

United States Bankruptcy Court
Eastern District of Texas

In re Energy Recovery Group, LLC Debtor(s)
Case No. 06-41568
Chapter 11

STATEMENT OF FINANCIAL AFFAIRS - AMENDED

This statement is to be completed by every debtor. Spouses filing a joint petition may file a single statement on which the information for both spouses is combined. If the case is filed under chapter 12 or chapter 13, a married debtor must furnish information for both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional, should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs. Do not include the name or address of a minor child in this statement. Indicate payments, transfers and the like to minor children by stating "a minor child." See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

Questions 1 - 18 are to be completed by all debtors. Debtors that are or have been in business, as defined below, also must complete Questions 19 - 25. **If the answer to an applicable question is "None," mark the box labeled "None."** If additional space is needed for the answer to any question, use and attach a separate sheet properly identified with the case name, case number (if known), and the number of the question.

DEFINITIONS

"In business." A debtor is "in business" for the purpose of this form if the debtor is a corporation or partnership. An individual debtor is "in business" for the purpose of this form if the debtor is or has been, within six years immediately preceding the filing of this bankruptcy case, any of the following: an officer, director, managing executive, or owner of 5 percent or more of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed full-time or part-time. An individual debtor also may be "in business" for the purpose of this form if the debtor engages in a trade, business, or other activity, other than as an employee, to supplement income from the debtor's primary employment.

"Insider." The term "insider" includes but is not limited to: relatives of the debtor; general partners of the debtor and their relatives; corporations of which the debtor is an officer, director, or person in control; officers, directors, and any owner of 5 percent or more of the voting or equity securities of a corporate debtor and their relatives; affiliates of the debtor and insiders of such affiliates; any managing agent of the debtor. 11 U.S.C. § 101.

1. Income from employment or operation of business

None ☐ State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business, including part-time activities either as an employee or in independent trade or business, from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the **two years** immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE
\$760,282.58	2006 Gross Profit
\$10,554,798.00	2005 Gross Receipts
\$2,252,721.00	2005 Gross Profit
\$5,607,569.00	2004 Gross Receipts
\$2,029,960.00	2004 Gross Profit
\$8,223,687.04	2006 Gross Receipts

2. Income other than from employment or operation of business

None ☐ State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the **two years** immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE
\$0.00	None.

3. Payments to creditors

None ☒ **Complete a. or b., as appropriate, and c.**

a. *Individual or joint debtor(s) with primarily consumer debts.* List all payments on loans, installment purchases of goods or services, and other debts to any creditor made within **90 days** immediately preceding the commencement of this case if the aggregate value of all property that constitutes or is affected by such transfer is not less than \$600. Indicate with an (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and creditor counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING
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None ☐ b. *Debtor whose debts are not primarily consumer debts:* List each payment or other transfer to any creditor made within **90 days** immediately preceding the commencement of the case if the aggregate value of all property that constitutes or is affected by such transfer is not less than \$5,000. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS/ TRANSFERS	AMOUNT PAID OR VALUE OF TRANSFERS	AMOUNT STILL OWING
3 a - None		\$0.00	\$0.00

3 b - see attachment 01	\$1,877,143.00	\$0.00
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None ☐ c. *All debtors:* List all payments made within **one year** immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR	DATE OF PAYMENT	AMOUNT PAID	AMOUNT STILL OWING
See attachment 02		\$742,331.88	\$0.00

4. Suits and administrative proceedings, executions, garnishments and attachments

None ☐ a. List all suits and administrative proceedings to which the debtor is or was a party within **one year** immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
Weatherford International v. Energy Recovery Group, LLC	Cause of action and request for relief.	164th Judicial District Court of Harris County, Texas	Citation served 12/9/06
Newpark Drilling Fluids v. Energy Recovery Group, LLC	Suit on sworn account	296th Judicial District Court of Collin County, Texas	Judgment signed 10/23/06

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
Wood Pressure Control - Affidavit securing Lien; Book 6037, Page 216	Lien on oil and gas proeprty	Probate Mobile County, Alabama 2006067352	Pending
Statement of Privilege - Central Industries	Reserving rights.	Clerk of Court St. Mary Parish, LA	Pending
Lien and Privilege Book 1160, page 478 Stokes & Spiehler	Reserving rights (mortgage)	Clerk of Court Iberia Parish, LA	Pending
Joseph Duplain & L. Santos	Suit for damages arising out of contract.	101st Judicial District Court of Dallas County, Texas	Pending; stayed

