

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

AUG 26 2015

TIM RHODES
COURT CLERK

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OKLAHOMA DEPARTMENT OF)
SECURITIES, *ex rel.* IRVING L. FAUGHT,)
ADMINISTRATOR,)
)
Plaintiff,)

vs.)

Case No. CJ-2013-5023

JASMINE, INC., an Oklahoma corporation;)
OKLAHOMA ENERGY EXCHANGE, LLC,)
Oklahoma limited liability company;)
HARRISBURG PROSPECT LEASE FUND,)
LLC, an Oklahoma limited liability company;)
GATES OIL & GAS, LTD., an Oklahoma)
Corporation; HARRISBURG 2 PROSPECT)
LEASE FUND, LLC, an Oklahoma limited)
Liability company; JIMMY W. GRAY, an)
Individual; GREG L. GRAY, an individual;)
MICHAEL K. GRAY, an individual, and)
LANCE P. BOWMAN, an individual,)
)
Defendants.)

**APPLICATION FOR JUDICIAL DETERMINATION OF INTERESTS IN THE
MACKENZIE PPM AND THE MACKENZIE WELL**

COMES NOW, Vance Brown, the Receiver for the Estate of Gates Oil & Gas, Ltd. (“Receiver”), and applies to the Court for an Order determining the interests of various purported unit owners under the Mackenzie PPM and purported working interest owners in the Mackenzie Well. In support of this Application, the Receiver states and alleges as follows:

1. By Order dated September 30, 2013, this Court appointed Receiver as the Receiver of all the assets and business affairs of Gates Oil & Gas, Ltd. (“Gates”).
2. Shortly before this Court created the Receivership, Gates completed the Mackenzie No. 1 Well, API #35049249430000, located in the NW/4 SE/4 of Section 21-3N-1W, Garvin County, Oklahoma (the “Mackenzie Well”).

3. Gates sold interests in the Mackenzie Well through solicitation of investments under the Mackenzie Well Private Placement Memorandum (“Mackenzie PPM”), at a rate of \$15,000 per investment unit (“Unit”). Each Unit purchased by an investor earned a 0.5% working interest in the Mackenzie Well. Investment money solicited under the Mackenzie PPM was used by Gates to drill and complete the Mackenzie Well.

4. Upon information and belief, Joyce Bradshaw and Frederick Bradshaw (collectively, the “Bradshaws”), together claim an interest in 3 Units, or a 1.5% working interest, in the Mackenzie Well. Upon review of Gates’ accounts and records, the Bradshaws contributed only \$30,000 for interests in the Mackenzie Well. Accordingly, the interest acquired by the Bradshaws, collectively, should be 2 Units, or a 1.0% working interest, in the Mackenzie Well.

5. Upon information and belief, Quest IRA, Inc. FBO D. Frederick Cook, IRA (“Cook”), claims an interest in 2 Units, or a 1.0% working interest, in the Mackenzie Well. Upon review of Gates’ accounts and records, Cook contributed \$11,000 for interests in the Mackenzie Well. Accordingly, the interest acquired by Cook should be approximately 0.73 Units, or approximately a 0.366% working interest in the Mackenzie Well

6. Upon information and belief, the following persons claim Units in the Mackenzie PPM and working interest in the Mackenzie Well, as reflected in the chart, but never paid Gates or Gates’ predecessors for such Units.

| First Name | Last Name | Units Claimed | Interest Equivalent |
|-------------------|------------------|----------------------|----------------------------|
| Jonathan | Cheng | 1 Unit | 0.50% |
| Emery | Cordell | 1 Unit | 0.50% |
| William | Dixon | 1 Unit | 0.50% |
| Sharon A. | Judah | 1 Unit | 0.50% |
| Jane | McDowell | 1.5 Units | 0.75% |
| Duane & Karen | Pfeffer | 1 Unit | 0.50% |
| Paul & Judith | Wall | 1 Unit | 0.50% |
| Timothy | Weber | 1 Unit | 0.50% |
| Timothy | Wiggins | 0.5 Units | 0.25% |

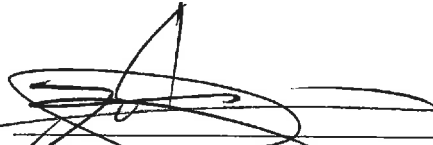
The Receiver has made written request to each of these individuals to provide documentation of their investment in the Mackenzie PPM. To date, none have provided such proof. Accordingly, none of these persons should have an interest in the Mackenzie PPM or the Mackenzie Well.

