

TRAVIS J. ILES  
SECURITIES COMMISSIONER



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## *Texas State Securities Board*

208 E. 10th Street, 5th Floor  
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BETH ANN BLACKWOOD  
CHAIR

E. WALLY KINNEY  
MEMBER

MIGUEL ROMANO, JR.  
MEMBER

KENNY KONCABA  
MEMBER

IN THE MATTER OF §  
WOODLAND RESOURCES, LLC; WOODLAND §  
OPERATING, LLC, AKA WY WOODLAND §  
OPERATING, LLC; MICHAEL E. PATMAN; §  
JEREMY BRYAN YOWELL AKA JB YOWELL; §  
AND BRETT KROH §

Order No. ENF-19-CDO-1783

### **Woodland Resources, LLC**

Service by certified mail, return receipt requested, to (1) 1712 Pioneer Avenue, Suite 197, Cheyenne, Wyoming 82001; (2) 1300 Summit Avenue, Suite 650, Fort Worth, Texas 76102; (3) Calle 134a #55a-46, Suite 302, Bogota, Colombia; (4) PO Box 10, Rio Vista, Texas 76093; (5) 318 FM 2488, Covington, Texas 76636; (6) 1001 Cross Timbers Road, Flower Mound, Texas 75028; (7) Wyoming Corporate Services, Inc., its registered agent for service of process in Wyoming, at 1712 Pioneer Avenue, Suite 101, Cheyenne, Wyoming 82001; and (8) Incorp Services, Inc., its registered agent for service of process in Texas, at 815 Brazos, Suite 500, Austin, Texas 78701.

### **Woodland Operating, LLC, aka WY Woodland Operating, LLC**

Service by certified mail, return receipt requested, to (1) 1712 Pioneer Avenue, Suite 197, Cheyenne, Wyoming 82001; (2) 318 FM 2488, Covington, Texas 76636; (3) PO Box 10, Rio Vista, Texas 76093; (4) 2710 Thomes Avenue, Cheyenne, Wyoming 82001; (5) Wyoming Corporate Services, Inc., its registered agent for service of process in Wyoming, at 11712 Pioneer Avenue, Suite 101, Cheyenne, Wyoming 82001; and (6) Whitaker Chisam, its registered agent for service of process in Texas, at 1300 Summit Avenue No. 650, Fort Worth, Texas 76102.

### **Michael E. Patman**

Service by certified mail, return receipt requested, to his attention at the addresses for Woodland Resources, LLC, and Woodland Operating, LLC, aka WY Woodland Operating, LLC; and to the registered agents for Woodland Resources, LLC, and Woodland Operating, LLC, aka WY Woodland Operating, LLC.

### **Jeremy Bryant Yowell aka JB Yowell**

Service by certified mail, return receipt requested, to his attention at the addresses for Woodland Resources, LLC; and to the registered agents for Woodland Resources, LLC.

### **Brett Kroh**

Service by certified mail, return receipt requested, to his attention at the addresses for Woodland Resources, LLC; and to the registered agents for Woodland Resources, LLC.

## EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas (the "Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. arts. 581-1 to 581-45 (West 2010 & Supp. 2018) (the "Securities Act").

The Enforcement Division of the Texas State Securities Board (the "Enforcement Division") has presented evidence sufficient for the Securities Commissioner to find that:

### FINDINGS OF FACT

1. Michael E. Patman claims to be an expert in the oil and gas industry, and he claims to have successfully managed companies that explore oil and gas prospects.
2. Mr. Patman has, however, failed to successfully manage at least two oil and gas companies. He led a drilling company that filed for bankruptcy after incurring more than \$10 million in debt, and the bankruptcy court found that he either lacked competency to manage or was mismanaging the company's affairs. Creditors placed another company in bankruptcy and the case was discharged with around \$44 million in unpaid claims.
3. Mr. Patman is also a recidivist. He and others were found liable for operating a fraudulent oil and gas investment scheme, and they were ordered to pay actual and punitive damages of nearly \$13 million to investors. Various state securities regulators have accused him of illegally offering investments tied to oil and gas programs, and he was ordered to cease and desist from violating the Securities Act.
4. Mr. Patman now serves as a principal of Woodland Resources, LLC, an oil and gas business that is operating as a foreign limited liability company in Texas.
5. Woodland Resources, LLC, is offering working interests in direct drilling offsets of the Oddfellows A-1, a well in the Booch Formation in Seminole County, Oklahoma. The company appears to be offering these working interests to Texans in reliance on Regulation D, Rule 506(c), a federal law that serves as a basis for preempting the Texas State Securities Board from administering a state law that protects Texans by requiring the registration of securities.
6. Woodland Resources, LLC, and Mr. Patman are claiming Texans will receive lucrative profits if the direct drilling offsets duplicate the productivity of the Oddfellows A-1. They are also representing the Oddfellows A-1 produces between 38 and 40 barrels of oil per day as of October 2018.
7. Production records reflect the Oddfellows A-1 is not producing between 38 and 40 barrels of oil per day. Instead, these records show its average recent production is only 15.43 barrels of oil per day.