None ☐ b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY
Eastern Fishing & Rental Tools Co., Inc. PO Box 292 Laurel, MS 39441	9/6/06	Assignment of Net Revenue Interest
Court Registry - 16th Judicial Districdt PO Box 626 Saint Martinville, LA 70582-0626	9/1/06	Mildred B. Carpenter #1 Serial No. 23058 Fausse Pointe Field Iberia Parish, LA 20% Royalty Interest

5. Repossessions, foreclosures and returns

None ☐ List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR OR SELLER	DATE OF REPOSSESSION, FORECLOSURE SALE, TRANSFER OR RETURN	DESCRIPTION AND VALUE OF PROPERTY
None.		

6. Assignments and receiverships

None ☐ a. Describe any assignment of property for the benefit of creditors made within **120 days** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF ASSIGNEE	DATE OF ASSIGNMENT	TERMS OF ASSIGNMENT OR SETTLEMENT
Eastern Fishing & Rental Tools Co., Inc. PO Box 292 Laurel, MS 39441	9/6/06	Assignment of Net Revenue Interest

None ☐ b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CUSTODIAN	NAME AND LOCATION OF COURT CASE TITLE & NUMBER	DATE OF ORDER	DESCRIPTION AND VALUE OF PROPERTY
None.			

7. Gifts

None ☐ List all gifts or charitable contributions made within **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than \$200 in value per individual family member and charitable contributions aggregating less than \$100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT
None.			

8. Losses

None ☐ List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case or **since the commencement of this case**. (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS	DATE OF LOSS
Mildred Carpenter #1, Sec. 28 T11S-R8E, Iberia Parish, LA - Oil and Gas Well	Hurricane Rita hit land while in the process of drilling directional hole at 6,600 ft +. As of 12/31/06, balance due \$177,750 concerning uninsurable damages.	August 29, 2005

9. Payments related to debt counseling or bankruptcy

None ☐ List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of the petition in bankruptcy within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT, NAME OF PAYOR IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
Greenberg Traurig 2200 Ross Avenue, Suite 5200 Dallas, TX 75201	10/30/06	\$7,500.00
Cox Smith Matthews 1201 Elm Street, Suite 3300 Dallas, TX 75270	12/11/06	\$45,000.00

10. Other transfers

- None ☐ a. List all other property, other than property transferred in the ordinary course of the business or financial affairs of the debtor, transferred either absolutely or as security within **two years** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF TRANSFEREE, RELATIONSHIP TO DEBTOR	DATE	DESCRIBE PROPERTY TRANSFERRED AND VALUE RECEIVED
None		

- None ☐ b. List all property transferred by the debtor within **ten years** immediately preceding the commencement of this case to a self-settled trust or similar device of which the debtor is a beneficiary.

NAME OF TRUST OR OTHER DEVICE	DATE(S) OF TRANSFER(S)	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY OR DEBTOR'S INTEREST IN PROPERTY
None.		

11. Closed financial accounts

- None ☐ List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within **one year** immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under chapter 12 or chapter 13 must include information concerning accounts or instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF INSTITUTION	TYPE OF ACCOUNT, LAST FOUR DIGITS OF ACCOUNT NUMBER, AND AMOUNT OF FINAL BALANCE	AMOUNT AND DATE OF SALE OR CLOSING
None.		

12. Safe deposit boxes

- None ☐ List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF BANK OR OTHER DEPOSITORY	NAMES AND ADDRESSES OF THOSE WITH ACCESS TO BOX OR DEPOSITORY	DESCRIPTION OF CONTENTS	DATE OF TRANSFER OR SURRENDER, IF ANY
None.			

13. Setoffs

- None ☐ List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within **90 days** preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATE OF SETOFF	AMOUNT OF SETOFF
None.		

14. Property held for another person

- None ☐ List all property owned by another person that the debtor holds or controls.