7. In order to give full value to the investors in the Mackenzie Well, the Receiver believes that each investor should be treated equally in respect to each dollar invested. Further, to permit persons to participate in the well without having made an investment is inequitable to the creditors of Gates and other claimants against the Receivership Estate. Such allocation of interest, without consideration, dilutes Gate's interest in the Mackenzie Well. 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.

WHEREFORE the Receiver requests that this Court enter an Order determining:

- a. Joyce Bradshaw and Frederick Bradshaw jointly own 2 Units in the Mackenzie PPM,, equal to a 1.0% working interest in the Mackenzie Well;
- b. Quest IRA, Inc. FBO D. Frederick Cook, IRA owns 0.73 Units in the Mackenzie PPM, equal to a 0.366% working interest in the Mackenzie Well;
- c. Jonathon Cheng owns no interest in the Mackenzie PPM or Mackenzie Well;
- d. Emery Cordell owns no interest in the Mackenzie PPM or Mackenzie Well;
- e. William Dixon owns no interest in the Mackenzie PPM or Mackenzie Well;
- f. Sharon A. Judah owns no interest in the Mackenzie PPM or Mackenzie Well;
- g. Jane McDowell owns no interest in the Mackenzie PPM or Mackenzie Well;
- h. Duane and Karen Pfeffer own no interest in the Mackenzie PPM or Mackenzie Well;
- i. Paul and Judith Wall own no interest in the Mackenzie PPM or Mackenzie Well;
- j. Timothy Weber owns no interest in the Mackenzie PPM or Mackenzie Well;
- k. Timothy Wiggins owns no interest in the Mackenzie PPM or Mackenzie Well;

Respectfully submitted,



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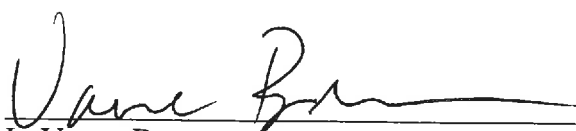
Attorney for the Receiver

VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

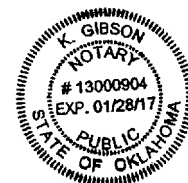
I, L. Vance Brown, the court-appointed Receiver in the above captioned matter, being first duly sworn upon oath, state:

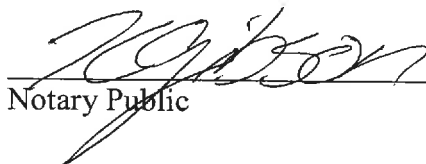
That I have reviewed the books and accounts of Gates Oil & Gas, Inc., and, upon the basis of the information set forth in such accounts and my examination thereof, verifies that the statements contained herein are true and correct to my best knowledge and belief.



L. Vance Brown

Subscribed and sworn before me 26th day August, 2015.





Notary Public

My commission expires:

CERTIFICATE OF SERVICE

I hereby certify that a true, correct and complete copy of the above and foregoing was mailed on the 27 day of August, 2015, via first-class U.S. Mail to the following counsel of record:

Irving L. Faught, Esq.
David Lawson, Esq.
Robert Fagnant, Esq.
Oklahoma Department of Securities
204 North Robinson, Suite 400
Oklahoma City, Oklahoma 73102
Attorneys for Plaintiffs

Timothy J. Bomhoff, Esq.
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Oklahoma City, OK 73102
*Attorneys for Defendants Jimmy W. Gray,
Michael K. Gray and Lance P. Bowman*

I hereby certify that a true, correct and complete copy of the above and foregoing was mailed on the 27 day of August, 2015, via certified mail, return-receipt requested, to the following persons:

Joyce & Frederick Bradshaw
P.O. Box 675
Greenwood, MS 38935

Quest IRA, Inc. FBO
D. Frederick Cook, IRA
7009 Franklin Ave.
Windsor Heights, IA 50324

Jonathon Cheng
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Columbus, OH 43213

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