8. As described herein, Woodland Resources, LLC, Mr. Patman and others are engaging in illegal, deceptive and fraudulent practices in connection with the offer of working interests in direct drilling offsets to Texas residents.
9. The Securities Commissioner is entering this Emergency Cease and Desist Order to protect Texans from immediate and irreparable harm.

#### THE RESPONDENTS

10. Woodland Resources, LLC ("**Respondent Woodland Resources**"), is a foreign limited liability company operating in Texas. It can be served with process as follows:
  - A. Respondent Woodland Resources can be served with process at its principal office at 1712 Pioneer Avenue, Suite 197, Cheyenne, Wyoming 82001;
  - B. Respondent Woodland Resources can be served with process at its North American office at 1300 Summit Avenue, Suite 650, Fort Worth, Texas 76102, or at its office in Colombia at Calle 134a #55a-46, Suite 302, Bogota, Colombia;
  - C. Respondent Woodland Resources can be served with process at its mailing address at PO Box 10, Rio Vista, Texas 76093;
  - D. Respondent Woodland Resources can be served with process at its physical address at 318 FM 2488, Covington, Texas 76636;
  - E. Respondent Woodland Resources can be served with process at 1001 Cross Timbers Road, Flower Mound, Texas 75028, the address for the company reflected in the records of the Texas Secretary of State;
  - F. Respondent Woodland Resources can be served with process through Wyoming Corporate Services, Inc., its registered agent for service of process in Wyoming, at 1712 Pioneer Avenue, Suite 101, Cheyenne, Wyoming 82001; and
  - G. Respondent Woodland Resources can be served with process through Incorp Services, Inc., its registered agent for service of process in Texas, at 815 Brazos, Suite 500, Austin, Texas 78701.
11. Woodland Operating, LLC, also known as WY Woodland Operating, LLC ("**Respondent Woodland Operating**"), is a foreign limited liability company operating in Texas. It can be served with process as follows:
  - A. Respondent Woodland Operating can be served with process at its principal office at 1712 Pioneer Avenue, Suite 197, Cheyenne, Wyoming 82001;
  - B. Respondent Woodland Operating can be served with process at its place of business at 318 FM 2488, Covington, Texas 76636;

- C. Respondent Woodland Operating can be served with process at its mailing address at PO Box 10, Rio Vista, Texas 76093;
  - D. Respondent Woodland Operating can be served with process at 2710 Thomes Avenue, Cheyenne, Wyoming 82001, the address reflected in the records of the Texas Secretary of State;
  - E. Respondent Woodland Operating can be served with process through Wyoming Corporate Services, Inc., its registered agent for service of process in Wyoming, at 11712 Pioneer Avenue, Suite 101, Cheyenne, Wyoming 82001; and
  - F. Respondent Woodland Operating can be served with process through Whitaker Chisam, its registered agent for service of process in Texas, at 1300 Summit Avenue No. 650, Fort Worth, Texas 76102.
12. Michael E. Patman ("**Respondent Patman**") is the Director of Operations and governing person of Respondent Woodland Resources and the Director of Operations of Respondent Woodland Operating. He can be served with process at the addresses for Respondents Woodland Resources and Woodland Operating and through the registered agents for Respondents Woodland Resources and Woodland Operating.
13. Jeremy Bryant Yowell aka JB Yowell ("**Respondent Yowell**") claims to be a partner of Respondent Woodland Resources. He can be served with process at the addresses for Respondent Woodland Resources and through the registered agents for Respondent Woodland Resources.
14. Brett Kroh ("**Respondent Kroh**") claims to be the Director of Business Development of Respondent Woodland Resources. He can be served with process at the addresses for Respondent Woodland Resources and through the registered agents for Respondent Woodland Resources.

