

DANIEL L. OWENS

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

Oklahoma Department of Securities)
ex rel. Irving L. Faught,)
Administrator,)
)
Plaintiff,)

CJ -2007-1082

v.)
)

Case No.

enTerra Energy, LLC, David G. Rose,)
David G. Rose *dba* Energy Associates,)
Robert P. Malone, Richard D. Martin,)
Colin Purcell *aka* "Patrick Ryan,")
Brian C. Rose, Gary S. Tarbis,)
McKean County 3 Well, LLP,)
Pennsylvania 3 Well Development, LLP,)
Great Oklahoma Oil Deal, LLP,)
LOT Development Wells, LLP,)
enTerra Seven, LLP, Prospect 87, LLP,)
KAT-5, LLP, and Ken-Tex, LLP,)
)
Defendants.)

FILED IN THE DISTRICT COURT
OKLAHOMA COUNTY, OKLA.

FEB - 6 2007

PATRICIA PRESLEY, COURT CLERK
by _____
DEPUTY

PETITION

Plaintiff, Oklahoma Department of Securities *ex rel.* Irving L. Faught, alleges and states
as follows:

DEFENDANTS

1. enTerra Energy, LLC, was organized as a Florida limited liability company in
August 2003 and remains active. A limited liability company by the same name, enTerra
Energy, LLC, was organized under Oklahoma law in June 2004 and remains an active domestic
limited liability company. The limited liability company organized in Florida and the limited
liability company organized in Oklahoma operate as the same company and hereinafter will be

referred to as one, "Defendant enTerra Energy." Defendant enTerra Energy's managing member is David G. Rose (see paragraph 4 below).

2. Defendant enTerra Energy holds itself out as being in the business of developing, operating, and managing oil and gas properties. Defendant enTerra Energy and/or its managing member organize limited liability partnerships ("Partnerships") for the purpose of drilling oil and gas wells. This practice began in or before 2003 and continues to date, although purportedly ending in April 2006, according to a letter from Defendant enTerra Energy to investors in the Partnerships. Defendant enTerra Energy is the managing partner of the Partnerships. Defendant enTerra Energy, in concert with its managing member and the Partnerships, has issued, and/or proposed to issue for sale, limited liability partnership interests in the Partnerships. Defendant enTerra Energy offered and/or sold limited liability partnership interests in the following Partnerships ("Defendant Partnerships") in and/or from the state of Oklahoma ("Interests"):

- (a) McKean County 3 Well, LLP ("McKean"), a Florida limited liability partnership;
- (b) Pennsylvania 3 Well Development, LLP ("Penn 3"), a Florida limited liability partnership;
- (c) Great Oklahoma Oil Deal, LLP ("GOOD"), an Oklahoma limited liability partnership;
- (d) LOT Development Wells, LLP ("LOT"), an Oklahoma limited liability partnership;
- (e) enTerra Seven, LLP ("enTerra Seven"), an Oklahoma limited liability partnership;

- (f) Prospect 87, LLP (“Prospect 87”), an Oklahoma limited liability partnership;
- (g) KAT-5, LLP (“KAT-5”), an entity holding itself out as an Oklahoma limited liability partnership; and
- (h) Ken-Tex, LLP (“Ken-Tex”), an entity holding itself out as an Oklahoma limited liability partnership.

3. At all times material hereto, Defendant enTerra Energy’s principal place of business has been in Louisville, Kentucky. At some point in time, Defendant enTerra Energy moved part of its operations to Jeffersonville, Indiana. On or about May 1, 2004, Defendant enTerra Energy entered into a contract with HQ Global Workplaces (“HQ”), a provider of shared office space and business support services. Pursuant to this contract, Defendant enTerra Energy utilizes an HQ “virtual office” located at One Memorial Place, 7633 East 63rd Place, Suite 300, Tulsa, Oklahoma 74133 (“Tulsa Office”). Defendant enTerra Energy also utilizes an HQ office located in Boca Raton, Florida.

