

JURISIDCTION

2. 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.

3. 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

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

5. 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

6. 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.

7. 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 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 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.

8. 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 drilling and/or well completion expenses.

9. 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)

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

11. 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.

12. 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.

13. 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)

14. The Department realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 13 above.

15. 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 for the purchase of leases or wells with current production of oil and/or gas. In fact, large sums of investor money were withdrawn, at or near the time of receipt by Oilfield, for items such as cash to McDaniel and another officer of Oilfield, office rent, office supplies and telephone expenses.

16. 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.

17. 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 Departments 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:

A handwritten signature in cursive script that reads "Shaun Mullins". The signature is written in black ink and is positioned above a horizontal line.

Shaun Mullins (OBA #16869)
Enforcement Attorney
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
(405) 280-7700

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) SS.

Irving L. Faught, of lawful age, being first duly sworn deposes and says; that he is the Administrator of the Oklahoma Department of Securities, that he has read the foregoing Petition and knows the contents thereof, and that the matters and things stated therein have been provided to him by staff members of the Department under his authority and direction, and are true and correct to the best of his knowledge, information and belief.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES
120 North Robinson, Suite 860
Oklahoma City, Oklahoma 73102
(405) 280-7700

Subscribed and sworn to before me this 6th day of May, 2005.

(NOTARIAL SEAL)



Notary Public

My Commission Expires: August 26, 2005
My Commission No.: 01013792