**RESPONDENTS WOODLAND RESOURCES AND YOWELL SENT  
UNSOLICITED ADVERTISEMENTS FOR INVESTMENTS IN OIL WELLS**

15. Respondents Woodland Resources and Yowell have been sending unsolicited electronic mail messages to Texas residents.
16. The electronic mail messages represent potential investors can earn an annualized rate of return of between 50 percent and 70 percent paid on a monthly basis by investing in successful oil wells through Respondent Woodland Resources.
17. The electronic mail messages direct potential investors to access a website published by Respondent Woodland Resources, review a video featuring Respondent Patman and request additional information from Respondent Yowell.

RESPONDENT WOODLAND RESOURCES, RESPONDENT  
PATMAN AND THEIR EXPERIENCE IN THE OIL AND GAS INDUSTRY

18. Respondents are telling potential investors that Respondent Woodland Resources is positioned to become a major independent company in the domestic and international oil and gas industry, and that it seeks investment opportunities that produce above-average returns.
19. Respondents are telling potential investors that Respondent Patman serves as the Director of Operations of Respondent Woodland Resources. They are touting his business repute and qualifications, and they are providing potential investors with detailed information about his experience in the oil and gas industry over the preceding three decades.
20. Respondents are citing Respondent Patman's experience as Chief Executive Officer of Patman Drilling International, Inc. ("Patman Drilling"), and as Chairman of the Board, Chief Executive Officer and President of Sundance Resources, Inc. ("Sundance").
21. Respondents are promoting the achievements of Patman Drilling and Sundance, and they are representing as follows:
  - A. Respondents are touting Patman Drilling's success in building and deploying oil rigs; and
  - B. Respondents are claiming Respondent Patman led Sundance from 1981, when its initial capitalization was \$1,000.00, to 2006, when it recognized gross revenues of over \$100 million and \$14 million in profits.

RESPONDENTS ARE OFFERING AND SELLING WORKING INTERESTS IN  
DIRECT DRILLING OFFSETS OF A WELL IN SEMINOLE COUNTY, OKLAHOMA

22. Respondents have been sending the unsolicited electronic mail messages and have been touting the business repute and qualifications of Respondents Woodland Resources and Patman as part of a scheme to sell working interests in oil wells that are direct drilling offsets of the Oddfellows A-1.
23. The Oddfellows A-1 is a well in the Booch Formation in Seminole County, Oklahoma. Respondent Woodland Resources completed the Oddfellows A-1 in December 2017.
24. The JK #1 is the first direct drilling offset of the Oddfellows A-1. Respondents have already sold 100 percent of its working interests, representing 70 percent of the net revenue interests, for an aggregate turnkey price of \$765,000.00.
25. The JK #2 is the second direct drilling offset of the Oddfellows A-1. Respondents have been offering 100 percent of its working interests, representing 70 percent of the net revenue interests, for an aggregate turnkey price of \$765,000.00. As of July 8, 2019, they have sold approximately 90 percent of these working interests.

26. Respondents are about to offer working interests in other direct drilling offsets of the Oddfellows A-1.
27. Respondents are claiming that investors will receive lucrative profits if the direct drilling offsets duplicate the productivity of the Oddfellows A-1, and they are representing the Oddfellows A-1 produces between 38 and 40 barrels of oil per day as of October 2018.
28. Respondents are explaining that, if the direct drilling offsets also produce 40 barrels of oil per day, investors will profit as follows:
  - A. Respondents are explaining that a principal investment of \$76,500.00 in the direct drilling offsets may return \$5,630.00 per month or \$67,560.00 per year if the price of oil is \$70.00 per barrel; and
  - B. Respondents are explaining that the same principal investment in the direct drilling offsets may return \$8,150.00 per month or \$97,800.00 per year if the price of oil increases to \$100.00 per barrel.

PRODUCTION RECORDS SHOW THE ODDFELLOWS A-1 IS  
NOT CURRENTLY PRODUCING BETWEEN 38 AND 40 BARRELS OF OIL PER DAY

29. As described herein, Respondents are telling potential investors that they will receive lucrative profits if the direct drilling offsets duplicate the productivity of the Oddfellows A-1, and they are also telling potential investors that the Oddfellows A-1 produces between 38 and 40 barrels of oil per day as of October 2018.
30. Although Respondents are claiming the Oddfellows A-1 produces between 38 and 40 barrels of oil per day as of October 2018, production records reflect the following information:
  - A. Production records reflect that, from April 2018 through April 2019, the Oddfellows A-1 produced an average of only 19.72 barrels of oil per day; and
  - B. Production records also reflect that, from February 2019 through April 2019, the Oddfellows A-1 produced an average of only 15.43 barrels of oil per day.