4. David G. Rose (“Defendant Rose”), an individual, is a Kentucky resident. Defendant Rose is the organizer and managing member of Defendant enTerra Energy and has managerial responsibility for the success or failure of the Defendant Partnerships. Defendant Rose, in concert with the Defendant Partnerships and Defendant enTerra Energy, issued and/or proposed to issue the Interests. In connection with the offer and/or sale of the Interests, telephone calls and mail for Defendant Rose have been routed at his direction through the Tulsa Office. In July 2004, Defendant Rose, individually, offered and sold Interests in GOOD to Investor Cook, an Oklahoma resident. In December 2004, Defendant Rose, individually, offered Interests in enTerra Seven to Investor Duck, an Oklahoma resident. In March 2005, Defendant

Rose, individually, offered and sold Interests in KAT-5 to Investor Snodgrass, an Oklahoma resident.

5. At times material hereto, Defendant Rose, doing business as "Energy Associates," an unincorporated association, represented the Defendant Partnerships, Defendant enTerra Energy, and/or Defendant Rose in the offer and/or sale of the Interests.

6. Robert P. Malone ("Defendant Malone"), an individual, is a Kentucky resident. In connection with the offer and/or sale of the Interests, telephone calls for Defendant Malone have been routed through the Tulsa Office. In or before December 2003, Defendant Malone contacted Investor Scott, who was present and residing in Oklahoma, via a "cold call" and offered him Interests in McKean. Subsequently, Investor Scott purchased Interests in McKean. Investor Scott did not receive a private placement memorandum ("PPM") for McKean prior to purchasing Interests in McKean. In or before May 2004, Defendant Malone contacted Investor Scott in this state and offered him Interests in GOOD. Investor Scott purchased Interests in GOOD.

7. Richard D. Martin ("Defendant Martin"), an individual, is an Indiana resident. In connection with the offer and/or sale of the Interests, telephone calls for Defendant Martin have been routed through the Tulsa Office. In or before June 2004, Defendant Martin contacted Investor Hale, who was present and residing in Oklahoma, via telephone and offered him Interests in GOOD. Investor Hale purchased Interests in GOOD.

8. Colin Purcell *aka* "Patrick Ryan" ("Defendant Purcell"), an individual, is a Kentucky resident. In connection with the offer and/or sale of the Interests, telephone calls for Defendant Purcell have been routed through the Tulsa Office. In or around March 2005, Defendant Purcell, using the alias "Patrick Ryan," contacted Investor Scott, who was present and

residing in this state, and offered and sold him Interests in Prospect 87. In connection with the offer and sell of Interests in Prospect 87, Defendant Purcell faxed certain marketing material regarding Prospect 87 to Investor Scott in Oklahoma.

9. Brian C. Rose ("Defendant Brian Rose"), an individual, is a son of Defendant Rose and a Kentucky resident. In connection with the offer and/or sale of the Interests, telephone calls and mail for Defendant Brian Rose have been routed through the Tulsa Office. In or around March 2005, Defendant Brian Rose and his father met with Investor Snodgrass, an Oklahoma resident, in the state of Kentucky. During such meeting, Defendants Brian Rose and Rose offered Investor Snodgrass Interests in KAT-5. Subsequently, Investor Snodgrass accepted the offer in this state by mailing a cashier's check that originated in Oklahoma to Defendant enTerra Energy at the Tulsa Office. A subscription agreement for KAT-5 was mailed to Investor Snodgrass at his Oklahoma residence.

10. Gary S. Tarbis ("Defendant Tarbis"), an individual, is a resident of Kentucky. In connection with the offer and/or sale of the Interests, telephone calls for Defendant Tarbis have been routed through the Tulsa Office.

(a) In or before November 2003, Defendant Tarbis contacted Investor Duck, who was present and residing in this state, via a "cold call" and offered him Interests in McKean. Investor Duck purchased Interests in McKean. Investor Duck did not receive a PPM for McKean prior to investing in McKean. In July 2004, Defendant Tarbis offered and sold Interests in GOOD to Investor Duck in this state. In January 2005, Defendant Tarbis offered Interests in enTerra Seven to Investor Duck in this state. In July 2005, Defendant Tarbis offered and sold Interests in Ken-Tex to Investor Duck in this state.

