16 Dated: _____

17 _____
18 United States District Judge
19
20
21
22
23
24
25
26
27
28