THE PRIOR FRAUDULENT OIL AND GAS INVESTMENT SCHEME

31. Although Respondents are touting the business repute and qualifications of Respondent Patman and the success of Sundance, they are not telling potential investors that Respondent Patman and Sundance were previously found liable for a fraudulent oil and gas investment scheme and ordered to pay actual and punitive damages of nearly \$13 million.
32. The case began when, on or about September 17, 2007, plaintiffs filed a civil action in Biliouris v. Sundance Resources, Inc., in the United States District Court for the Northern District of Texas, Dallas Division, Civil Action No. 3:07-CV-1591-N.

33. The plaintiffs, largely consisting of retirees, alleged Sundance, Respondent Patman and another principal induced them to loan money for the purchase of rigs in a fraudulent oil and gas investment scheme. They described the scheme as follows:
- A. Plaintiffs collectively loaned Sundance over \$14 million for the purchase of five rigs, and Sundance guaranteed full repayment of the principal. Sundance also agreed that plaintiffs would carry working interests in any well that was drilled using the rigs.
  - B. Sundance fell behind and eventually stopped making payments to plaintiffs because its executives systematically transferred its assets to company insiders and their affiliated companies and Sundance accumulated large amounts of debt. The company's executives, including Respondent Patman, continued to transfer Sundance's assets, including \$4 million in cash, to its insiders after Sundance became insolvent.
34. The plaintiffs alleged that Sundance, Respondent Patman and another executive were liable for breach of contract, common law fraud, statutory fraud, fraudulent transfer, civil conspiracy, joint enterprise, alter ego, and violation of Section 33 of the Securities Act.
35. On or about May 26, 2009, the case came before the Court for a jury trial that lasted almost two weeks. At the conclusion of the parties' cases, the Court found there was no genuine issue of material fact with respect to Sundance's breach of contract for failure to pay the plaintiffs the minimum principal repayments.
36. The matter was thereafter presented to the jury, and the jury found substantially in favor of the plaintiffs. On or about March 12, 2010, the Court entered judgment in accordance with the jury.<sup>1</sup>
37. On or about August 11, 2010, the Court entered an Amended Final Judgment that ordered, adjudged and decreed the following:
- A. The Court ordered, adjudged and decreed that plaintiffs were entitled to \$7,171,568.91 in damages for fraud, jointly and severally, against Sundance, Respondent Patman and another defendant;
  - B. The Court ordered, adjudged and decreed that plaintiffs were entitled to \$1,283,750.00 in punitive damages for fraud against Sundance;
  - C. The Court ordered, adjudged and decreed that plaintiffs were entitled to \$641,875.00 in punitive damages for fraud against Respondent Patman;
  - D. The Court ordered, adjudged and decreed that plaintiffs were entitled to \$548,070.21 in damages for statutory fraud, partially jointly and severally, against Sundance, Respondent Patman and another defendant;

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<sup>1</sup> The Court entered judgement in accordance with the jury with two minor exceptions, relating to judgment as a matter of law in favor of plaintiffs in regard to one investment program and finding that two plaintiffs who elected not to testify at trial could not recover on their fraud claims.

- E. The Court ordered, adjudged and decreed that plaintiffs were entitled to \$243,750.00 in punitive damages for statutory fraud against Sundance;
- F. The Court ordered, adjudged and decreed that plaintiffs were entitled to \$121,875.00 in punitive damages for statutory fraud against Respondent Patman;
- G. The Court ordered, adjudged and decreed that plaintiffs were entitled to \$2,426,967.29 in damages for breach of contract for failure to repay principal loan amounts against Sundance;
- H. The Court ordered, adjudged and decreed that plaintiffs were entitled to \$843,302.84 for breach of contract for failure to pay carried working interests against Sundance; and
- I. The Court ordered, adjudged and decreed that plaintiffs recover pre-judgment interest from September 17, 2007, through March 12, 2010, at a rate of five percent per year and post-judgement interest at a rate of 0.34% per year.