NAME AND ADDRESS OF OWNER	DESCRIPTION AND VALUE OF PROPERTY	LOCATION OF PROPERTY
ERG holds value for investors		

15. Prior address of debtor

- None ☐ If the debtor has moved within **three years** immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

ADDRESS	NAME USED	DATES OF OCCUPANCY
2825 Regal Road, #101 Plano, Texas 75075	Energy Recovery Group, LLC	2004

16. Spouses and Former Spouses

- None ☐ If the debtor resides or resided in a community property state, commonwealth, or territory (including Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, or Wisconsin) within **eight years** immediately preceding the commencement of the case, identify the name of the debtor's spouse and of any former spouse who resides or resided with the debtor in the community property state.

NAME
N/A

17. Environmental Information.

For the purpose of this question, the following definitions apply:

"Environmental Law" means any federal, state, or local statute or regulation regulating pollution, contamination, releases of hazardous or toxic substances, wastes or material into the air, land, soil, surface water, groundwater, or other medium, including, but not limited to, statutes or regulations regulating the cleanup of these substances, wastes, or material.

"Site" means any location, facility, or property as defined under any Environmental Law, whether or not presently or formerly owned or operated by the debtor, including, but not limited to, disposal sites.

"Hazardous Material" means anything defined as a hazardous waste, hazardous substance, toxic substance, hazardous material, pollutant, or contaminant or similar term under an Environmental Law

- None ☐ a. List the name and address of every site for which the debtor has received notice in writing by a governmental unit that it may be liable or potentially liable under or in violation of an Environmental Law. Indicate the governmental unit, the date of the notice, and, if known, the Environmental Law:

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
None.			

- None ☐ b. List the name and address of every site for which the debtor provided notice to a governmental unit of a release of Hazardous Material. Indicate the governmental unit to which the notice was sent and the date of the notice.

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
None.			

- None ☐ c. List all judicial or administrative proceedings, including settlements or orders, under any Environmental Law with respect to which the debtor is or was a party. Indicate the name and address of the governmental unit that is or was a party to the proceeding, and the docket number.

NAME AND ADDRESS OF GOVERNMENTAL UNIT	DOCKET NUMBER	STATUS OR DISPOSITION
None.		

18 . Nature, location and name of business

- None ☐ a. *If the debtor is an individual*, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, partner in a partnership, sole proprietor, or was self-employed in a trade, profession, or other activity either full- or part-time within **six years** immediately preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within **six years** immediately preceding the commencement of this case.

If the debtor is a partnership, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities, within **six years** immediately preceding the commencement of this case.

If the debtor is a corporation, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities within **six years** immediately preceding the commencement of this case.

NAME	LAST FOUR DIGITS OF SOC. SEC. NO./ COMPLETE EIN OR OTHER TAXPAYER I.D. NO.	ADDRESS	NATURE OF BUSINESS	BEGINNING AND ENDING DATES
Energy Recovery Group, LLC	47-0936458	2801 Regal Road, #101 Plano, TX 75075	Oil and gas production	1/14/04

- None ☒ b. Identify any business listed in response to subdivision a., above, that is "single asset real estate" as defined in 11 U.S.C. § 101.

NAME	ADDRESS
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The following questions are to be completed by every debtor that is a corporation or partnership and by any individual debtor who is or has been, within **six years** immediately preceding the commencement of this case, any of the following: an officer, director, managing executive, or owner of more than 5 percent of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership, a sole proprietor or self-employed in a trade, profession, or other activity, either full- or part-time.

(An individual or joint debtor should complete this portion of the statement only if the debtor is or has been in business, as defined above, within six years immediately preceding the commencement of this case. A debtor who has not been in business within those six years should go directly to the signature page.)

19. Books, records and financial statements

- None ☐ a. List all bookkeepers and accountants who within **two years** immediately preceding the filing of this bankruptcy case kept or supervised the keeping of books of account and records of the debtor.

NAME AND ADDRESS	DATES SERVICES RENDERED
Langham Mckay & Company PO Box 795548 Dallas, TX 75379	Multiple
Dallas Data Processing 4849 Greenville Avenue #1250 Dallas, TX 75206	Multiple

- None ☐ b. List all firms or individuals who within the **two years** immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

NAME	ADDRESS	DATES SERVICES RENDERED
Langham Mckay & Company	PO Box 795548 Dallas, TX 75379-5548	Multiple
Dallas Data Processing	4849 Greenville Avenue #1250 Dallas, TX 75206	Multiple

- None ☐ c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

NAME	ADDRESS
Langham Mckay & Company	PO Box 795548 Dallas, TX 75379-5548
Dallas Data Processing	4849 Greenville Avenue #1250 Dallas, TX 75206

- None ☐ d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued by the debtor within **two years** immediately preceding the commencement of this case.