(b) In or around March 2005, Defendant Tarbis, in addition to Defendant Purcell, contacted Investor Scott, who was present and residing in this state, and offered and sold him Interests in Prospect 87. In or around October 2004, Defendant Tarbis contacted Investor Scott in this state and offered and sold him Interests in LOT.

(c) In or around February 2005, Defendant Tarbis offered and sold Interests in enTerra Seven to Investor Vanlandingham, who was residing in Oklahoma.

11. At times material hereto, Defendants Malone, Martin, Purcell, Brian Rose, and Tarbis were employed by the Defendant Partnerships, Defendant enTerra Energy, Defendant Rose, and/or Defendant Rose *dba* Energy Associates or other related entities to represent the Defendant Partnerships, Defendant enTerra Energy, and Defendant Rose in effecting or attempting to effect sales of the Interests.

JURISDICTION AND VENUE

12. The Administrator of the Oklahoma Department of Securities (“Department”) brings this action pursuant to Section 1-603 of the Oklahoma Uniform Securities Act of 2004 (“Act”), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), and Section 406.1 of the Oklahoma Securities Act (“Predecessor Act”), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2003). The Administrator of the Department (“Administrator”) is the proper party to bring such action against Defendants.

13. By virtue of their formation and/or activities in this state as described herein, Defendants are subject to the jurisdiction of this Court and to service of summons within this state.

14. Venue is proper in this county.

15. Defendants have engaged in acts and practices in violation of the Act and the Predecessor Act. Unless enjoined, Defendants are likely to again engage in the acts and practices set forth herein and/or acts and practices of similar purport and object.

FACTUAL ALLEGATIONS

16. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 15 above.

17. Defendant enTerra Energy, Defendant Rose, and the respective Defendant Partnership filed, or caused to be filed, a notice of sales on Form D ("Form D") with the Administrator for the following Defendant Partnerships on the below-listed dates:

- (a) McKean; July 20, 2004;
- (b) Penn 3; July 28, 2004;
- (c) GOOD; October 6, 2004;
- (d) LOT; April 7, 2005;
- (e) enTerra Seven; May 6, 2005;
- (f) Prospect 87; May 27, 2005; and
- (g) KAT-5; August 11, 2005.

18. A Form D for Ken-Tex was not filed with the Administrator. However, the PPM for Ken-Tex indicates that Interests in Ken-Tex were being offered and/or sold in expected reliance upon Regulation D promulgated under the Securities Act of 1933 ("Regulation D").

19. Each Form D filed on behalf of the Defendant Partnerships listed in paragraph 17 above indicates Rule 506 of Regulation D as the exemption upon which the issuers relied. Each of the aforementioned forms were mailed to the Department with a letter in which Defendant Rose, in his capacity as Managing Member of Defendant enTerra Energy, stated: "The officers

and directors of enTerra Energy, LLC, the General Partner of the Issuer, will be the only persons offering and selling the Issuer's Securities in Oklahoma." Each Form D indicated that Interests had already been sold in Oklahoma to at least one investor.

20. For a period of time, including on January 3, 2005, Defendant enTerra Energy and Defendant Rose offered Interests to the general public via a website, www.4gasoil.com ("enTerra Website").

21. The enTerra Website provided the address of the Tulsa Office, the telephone number (918) 459-4598, and the facsimile number (918) 459-4500 as the address, telephone number, and fax number for Defendant EnTerra Energy.

22. The Form Ds filed on behalf of GOOD, LOT, enTerra Seven, Prospect 87, and KAT-5 provided the address of the Tulsa Office as the "Address of Executive Offices," the "Address of Principal Business Operations," and the "Business or Residence Address" of Defendant Rose.

23. The PPMs for GOOD, LOT, enTerra Seven, KAT-5, Prospect 87, and Ken-Tex provided the address of the Tulsa Office as that of Defendant enTerra Energy.

24. Defendant Rose's business card states that his office telephone number is (918) 459-4598 and that his fax number is (918) 459-4550. Defendants have provided this business card to potential investors, residing in various states including Oklahoma, in folders containing sales literature.

25. In connection with the offer and/or sale of Interests, agents of the Defendant Partnerships, Defendant enTerra Energy, and Defendant Rose have contacted potential investors residing in this state and in other states via telephone and have, directly or indirectly, represented to such potential investors that they are calling from Tulsa, Oklahoma.