**THE FIRST BANKRUPTCY  
OF AN OIL AND GAS BUSINESS CONTROLLED BY RESPONDENT PATMAN**

- 38. As described herein, Respondents are touting the business repute and qualifications of Respondent Patman.
- 39. Respondents are also telling potential investors that, from 2005 through 2007, Respondent Patman served as the Chief Executive Officer of Patman Drilling, and they are recognizing the company's success in building and deploying oil rigs.
- 40. Respondents have not been telling potential investors that, on or about September 25, 2007, Respondent Patman filed a Voluntary Petition for the Chapter 11 Bankruptcy of Patman Drilling in In re Patman Drilling International, Inc., Case No.07-34622-sgj11, in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.
- 41. At the time of the filing, Patman Drilling had more than \$10 million in debt and more than 50 parties were parties of interest in the case. The case was designated as a complex bankruptcy proceeding and, on or about March 14, 2008, the Court appointed a Trustee after finding the following:
  - A. The Court found that Respondent Patman either lacked competence to manage, or was mismanaging, the affairs of Patman Drilling; and
  - B. The Court found that Patman was either less than forthcoming in his testimony, or that Respondent Patman was not as knowledgeable about Patman Drilling "as a person drawing a \$385,000 annual salary should be."

42. The court later discharged the Trustee and appointed a Liquidating Officer to liquidate the assets of Patman Drilling. On or about April 5, 2012, after the Liquidating Officer fully administered the estate, the Court closed the bankruptcy case.

THE SECOND BANKRUPTCY  
OF AN OIL AND GAS BUSINESS CONTROLLED BY RESPONDENT PATMAN

43. As described herein, Respondents are touting the business repute and qualifications of Respondent Patman, the success of Sundance, and their accomplishments over the preceding three decades.
44. Respondents are not telling potential investors that, on or about January 10, 2011, petitioning creditors filed an Involuntary Petition for Chapter 7 Bankruptcy against Sundance in In re Sundance Resources Inc., Case No. 11-30304-sgj7, in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division.
45. The petitioning creditors alleged Sundance had in excess of \$7 million of judgments and other unpaid trade debt, including judgments for fraud, breach of contract and punitive damages. They also alleged that Respondent Patman made transfers of cash and other assets from Sundance to related companies and himself.
46. On February 18, 2011, the Court granted the Involuntary Petition for Chapter 7 Bankruptcy, as amended, and placed Sundance in bankruptcy.
47. Nearly seven years into the administration of the bankruptcy estate, on or about October 2, 2017, the bankruptcy trustee reported that he dispersed only around \$46,000.00 to creditors but discharged more than \$44 million in claims without payment.
48. The next day, the Court discharged the bankruptcy trustee and closed the bankruptcy case.

STATE ENFORCEMENT ACTIONS  
AGAINST RESPONDENT PATMAN FOR ILLEGALLY DEALING IN SECURITIES

49. As described herein, Respondents are touting the business repute and qualifications of Respondent Patman, the success of Sundance, and their accomplishments over the preceding three decades.
50. Respondents are not telling potential investors that at least three state securities regulators brought enforcement actions against Respondent Patman and Sundance for illegally dealing in securities. These enforcement actions were resolved as follows:
- A. On or about July 9, 1998, Respondent Patman and Sundance consented the entry of a judgment in State of Idaho v. Sundance Resources, Inc., et al., Civil No. CV-97-740, in the District Court for the Seventh Judicial District of the State of Idaho, in and for the County of Bingham. The Court found that Respondent Patman and Sundance violated the Idaho Securities Act. It

ordered Sundance to offer rescission to investors and it ordered Respondent Patman and Sundance, together with another defendant, to pay a fine of \$10,000.00.