NAME AND ADDRESS	DATE ISSUED
Ross & Yergler PO Box 1139 Jackson, MS 39215	6/23/04 10/15/06

20. Inventories

- None ☐ a. List the dates of the last two inventories taken of your property, the name of the person who supervised the taking of each inventory, and the dollar amount and basis of each inventory.

DATE OF INVENTORY	INVENTORY SUPERVISOR	DOLLAR AMOUNT OF INVENTORY (Specify cost, market or other basis)
None.		

- None ☐ b. List the name and address of the person having possession of the records of each of the two inventories reported in a., above.

DATE OF INVENTORY	NAME AND ADDRESSES OF CUSTODIAN OF INVENTORY RECORDS
None.	None.

21 . Current Partners, Officers, Directors and Shareholders

- None ☐ a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

NAME AND ADDRESS	NATURE OF INTEREST	PERCENTAGE OF INTEREST
Paul Kimball 2801 Regal Road #101 Plano, TX 75075	Managing Member	50% interest
Dwight Brehm 2801 Regal Road #101 Plano, TX 75075	Managing Member	50% interest

- None ☐ b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting or equity securities of the corporation.

NAME AND ADDRESS	TITLE	NATURE AND PERCENTAGE OF STOCK OWNERSHIP
None		

22 . Former partners, officers, directors and shareholders

- None ☐ a. If the debtor is a partnership, list each member who withdrew from the partnership within **one year** immediately preceding the commencement of this case.

NAME	ADDRESS	DATE OF WITHDRAWAL
Mark Woodcock	PO Box 217 Crandall, TX 75114	July, 2005

- None ☐ b. If the debtor is a corporation, list all officers, or directors whose relationship with the corporation terminated within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS	TITLE	DATE OF TERMINATION
None.		

23 . Withdrawals from a partnership or distributions by a corporation

- None ☒ If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during **one year** immediately preceding the commencement of this case.

NAME & ADDRESS OF RECIPIENT, RELATIONSHIP TO DEBTOR	DATE AND PURPOSE OF WITHDRAWAL	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
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24. Tax Consolidation Group.

- None ☐ If the debtor is a corporation, list the name and federal taxpayer identification number of the parent corporation of any consolidated group for tax purposes of which the debtor has been a member at any time within **six years** immediately preceding the commencement of the case.

NAME OF PARENT CORPORATION	TAXPAYER IDENTIFICATION NUMBER (EIN)
None.	

25. Pension Funds.

- None ☐ If the debtor is not an individual, list the name and federal taxpayer identification number of any pension fund to which the debtor, as an employer, has been responsible for contributing at any time within **six years** immediately preceding the commencement of the case.

NAME OF PENSION FUND	TAXPAYER IDENTIFICATION NUMBER (EIN)
None.	

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct to the best of my knowledge, information and belief.

Date February 1, 2007 Signature _____

[An individual signing on behalf of a partnership or corporation must indicate position or relationship to debtor.]

Penalty for making a false statement: Fine of up to \$500,000 or imprisonment for up to 5 years, or both, 18 U.S.C. §§ 152 and 3571

3 b.