26. In or around May 2004, Investor Scott and presumably other purchasers of Interests received a letter printed on the letterhead of Defendant enTerra Energy, dated May 19, 2004, and signed by Defendant Rose. The letter stated the following: "We have officially completed the move of our new Corporate Offices[.]" The letter provided the address of the Tulsa Office as the "New Corporate Address" of Defendant enTerra Energy.

27. Defendants do not work at the Tulsa Office. No employees or agents of Defendant Rose, Defendant enTerra Energy, or any related entity, work at the Tulsa Office. A receptionist, who is employed by HQ, at the Tulsa Office forwards all telephone calls for Defendants to a telephone number in Louisville, Kentucky, or Jeffersonville, Indiana. The receptionist forwards, on a daily basis, all mail for Defendants to Louisville and/or Jeffersonville.

28. Defendants Ken-Tex, KAT-5, enTerra Energy, Rose, Brian Rose, Purcell, and Tarbis have distributed, or caused to be distributed, PPMs for Ken-Tex and/or KAT-5 in and/or from Oklahoma. The Ken-Tex PPM states that Ken-Tex is an "Oklahoma Registered Limited Liability Partnership." The KAT-5 PPM states that KAT-5 is an "Oklahoma Registered Limited Liability Partnership." Neither entity has filed a statement of qualification with the Oklahoma Secretary of State; therefore, neither entity has the status of a limited liability partnership under Oklahoma law.

29. Defendant Rose, Defendant enTerra Energy, certain Defendant Partnerships, and related entities controlled by Defendant Rose have been the subject of regulatory actions by at least two states for violations of state securities laws in connection with the offer and/or sale of interests in oil and gas partnerships.

(a) Ohio: In July 2005, the Ohio Commissioner of Securities entered a Cease and Desist Order against Defendant enTerra Energy, Penn 3, GOOD, and Defendant Rose.

(b) Ohio: In July 2005, the Ohio Commissioner of Securities entered a Cease and Desist Order against Defendant enTerra Energy, LOT, and Defendant Rose.

(c) Kentucky: In July 2005, the Franklin Circuit Court, Commonwealth of Kentucky, permanently enjoined Defendant enTerra Energy, Defendant Rose, Defendant Energy Associates, McKean, Penn 3, and GOOD from all aspects of the securities business in Kentucky and “from transacting in securities with any person or business entity of any kind that is a resident of or physically present in the Commonwealth of Kentucky. . . .” At the same time, the court ordered Defendant Tarbis not to violate the securities laws of Kentucky and the administrative regulations promulgated thereunder.

30. Prior to the formation of Defendant enTerra Energy, Defendant Rose controlled Robo Exploration, Inc. (formerly known as “Robo Enterprises, Inc.” or “Robo Enterprises”), another oil and gas company. Defendant Rose, Robo Exploration, Inc., and/or other related entities controlled by Defendant Rose have been the subject of regulatory actions by multiple states for violations of state securities laws.

(a) Illinois: In July 1989, Defendant Rose was the subject of a Cease and Desist Order relating to the sale of unregistered securities in the state of Illinois. In June 1997, the Illinois Secretary of State entered a Consent Order of Prohibition against Defendant Rose and Robo Enterprises prohibiting the offer or

sale of securities in the State of Illinois, except in compliance with the Illinois Securities Law of 1953, and imposing a \$3,000 fine.

(b) Kansas: In March 1997 and April 1998, the Kansas Securities Commissioner entered Consent Orders against Defendant Rose and Robo Enterprises ordering them to cease and desist from violating the provisions of the Kansas Securities Act relating to the registration of securities and the registration of broker-dealers and agents, in connection with the making of any further offers to sell or sales of securities within the state of Kansas.

(c) Kentucky: In September 1989, the Director of the Division of Securities of the Department of Financial Institutions of the Commonwealth of Kentucky entered an Agreed Order prohibiting Robo Enterprises and Defendant Rose from violating the Securities Act of Kentucky or any regulations enacted pursuant thereto. In July 1997, the Commissioner of the Department of Financial Institutions of the Commonwealth of Kentucky entered another Agreed Order prohibiting Robo Enterprises and Defendant Rose from violating the Kentucky Securities Act or regulations enacted pursuant thereto or orders of the Commissioner entered pursuant thereto.