- B. On or about January 5, 2004, the Secretary for the Pennsylvania Securities Commission entered Findings of Fact, Conclusions of Law, and Order in In the Matter of Sundance Resources, Inc., et al., Administrative Proceeding Docket No. 0103-06. It reflects, among other things, that Respondent Patman and Sundance were ordered to permanently cease and desist from violating the Pennsylvania Securities Act of 1972, barred for one year from offering or selling securities in Pennsylvania unless they satisfied conditions relating to the retention of counsel, and ordered to jointly and severally pay an assessment and the investigative and legal costs incurred by the state.
- C. On or about December 22, 2006, the Texas State Securities Board entered In the Matter of Sundance Resources, Inc., et al., Order No. ENF-06-CDO-1623. It reflects, among other things, as follows:
  - i. Respondent Patman and Sundance violated Section 7 of the Securities Act by offering unregistered securities in Texas and Section 12 of the Securities Act by offering securities without being registered pursuant to the provisions of Section 12 of the Securities Act;
  - ii. Respondent Patman and Sundance were ordered to immediately cease and desist from offering securities in Texas unless the securities are registered with the Securities Commissioner or are offered pursuant to an exemption from registration; and
  - iii. Respondent Patman and Sundance were ordered to immediately cease and desist from acting as securities dealers or agents in Texas until registered with the Securities Commissioner or acting pursuant to an exemption from registration.

**PRIOR STATE ENFORCEMENT ACTION  
AGAINST RESPONDENT YOWELL FOR ILLEGALLY DEALING IN SECURITIES**

- 51. As described herein, Respondent Yowell is claiming to be a partner of Respondent Woodland Resources.
- 52. Respondents Woodland Resources and Kroh are touting Respondent Yowell's experience in the oil and gas industry, citing his work as an owner of an oil and gas business.
- 53. Respondents are not disclosing that, on or about October 31, 2016, the Corporations, Securities and Commercial Licensing Bureau for the Michigan Department of Licensing and Regulatory Affairs entered a Notice and Order to Cease and Desist in In the Matter of Jeremy Yowell, Complaint No. 329219.

54. The Notice and Order to Cease and Desist reflects, among other things, that Respondent Yowell was ordered to immediately cease and desist from acting as an unregistered securities agent and that the agency's administrator intended to impose a civil fine of \$10,000.00.

#### REGISTRATION VIOLATIONS

55. Respondents have not been registered as dealers or agents in Texas at any time material hereto.
56. The working interests in direct drilling offsets of the Oddfellows A-1 have not been registered by notification, coordination or qualification and no permit has been issued for their sale in Texas.
57. Respondent Woodland Resources claims to be limiting sales of working interests in the direct drilling offsets of the Oddfellows A-1 to accredited investors, but Respondent Woodland Resources is not taking reasonable steps to verify that all investors are, in fact, accredited investors. It therefore does not satisfy Regulation D, Rule 506(c), a federal law that would otherwise serve as a basis for preempting the Texas State Securities Board from administering the protections afforded by state registration laws.

#### FRAUD AND THE CONCEALMENT OF SUNDANCE'S PRIOR FRAUDULENT OIL AND GAS INVESTMENT PROGRAM

58. In connection with the offer of working interests in direct drilling offsets of the Oddfellows A-1, Respondents Woodland Resources, Woodland Operating and Patman are intentionally failing to disclose the information set forth herein relating to Biliouris v. Sundance Resources, Inc., Civil Action No. 3:07-CV-1591-N, and this information constitutes a material fact.

#### FRAUD AND THE CONCEALMENT OF BANKRUPTCIES OF COMPANIES MANAGED BY RESPONDENT PATMAN

59. In connection with the offer of working interests in direct drilling offsets of the Oddfellows A-1, Respondents Woodland Resources, Woodland Operating and Patman are intentionally failing to disclose the information set forth herein relating to In re Patman Drilling International, Inc., Case No.07-34622-sgj11, and this information constitutes a material fact.
60. In connection with the offer of working interests in direct drilling offsets of the Oddfellows A-1, Respondents Woodland Resources, Woodland Operating and Patman are intentionally failing to disclose the information set forth herein relating to In re Sundance Resources Inc., Case No. 11-30304-sgj7, and this information constitutes a material fact.

FRAUD AND THE CONCEALMENT OF STATE ENFORCEMENT ACTIONS  
AGAINST RESPONDENT PATMAN FOR ILLEGALLY DEALING IN SECURITIES

61. In connection with the offer of working interests in direct drilling offsets of the Oddfellows A-1, Respondents Woodland Resources, Woodland Operating and Patman are intentionally failing to disclose the information set forth herein relating to the entry of a judgment in State of Idaho v. Sundance Resources, Inc., et al., Civil No. CV-97-740, and this information constitutes a material fact.
62. In connection with the offer of working interests in direct drilling offsets of the Oddfellows A-1, Respondents Woodland Resources, Woodland Operating and Patman are intentionally failing to disclose the information set forth herein relating to the Secretary for the Pennsylvania Securities Commission and its entry of Findings of Fact, Conclusions of Law, and Order in In the Matter of Sundance Resources, Inc., et al., Administrative Proceeding Docket No. 0103-06, and this information constitutes a material fact.
63. In connection with the offer of working interests in direct drilling offsets of the Oddfellows A-1, Respondents Woodland Resources, Woodland Operating and Patman are intentionally failing to disclose the information set forth herein about the Texas State Securities Board and its entry of In the Matter of Sundance Resources, Inc., et al., Order No. ENF-06-CDO-1623, and this information constitutes a material fact.