Check Register: 90 days preceeding commencement

Ck Number	Code	Date	Description	Payment/Debit	Deposit/Credit
		6/29/06	rev dist - WI 06/06 (w/04/06 rlyty)	(\$293,868.97)	
			* Voids * al oil, brehm et al, dupln,		
			fale et al, ph, knkwz, kahn, pk, jcon,		
			patrot, trg, santos, erg		
			* Holds * blnch, glee, mly, o&g, shw		
			06/06 royalty: \$56,389.09		
		6/28/06	*** Batch 05 ***		
21669			a&twell svc	(\$1,545.00)	
21670			daldwin emc	(\$40.00)	
21671			carnley	(\$361.00)	
21672			covington elec	(\$113.44)	
21673			flow svc	(\$289.25)	
21674			hellmich elec	(\$270.00)	
21675			j&l oilfld	(\$2,268.87)	
21677			oilwell hdr	(\$15,349.08)	
21678			reagan equip	(\$5,930.85)	
21679			redman	(\$253.54)	
21680			ross & yerger	(\$1,100.00)	
21681			rotor-tech	(\$582.67)	
21682			schlumberger-TVL	(\$2,025.75)	
21683			secorp	(\$210.34)	
21684			smith compress	(\$2,860.00)	
21685			s AL gas	(\$9,422.90)	
21686			s'ern flow	(\$163.00)	
21687			universal compress	(\$1,825.48)	
21688			waste water disp	(\$6,040.00)	
21689			xchem	(\$1,796.85)	
		6/28/06	LA bonding	(\$25,000.00)	
		6/29/06	*** Batch 06 ***		
21690			dawsey's oilfield svc	(\$3,700.00)	
21691			r dorman	(\$6,200.00)	
21692			get it done	(\$2,780.00)	
			b&b brehm rev ck's	(\$2,528.16)	
		7/6/06	transfer to Apltn #4285853	(\$1,000.00)	
		7/7/06	*** Batch 01 ***		
21693			d brehm	(\$945.30)	
21694			caddo	(\$1,737.00)	
21695			dallas data	(\$3,057.30)	
21696			fedex	(\$133.03)	
21697			langham & mckay	(\$1,225.00)	
21698			redland - klsn compl'n	(\$100,000.00)	
21699			sbc	(\$356.05)	
		7/11/06	wire to downey for RVS	(\$100,000.00)	
		7/11/06	*** Batch 02 ***		
21700			bo brm	(\$1,264.08)	
21701			brea brm	(\$1,264.08)	
21702			g white	(\$4,614.17)	
21703			fedex	(\$189.46)	
21704			godwn pappas	(\$3,118.26)	
21705			i mckay	(\$475.00)	
21706			logix	(\$795.33)	
21707			sparkletts	(\$11.38)	
		7/12/06	*** Batch 03 ***		
21708			bachner	(\$1,626.07)	
21709			p.kimball - usps, offmax, meals	(\$1,402.83)	
21710			trend svc - fpt	(\$22,152.74)	
			bank chg	(\$236.50)	

			bank chg	(\$40.00)	
			payx chg	(\$177.97)	
			bank chg	(\$180.50)	
			bank chg	(\$80.00)	
			bank chg	(\$75.00)	
			payx chg	(\$218.94)	
			bank chg	(\$157.50)	
		7/14/06	wire to weatherford - PAT	(\$200,000.00)	
		7/17/06	*** Batch 04 ***		
21711			trend svc	(\$14,985.48)	
		7/18/06	payx chg	(\$89.30)	
			*** Batch 05 ***		
21712		7/21/06	gulf coast mineral - a-lbrtn	(\$10,444.00)	
		7/24/06	transfer to apltn - #4406000	(\$33,120.82)	
		7/24/06	*** Batch 06 ***		
21713			d brehm	(\$7,500.00)	
21714			fedex	(\$88.65)	
21715			gdwn paps	(\$8,054.50)	
21716			p.kimball - office exp	(\$7,500.00)	
21717			mrgn-wt	(\$1,112.85)	
21718			telmtg	(\$162.38)	
		7/26/06	bob blanchard	(1,271.05)	
			gary lee	(5,599.12)	
			oil & gas mng partners	(11,763.13)	
			bob shaw	(3,461.31)	
		7/26/06	dw mcmlan rlyty	(\$6,437.70)	
		7/28/06	rev dist - WI 07/06	(\$158,345.68)	
			rggs 06/06 royalty	(\$3,177.50)	
		7/31/06	*** Batch 07 ***		
21719			dw mcmlan tr - 03/06 rlyty	(\$6,437.70)	
21720			caddo - 08/06 rmt	(\$1,737.00)	
21721			dallas data	(\$2,992.75)	
21722			fedex	(\$137.30)	
21723			p.kimball - office exp	(\$747.80)	
21724			k maun - tax assor collector	(\$576.23)	
21725			sbc	(\$125.05)	
		8/1/06	*** Batch 01 ***		
21726			a&twell svc	(\$200.00)	
21727			baldwn county elec	(\$83.00)	
21728			cov elec	(\$73.34)	
21729			m.cowart	(\$1,739.00)	
21730			dawsey's oilfield svc	(\$3,700.00)	
21731			r dorman	(\$6,000.00)	
21732			get it done	(\$1,300.00)	
21733			j&l oilfld svc	(\$1,000.00)	
21734			psc industrial	(\$709.08)	
21735			redman	(\$419.45)	
21736			s'ern linc	(\$80.71)	
		8/4/06	*** Batch 02 ***		
21737			d brehm	(\$1,803.49)	
21738			j docherty - pat	(\$7,427.00)	
		8/11/06	*** Batch 03 ***		
21739			coastal chem	(\$890.15)	
21740			fedex	(\$87.20)	
21741			godwin papas	(\$394.75)	
21742			logx	(\$760.23)	
21743			mrgn-white	(\$400.98)	
21744			nat'l reg agents	(\$300.00)	
21745			sea shells	(\$2,193.00)	
21746			sparkletts	(\$18.97)	
		8/14/06	paychx chg	(\$97.82)	