(d) Maryland: In October 2002, the Maryland Division of Securities and Defendant Rose entered into a Consent Order prohibiting future violations of certain provisions of the Maryland Securities Act.

(e) New Hampshire: In April 2001, the New Hampshire Division of Securities entered a Summary Cease and Desist Order against Defendant Rose regarding the sale of unregistered securities.

(f) Ohio: In September 1999, the Ohio Commissioner of Securities entered a Final Order to Cease and Desist and Declaration that Claims of Exemption are Null and Void, against Robo Enterprises for the sale of non-exempt and unregistered securities.

(g) Pennsylvania: In August 1998, the Pennsylvania Securities Commission entered a Summary Order to Cease and Desist against Defendant Rose and Robo Enterprises for failing to disclose the disciplinary history of Defendant Rose and Robo Enterprises with respect to administrative proceedings in other states in offering materials given to investors in Robo-Bartlett Field Ohio Natural Gas, LLP ("Robo Ohio"). Robo Enterprises was the managing partner of Robo Ohio. In May 2000, the Pennsylvania Securities Commission entered another Summary Order to Cease and Desist against Defendant Rose and Robo Enterprises prohibiting the offer and sale of unregistered securities by an unregistered broker-dealer and unregistered agents in Pennsylvania.

(h) South Dakota: In September 1996 and December 1996, the South Dakota Division of Securities entered Cease and Desist Orders against Robo Enterprises. In April 1998, the South Dakota Division of Securities entered another Consent Order against Defendant Rose and Robo Enterprises as a result of Robo Enterprises' repeated offering of unregistered, non-exempt securities in violation of the prior cease and desist orders. The terms of the Consent Order included a \$5,000 fine and a prohibition against the offer or sale of any security offered by Robo Enterprises, Defendant Rose, or any other company for which Defendant

Rose has a controlling interest in South Dakota, without prior written consent of the South Dakota Division of Securities.

(i) Wisconsin: In July 1998, the Administrator of the Wisconsin Division of Securities entered an Order of Prohibition and Revocation against Robo Enterprises and Defendant Rose for the offer and sale of unlicensed securities by an unlicensed agent and a filing of a false document with the Wisconsin Division of Securities.

FIRST CLAIM

(Violation of Section 301 of the Predecessor Act and Section 1-301 of the Act: Offering and/or Selling Unregistered Securities)

31. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 30 above.

32. The Interests are securities in the nature of investment contracts as defined by Section 2 of the Predecessor Act and Section 1-102 of the Act.

33. The securities offered and/or sold by Defendants are not, and have not been, registered pursuant to the Predecessor Act or the Act nor are the securities exempt from registration pursuant to Section 401 of the Predecessor Act and Section 1-201 of the Act.

34. The offer and sale of the Interests by Defendants are not transactions exempt from registration pursuant to Section 401 of the Predecessor Act and Section 1-202 of the Act.

35. By reason of the foregoing, Defendants have violated Section 301 of the Predecessor Act and Section 1-301 of the Act, and unless enjoined, are likely to again violate Section 1-301 of the Act.

SECOND CLAIM

(Violation of Section 201 of the Predecessor Act and Section 1-402 of the Act: Failure to Register as Agents and Employing Unregistered Agents)

36. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding claim.

37. The Defendant Partnerships, Defendant enTerra Energy, and Defendant Rose are issuers as defined in Section 2 of the Predecessor Act and Section 1-102 of the Act and as further established by case law.

38. Defendants Malone, Martin, Purcell, Brian Rose, and Tarbis, by virtue of their efforts and activities in this state, in effecting or attempting to effect sales of the Interests, are agents of the Defendant Partnerships, Defendant enTerra Energy, and/or Defendant Rose, as defined in Section 2 of the Predecessor Act and Section 1-102 of the Act.

39. Defendants Malone, Martin, Purcell, Brian Rose, and Tarbis are not, and have not been, registered as issuer agents of the Defendant Partnerships, Defendant enTerra Energy, and/or Defendant Rose pursuant to Section 201 of the Predecessor Act or Section 1-402 of the Act and are not exempt from registration.

