

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

FILED IN DISTRICT COURT  
OKLAHOMA COUNTY

OCT 28 2015

TIM RHODES  
COURT CLERK

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OKLAHOMA DEPARTMENT OF )  
SECURITIES, *ex rel.* IRVING L. FAUGHT, )  
ADMINISTRATOR, )  
)  
Plaintiff, )  
)  
vs. )  
)  
JASMINE, INC., *et al.* )

Case No. CJ-2013-5023

**ORDER**

The above-captioned case comes on for hearing before the Court on October 28, 2015, on the Receiver's Application for Judicial Determination of Interest in the Mackenzie PPM and the Mackenzie Well ("Application"). The Receiver appears in person and through counsel, Nicholas A. Johnson. No other parties or interested parties appear.

In the Receiver's Application, the Receiver requests this Court to judicially determine 11 individuals or entities who were shown on the books and records of Gates Oil & Gas, \_\_\_ as owning an interest in the Mackenzie No. 1 Well, as promoted by Gates and its predecessor, Oklahoma Energy Exchange, \_\_\_, never contributed money to the project under the prospectus described as the Mckenzie PPM, and should therefore be excluded by the Receiver as an investor owning an equitable interest in the Mckenzie No. 1 well. Having reviewed the Receiver's Application and presentation of counsel, the Court FINDS as follows:

1. The Receiver's Application was originally set for hearing on September 17, 2015, and that both the Application and Notice of Hearing were mailed by certified mail, return receipt requested, on August 27, 2015, to the 11 parties indicated on the Application's Certificate of Service.

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2. At the September 17, 2015, hearing, the Receiver advised the Court that he could not confirm receipt of the Application and Notice of Hearing to all 11 parties. No interested person or entity appeared in opposition to the Application on September 17, 2015. The Receiver asked the Court to continue the hearing until confirmation of receipt of the Application and Notice by all affected parties could be confirmed by the Receiver.

3. An Order was entered continuing the hearing to a date not less than 25 days from September 23, 2015, and directing that the Application and a new Notice of Hearing be sent, by both regular U.S. Mail and by U.S. Mail, to the 11 affected parties.

4. Joyce and Frederick Bradshaw, D. Frederick Cook, Emery Cordell, William Dixon, Sharon Judah, Jane McDowell, Duane Pfeffer, and Paul and Judith Wall, Timothy Weber, and Timothy Wiggins, 10 of the 11 affected parties, received the Application and Notice of the rescheduled hearing through U.S. Mail, with delivery to the last known address of each party being confirmed through USPS tracking confirmation.

5. With respect to service of the Application and Notice of Hearing to Jonathon Cheng, the confirmation of receipt by U.S. Mail was not obtained. However, counsel for the Receiver made direct telephone and email contact with Mr. Cheng. Mr. Cheng acknowledged to counsel that he received the Application and Notice of Hearing via a PDF attachment to an email.

6. The Mackenzie No. 1 Well, API #35049249430000, is located in the NW/4 SE/4 of Section 21-3N-1W, Garvin County, Oklahoma.

7. Gates Oil and Gas, LTD. ("Gates") sold interests in the Mackenzie Well through solicitation of investments under the Mackenzie Well Private Placement Memorandum at a rate

of \$15,000 per investment unit (“Unit”). Each Unit an investor purchased corresponded to a 0.5% working interest in the Mackenzie Well.

8. Joyce Bradshaw and Frederick Bradshaw's (collectively, the “Bradshaws”) claim an interest in 3 Units, or a 1.5% working interest, in the Mackenzie Well. Gates’s accounts and records indicate that the Bradshaws contributed only \$30,000 for interests in the Mackenzie Well. Accordingly, the Bradshaws' interest should be 2 Units, or a 1.0% working interest, in the Mackenzie Well.

9. In regard to D. Frederick Cook's interest in the Mackenzie Well, Cook invested his funds through Quest IRA, Inc. Cook claims an interest in 2 Units, or a 1.0% working interest in the Mackenzie Well. Gates's accounts and records indicate that Cook contributed only \$11,000.00 for interests in the Mackenzie Well. Accordingly, Cook's interest should be approximately 0.73 Units, or approximately 0.366% working interest in the Mackenzie Well

10. No funds were paid to Gates (or any other Receivership Entity) for any claimed working interest in the Mackenzie Well from Jonathon Cheng, Emery Cordell, William Dixon, Sharon Judah, Jane McDowell, Duane Pfeffer, and Paul and Judith Wall, Timothy Weber, and/or Timothy Wiggins.

11. To give full value to the investors in the Mackenzie Well, each investor should be treated equally in respect to each dollar invested.

12. Permitting persons to participate in the Mackenzie Well, without having made an investment, is inequitable to the creditors of Gates and other claimants against the Receivership Estate because allocating such interest, without consideration, dilutes Gate’s interest in the Mackenzie Well.

13. Gates' interest in the Mackenzie Well is one of the few assets remaining in the Receivership Estate for the payment of the many trade creditors and other claimants against the Receivership Estates.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that the Application is GRANTED.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that:

- a. Jonathon Cheng owns no interest in the Mackenzie PPM or Mackenzie Well;
- b. Emery Cordell owns no interest in the Mackenzie PPM or Mackenzie Well;
- c. William Dixon owns no interest in the Mackenzie PPM or Mackenzie Well;
- d. Sharon A. Judah owns no interest in the Mackenzie PPM or Mackenzie Well;
- e. Jane McDowell owns no interest in the Mackenzie PPM or Mackenzie Well;
- f. Duane and Karen Pfeffer own no interest in the Mackenzie PPM or Mackenzie Well;
- g. Paul and Judith Wall own no interest in the Mackenzie PPM or Mackenzie Well;
- h. Timothy Weber owns no interest in the Mackenzie PPM or Mackenzie Well; and
- i. Timothy Wiggins owns no interest in the Mackenzie PPM or Mackenzie Well.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that

- j. the Bradshaws jointly own 2 Units in the Mackenzie PPM, equal to a 1.0% working interest in the Mackenzie Well; and
- k. Mr. Cook, through his Quest IRA, owns 0.73 Units in the Mackenzie PPM, equal to a 0.366% working interest in the Mackenzie Well.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, in accordance with page 4, ¶ 2, of this Court's September 23, 2015 Order Granting the Receiver's Application for

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Approval to Submit Authorization for Expenditure to Working Interest Owners in the Mackenzie Well, the Receiver is to submit the AFE and election options to both the Bradshaws and Mr. Cook as though they are identified and approved Mackenzie Well working interest owners, owning the interests set forth herein.

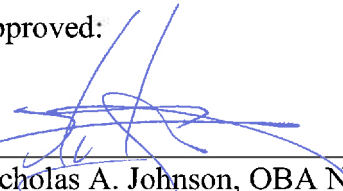
IT IS SO ORDERED

Dated this 28th day of October, 2015.

**BARBARA SWINTON**

Honorable Barbara G. Swinton  
District Judge

Approved:



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**CERTIFIED COPY  
AS FILED OF RECORD  
IN DISTRICT COURT**

OCT 28 2015

**TIM RHODES** Court Clerk  
Oklahoma County  
*Tim Rhodes*