		8/15/06	payroll	(\$21,393.50)	
		8/16/06	transfer to apltn - #4572045	(\$5,232.80)	
		8/17/06	*** Batch 04 ***		
21747			d brehm	(\$4,500.00)	
21748			cov elec	(\$725.62)	
21749			dawsey's oilfield svc	(\$1,000.00)	
21750			j docherty - pat	(\$1,800.00)	
21751			p kimball	(\$4,500.00)	
		8/24/06	*** Batch 05 ***		
21752			trustar - r richards	(\$192.48)	
21753			fedex	(\$554.50)	
21754			p kimball - office exp	(\$2,528.16)	
21755			sbc	(\$64.15)	
21756			LA sec of state	(\$25.00)	
		8/24/06	bank chg - xcess trans	(\$145.50)	
			bank chg - outgoing wire	(\$20.00)	
			bank chg - cash dep fee	(\$12.50)	
		8/25/06	transfer to apltn - #4633697	(\$8,407.32)	
		8/28/06	transfer to apltn - #4650925	(\$2,083.76)	
		8/31/06	*** Batch 06 ***		
21757			dw mcmillan - 0406 rlyty	(\$6,002.19)	
21758			d brehm - bldwn emc/kcopy	(\$168.91)	
21759			caddo - 06/06 rent	(\$1,737.00)	
21760			dallas data	(\$2,767.35)	
21761			fedex	(\$94.16)	
21762			p kimball - office exp	(\$845.35)	
21763			sparklts	(\$18.97)	
21764			t valentine	(\$5,282.60)	
		8/31/06	rev dist - WI 08/06 w/05/06 royalty	(\$181,305.27)	
			dw mcmillan 04/06 & rggs 07/06		
		9/1/06	*** Batch 01 ***		
21765			a&t	(\$375.00)	
21766			camley elec	(\$504.00)	
21767			cov elec	(\$592.21)	
21768			m cowart	(\$550.00)	
21769			dawsey's oilfield svc	(\$3,700.00)	
21770			r dorman	(\$6,500.00)	
21771			flow svc	(\$167.90)	
21772			get it done	(\$1,300.00)	
21773			gulf coast mineral	(\$1,364.62)	
21774			hellmich elec	(\$323.95)	
21775			i&l oilfid	(\$1,000.00)	
21776			psc indust	(\$1,026.90)	
21777			redman	(\$364.44)	
21778			smith compress	(\$2,860.00)	
21779			s'ern linc	(\$156.94)	
21780			universal compress	(\$1,741.74)	
21781			xchem	(\$5,422.01)	
		9/5/06	Beau & Bria ck's (19484 & 19485)	(\$645.38)	
		9/5/06	franchise tax freeze	(\$38,062.98)	
			freeze fee	(\$75.00)	
		9/8/06	*** Batch 02 ***		
21782			phil gallagher	(\$4,750.00)	
21783			jackie kreitzman	(\$603.15)	
21784			fedex	(\$295.90)	
21785			p kimball - office exp	(\$645.38)	
		9/13/06	*** Batch 03 ***		
21786			gulf coast mineral	(\$3,425.50)	
21787			logix	(\$757.39)	
21788			state c'troller - franch tax	(\$20,000.00)	
		9/21/06	transfer to apltn - #4823438	(\$1,681.45)	