40. By reason of the foregoing, Defendants Malone, Martin, Purcell, Brian Rose, and Tarbis have violated Section 201 of the Predecessor Act and Section 1-402 of the Act, and unless enjoined, are likely to again violate Section 1-402 of the Act. By employing and/or associating with unregistered agents, the Defendant Partnerships, Defendant enTerra Energy, and Defendant Rose have violated Section 201 of the Predecessor Act and Section 1-402 of the Act, and unless enjoined, are likely to again violate Section 1-402 of the Act.

THIRD CLAIM

(Violation of Section 101 of the Predecessor Act and Section 1-501 of the Act: Untrue Statements of Material Fact and Omissions of Material Fact in Connection With Offer, Sale or Purchase of Securities)

41. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding claims.

42. In connection with the offer and/or sale of the Interests in Ken-Tex, Defendants Ken-Tex, enTerra Energy, Rose, and Tarbis, directly or indirectly, made untrue statements of material fact including, but not limited to, the following: that Ken-Tex is an “Oklahoma Registered Limited Liability Partnership.”

43. In connection with the offer and/or sale of Interests in KAT-5, Defendants KAT-5, enTerra Energy, Rose, and Brian Rose, directly or indirectly, made untrue statement of material fact including, but not limited to, the following: that KAT-5 is an “Oklahoma Registered Limited Liability Partnership.”

44. In connection with the offer and/or sale of Interests in McKean, Defendants McKean, enTerra Energy, Rose, Tarbis, and Malone, directly or indirectly, omitted to state material facts necessary in order 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) that Defendant Rose and/or entities under his control have been the subject of regulatory actions for violations of securities laws in numerous states including, but not limited to, Illinois, Kansas, Kentucky, Maryland, New Hampshire, Ohio, Pennsylvania, South Dakota, and Wisconsin;

(b) that Robo Exploration, Inc., filed for Chapter 11 bankruptcy in October 2001 in the United States Bankruptcy Court, Western District of Kentucky; and

(c) that Defendant Rose was sued in the United States District Court in the Western District of Kentucky in October 2002 by three individuals alleging damages of \$1.5 million resulting from violations of state and federal securities law, negligence, and misrepresentations.

45. In connection with the offer and/or sale of the Interests, Defendants, directly or indirectly, omitted to state material facts necessary in order 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) that the Tulsa Office is a "virtual office" through which mail and telephone calls for Defendants are routed outside the state of Oklahoma; and

(b) that Defendant enTerra Energy's principal place of business is, or at times material hereto was, in Kentucky where Defendants enTerra Energy, Rose, McKean, Penn 3, and GOOD are permanently enjoined from all aspects of the securities business.

46. In connection with the offer and/or sale of the Interests, Defendant Purcell, directly or indirectly, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading including, but not limited to: that Defendant Purcell was using a false identity in connection with the offer and/or sale of the Interests.

47. In connection with the offer and/or sale of the Interests, Defendants, directly or indirectly, omitted to state material facts necessary in order 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) that the Interests are not exempt from the registration provisions of the Act and Predecessor Act; and

(b) that Defendants Malone, Martin, Purcell, Brian Rose, and Tarbis were transacting business as unregistered agents in and/or from the state of Oklahoma in violation of the Predecessor Act and/or the Act.

48. By reason of the foregoing, Defendants have violated Section 101 of the Predecessor Act and Section 1-501 of the Act and, unless enjoined, are likely to again violate Section 1-501 of the Act.

FOURTH CLAIM

(Violation of Section 101 of the Predecessor Act and Section 1-501 of the Act: Engaging in any Act, Practice, or Course of Business which Operates or Would Operate as a Fraud or Deceit upon any Person)

49. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding claims.

50. Defendants, in connection with the offer and sale of the Interests and through the use of the untrue statements of material fact and the omissions of material facts described in paragraphs 42 through 47 above, have engaged in acts, practices, and a course of business that have operated as a fraud or deceit upon investors.

