

IN THE DISTRICT COURT OF OKLAHOMA COUNTY THE DISTRICT COURT  
STATE OF OKLAHOMA OKLAHOMA COUNTY, OKLA.

Oklahoma Department of Securities )  
ex rel. Irving L. Faught, )  
Administrator, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
Oilfield Resources, Inc., an )  
Oklahoma corporation; and )  
Larry R. McDaniel, an individual, )  
 )  
Defendants. )

MAY 18 2006

PATRICIA PRESLEY, COURT CLERK  
by \_\_\_\_\_ DEPUTY

Case No. CJ -2006-4088

**PETITION FOR PERMANENT INJUNCTION  
AND OTHER EQUITABLE RELIEF**

Plaintiff, Oklahoma Department of Securities ex rel. Irving L. Faught, Administrator, ("Department"), for its claims against the named Defendants, alleges and states as follows:

**REFILING NOTICE**

1. In accordance with Rule 8 of the Rules of the Seventh Judicial District, this matter was previously filed on May 6, 2005, as Case Number CJ-2005-3682, and assigned to the Honorable Judge Patricia Parrish. Plaintiff was unable to obtain service of process within the statutory time frame.

**INTRODUCTION**

2. This case involves violations of the Oklahoma Securities Act (the "Act"), Okla. Stat. tit. 71, §§ 1-413, 501, 701-713 (2001 and Supp. 2003), by Oilfield

Resources, Inc. and Larry R. McDaniel (collectively, "Defendants"). Specifically, the Department alleges that Defendants failed to register securities for offer and/or sale in and/or from Oklahoma and perpetrated fraud in connection with the offer, sale or purchase of securities. Unless enjoined, Defendants will continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object.

### **JURISDICTION**

3. The Administrator of the Department brings this action pursuant to Section 1-603 of the Oklahoma Uniform Securities Act of 2004 (the "Successor Act"), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), and is the proper party to bring this action against Defendants.

4. Pursuant to Sections 2 and 413 of the Act, Defendants, in connection with their activities and the offer, sale, and/or purchase of securities in and/or from this state, are subject to the provisions of the Act. By virtue of their transactions of business and commission of other acts in this state, Defendants are subject to the jurisdiction of this Court and to service of summons within or outside of this state.

### **DEFENDANTS**

5. Defendant Oilfield Resources, Inc. ("Oilfield") is an Oklahoma corporation that, at all times material hereto, operated from a principal office in Oklahoma City, Oklahoma.

6. Defendant Larry R. McDaniel ("McDaniel") is an individual who, at all times material hereto, was a resident of the state of Oklahoma and identified himself as the president of Oilfield.

### **NATURE OF THE CASE**

7. At all times material hereto, Oilfield represented itself to be engaged in the business of exploring for and producing oil and gas. Beginning in or about 2001, McDaniel began to offer and/or sell investments, on behalf of Oilfield, to the public in the form of working interests ("Working Interests") in at least one oil and gas well.

8. McDaniel offered and sold the Working Interests to individuals who were neither engaged in the business of exploring for or producing oil and gas nor had any prior experience with oil and gas activities or investing. In connection with the offer and sale of the Working Interests, McDaniel represented that a large formation of oil and/or natural gas existed under the surface of the property subject to the lease. To further reassure potential investors, McDaniel stated that production from wells already in existence on the lease was stopped either when the price of oil fell below Ten Dollars (\$10.00) per barrel or because no pipelines existed in close enough proximity to economically transport production from the wells when the wells were drilled. McDaniel reminded investors of the price of oil and natural gas and represented to them that a pipeline was now in close proximity to the area. Purchasers of the Working Interests understood these representations to be assurances by McDaniel of the safety of the investment.

9. As further assurance of the safety of the investment, McDaniel represented that all money received by investors would be placed in escrow and used solely for lease acquisition, drilling and/or well completion expenses.

10. To date, purchasers of the Working Interests have received nothing in return for their investments.

### **FIRST CAUSE OF ACTION**

#### **(Violation of Section 301 of the Act: Offer and Sale of Unregistered Securities)**

11. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 9 above.

12. Defendants Oilfield and McDaniel have offered and sold securities in and/or from the state of Oklahoma to the public in the form of the Working Interests.

13. The securities that Defendants offered and/or sold in and/or from this state were not registered as required by Section 301 of the Act nor offered and sold pursuant to an exemption from registration pursuant to Section 401 of the Act.

14. By reason of the foregoing, Defendants, directly or indirectly, have violated Section 301 of the Act, and unless enjoined, will continue to violate Section 1-301 of the Successor Act.

### **SECOND CAUSE OF ACTION**

#### **(Violation of Section 101(2) of the Act: Untrue Statements of Material Fact and Omissions of Material Facts In Connection with the Offer, Sale or Purchase of Securities)**

15. The Department realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 14 above.

16. Defendants, in connection with the offer, sale or purchase of securities, directly and/or indirectly, made untrue statements of material fact including, but not limited to, that all money received from investors would be placed in escrow and used solely for lease acquisition, drilling and/or well completion expenses. In fact, large sums of investor money were withdrawn, at or near the time of receipt by Oilfield, for cash payments to McDaniel and another officer of Oilfield, office rent, office supplies and telephone expenses.

17. Defendants, in connection with the offer, sale or purchase of securities, directly and/or indirectly, omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading including, but not limited to, the following matters:

- a. any general or specific risk factors associated with the exploration of, drilling for, or production of oil and gas or with the specified area of exploration;
- b. any possible conflicts of interest between Defendants and the purchasers of the Working Interests;
- c. the illiquid nature of the investment; and
- d. potential liabilities to the purchasers of the Working Interests.

18. By reason of the foregoing, Defendants, directly and/or indirectly, have violated Section 101 of the Act, and unless enjoined, will continue to violate Section 1-501 of the Successor Act.

**PRAYER FOR RELIEF**

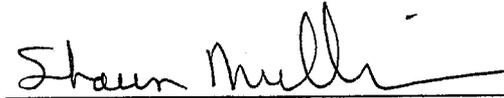
WHEREFORE, based upon the foregoing, and pursuant to the authority specifically granted by Section 406.1 of the Act and Section 1-603 of the Successor Act, the Department prays for relief as follows:

1. A permanent injunction forever enjoining and restraining Defendants, and each of them, from the offer or sale of securities in or from this state and from directing other natural persons, corporations or other business entities acting on their behalf to offer or sell securities in or from this state, and
2. Such other equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act and the Successor Act.

Respectfully Submitted,

OKLAHOMA DEPARTMENT OF SECURITIES  
Irving L. Faught, Administrator

By:



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