DECEPTIVE PRACTICES AND THE BUSINESS REPUTE, QUALIFICATIONS  
AND SUCCESS OF RESPONDENT PATMAN, PATMAN DRILLING AND SUNDANCE

64. As described herein, Respondents are touting the business repute and qualifications of Respondent Patman and his success in managing Patman Drilling and Sundance.
65. These statements are materially misleading or otherwise likely to deceive the public because Respondents are not providing investors with the following information:
  - A. Respondents are not providing the information set forth herein relating to Biliouris v. Sundance Resources, Inc., Civil Action No. 3:07-CV-1591-N;
  - B. Respondents are not providing the information set forth herein relating to In re Patman Drilling International, Inc., Case No.07-34622-sgj11;
  - C. Respondents are not providing the information set forth herein relating to In re Sundance Resources Inc., Case No. 11-30304-sgj7;
  - D. Respondents are not providing the information set forth herein relating to the entry of a judgment in State of Idaho v. Sundance Resources, Inc., et al., Civil No. CV-97-740;
  - E. Respondents are not providing the information set forth herein relating to the Secretary for the Pennsylvania Securities Commission and its entry of

Findings of Fact, Conclusions of Law, and Order in In the Matter of Sundance Resources, Inc., et al., Administrative Proceeding Docket No. 0103-06; and

- F. Respondents are not providing the information set forth herein about the Texas State Securities Board and its entry of In the Matter of Sundance Resources, Inc., et al., Order No. ENF-06-CDO-1623.

**DECEPTIVE PRACTICES AND THE PRIOR STATE ENFORCEMENT ACTION AGAINST RESPONDENT YOWELL FOR ILLEGALLY DEALING IN A SECURITY**

66. As described herein, Respondent Yowell is claiming to be a partner of Respondent Woodland Resources. As also described herein, Respondents Woodland Resources and Kroh are touting Respondent Yowell's experience in the oil and gas industry.
67. These statements are materially misleading or otherwise likely to deceive the public because potential investors are not being provided with the information set forth herein relating to the Corporations, Securities and Commercial Licensing Bureau for the Michigan Department of Licensing and Regulatory Affairs and its entry of a Notice and Order to Cease and Desist in In the Matter of Jeremy Yowell, Complaint No. 329219.

**DECEPTIVE PRACTICES AND REPRESENTATIONS ABOUT THE PRODUCTIVITY OF THE ODDFELLOWS A-1**

68. As described herein, Respondents are telling potential investors the wells will be a direct drilling offsets of the Oddfellows A-1 and that the Oddfellows A-1 produces 38 to 40 barrels of oil per day as of October 2018.
69. These statements are materially misleading or otherwise likely to deceive the public because production records reflect that, from April 2018 through April 2019, the Oddfellows A-1 produced an average of 19.72 barrels of oil per day, and that, from February 2019 through April 2019, the Oddfellows A-1 produced an average of 15.43 barrels of oil per day.

**CONCLUSIONS OF LAW**

1. The working interests in the direct drilling offsets of the Oddfellows A-1 are securities as the term is defined by Section 4.A of the Securities Act.
2. Respondents are violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Securities Act.
4. Respondents Woodland Resources, Woodland Operating and Patman are engaging in fraud in connection with the offer for sale of securities.

5. Respondents have made an offer containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
7. The foregoing Conclusions of Law constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

### **ORDER**

1. It is therefore ORDERED Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Securities Act.
2. It is further ORDERED Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Securities Act.
3. It is further ORDERED Respondents Woodland Resources, Woodland Operating and Patman, immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

### **NOTICE**

Pursuant to Section 23-2 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Securities Act is a criminal offense punishable by a fine of not more than \$10,000, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 10<sup>th</sup> day of

July, 2019.



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TRAVIS J. ILES  
Securities Commissioner