51. By reason of the foregoing, Defendants have violated Section 101 of the Predecessor Act and Section 1-501 of the Act, and unless enjoined, are likely to again violate Section 1-501 of the Act.

FIFTH CLAIM

(Violation of Section 1-505 of the Act: Misleading Filings)

52. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding claims.

53. Defendants GOOD, LOT, enTerra Seven, Prospect 87, KAT-5, enTerra Energy, and Rose filed, or caused to be filed, under the Act, Form D notices that at the time and in the light of the circumstances were materially false and/or misleading because they stated the Tulsa Office as the "Address of Executive Offices" and the "Address of Principal Business Operations" of Defendant enTerra Energy and the "Business or Residence Address" of Defendant Rose.

54. Defendants McKean, Penn 3, GOOD, LOT, enTerra Seven, Prospect 87, KAT-5, enTerra Energy and Rose made, or caused to be made, under the Act, filings with the Administrator that at the time and in the light of the circumstances were materially false and/or misleading because they stated that the officers and directors of Defendant enTerra Energy would be the only persons offering and selling the Interests in Oklahoma.

55. By reason of the foregoing, Defendants enTerra Energy, Rose, McKean, Penn 3, GOOD, LOT, enTerra Seven, Prospect 87, and KAT-5 have violated Section 1-505 of the Act, and unless enjoined, are likely to again violate Section 1-505 of the Act.

PLEADING IN THE ALTERNATIVE

56. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding claims to such extent that they do not contradict paragraphs 57 through 59 below.

57. If Defendant Rose is determined by the Court not to be an issuer of the Interests, Defendant Rose is an agent of Defendant enTerra Energy and/or the Defendant Partnerships by virtue of his efforts and activities in this state, in effecting or attempting to effect sales of Interests.

58. Defendant Rose is not, and has not been, registered as an agent of Defendant enTerra Energy and/or the Defendant Partnerships pursuant to Section 201 of the Predecessor Act or Section 1-402 of the Act and is not exempt from registration.

59. By reason of the foregoing, Defendant Rose violated Section 201 of the Predecessor Act and Section 1-402 of the Act, and unless enjoined, is likely to again violate Section 1-402 of the Act.

PRAYER FOR RELIEF

WHEREFORE, based upon the foregoing, and pursuant to the authority specifically granted by Section 406.1 of the Predecessor Act and Section 1-603 of the Act, Plaintiff prays for the following relief:

1. A temporary injunction enjoining and restraining Defendants from transacting business in or from this state as issuers, issuer agents, broker-dealers, broker-dealer agents, investment advisers, and/or investment adviser representatives;

2. A permanent injunction forever enjoining and restraining Defendants from transacting business in or from this state as issuers, issuer agents, broker-dealers, broker-dealer agents, investment advisers, and/or investment adviser representatives;

3. An order requiring the Defendant Partnerships, Defendant enTerra Energy, and Defendant Rose to file with the Court, within ten (10) days of a hearing on the request for a

temporary injunction, an accounting of the use of proceeds received from the sale of the Interests;

4. An order requiring the Defendant Partnerships, Defendant enTerra Energy, and Defendant Rose to offer rescission to all purchasers of Interests who resided in the state of Oklahoma at the time of such purchases and imposing joint and several liability upon the Defendant Partnerships, Defendant enTerra Energy, and Defendant Rose for such rescission; and

5. Such other legal or equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES
Irving L. Faught, Administrator

By:

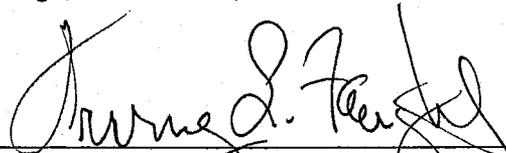


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STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) ss.

Irving L. Faught, of lawful age, being first duly sworn deposes and states: 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.

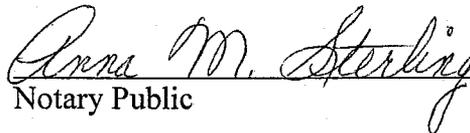
(SEAL)



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

Subscribed and sworn to before me this 6th day of February, 2007.

(SEAL)


Notary Public

My Commission Expires:

December 21, 2007

Commission Number: 99019517