		9/21/06	*** Batch 04 ***		
21789			fedex	(\$53.92)	
21790			s broussard trucking	(\$584.82)	
		9/27/06	*** Batch 05 ***		
21791			d brehm	(\$5,000.00)	
21792			m cramaldi - pat damages	(\$12,583.33)	
21793			p kimball - office exp	(\$5,097.88)	
21794			shadyside - pat damages	(\$2,516.67)	
		9/28/06	payroll	(\$21,366.50)	
		9/28/06	09/06 rev run	(\$122,345.29)	
		9/29/06	*** Batch 06 ***		
21795			psc industrial	(\$1,173.78)	
			*** Batch 07 ***		
21796		9/29/06	dw mcmillan 05/06 royalty	(\$2,108.80)	
21797			psc industrial	(\$1,500.00)	
		10/2/06	*** Batch 01 ***		
21798			caddo - 10/06 rent	(\$1,737.00)	
21799			dallas data	(\$2,778.10)	
21800			dawsey's oilfield svc	(\$3,700.00)	
21801			r dorman	(\$6,500.00)	
21802			fedex	(\$114.53)	
21803			get it done	(\$1,550.00)	
21804			godwn papas	(\$5,067.40)	
21805			p kimball - office exp	(\$122.48)	
21806			i&l oilfid	(\$2,856.50)	
21807			morgan-wt	(\$491.07)	
21808			sparklts	(\$45.23)	
		10/3/06	*** Batch 02 ***		
21809			downhole drilling	(\$38,965.00)	
		10/5/06	*** Batch 03 ***		
21810			d brehm - misc exp	(\$577.72)	
21811			flow svc	(\$411.00)	
21812			LA dept of rev	(\$481.75)	
21813			LA dept of env quality	(\$90.00)	
21814			smith compress	(\$2,860.00)	
21815			s'ern linc	(\$78.47)	
21816			s'ern flow	(\$290.25)	
		10/6/06	*** Batch 04 ***		
21817			t valentine - sale of pump units	(\$8,400.00)	
		10/12/06	transfer to apltn - #4972755	(\$4,221.21)	
		10/12/06	payroll	(\$21,366.50)	
		10/13/06	*** Batch 05 ***		
21818			a robinson - replace rev	(\$249.61)	
21819			d brehm - misc exp	(\$308.00)	
21820			fedex	(\$136.71)	
21821			p kimball - office exp	(\$133.20)	
21822			logx	(\$760.11)	
21823			magnolia land	(\$436.95)	
21824			w&w fiberglass - rvs	(\$26,399.63)	
		10/16/06	*** Batch 06 ***		
21825			langham mckay	(\$3,025.00)	
21826			franchise tax	(\$15,646.00)	
		10/18/06	*** Batch 07 ***		
21827			gb smith	(\$6,702.00)	
		10/20/06	*** Batch 08 ***		
21828			fedex	(\$93.78)	
21829			psc industrial	(\$354.54)	
		10/23/06	*** Batch 09 ***		
21830			d brehm - misc exp	(\$655.70)	
21831			slickline	(\$2,190.00)	
		10/24/06	bank charges - xcess trans	(\$218.50)	

			wire fees - 07/06	(\$40.00)	
			bank charges - xcess trans	(\$141.00)	
			payx chg	(\$218.94)	
		10/24/06	*** Batch 10 ***		
21832			j.wollison - rvs	(\$57,672.59)	

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Check Register: 1 year preceeding commencement - Insiders

Ck Number	Code	Date	Desription	Payment/Debit	Deposit/Credit
			***** 2005 *****		
21153		10/28/05	luckywell: Derek Castleberry	(\$9,154.11)	
		10/31/05	payroll	(\$36,420.70)	
21168		11/2/05	paul hudson	(\$2,454.35)	
21169			liz kimball	(\$74.57)	
21170			paul kimball - usps, ofmax, meals	(\$1,561.59)	
21181		11/2/05	gensys	(\$14,725.00)	
21206		11/8/05	paul kimball - kwkopy	(\$128.62)	
21207			luckywell: Derek Castleberry	(\$2,000.00)	
		11/14/05	payroll	(\$24,794.50)	
21222		11/15/05	mark woodcock	(\$20,000.00)	
		11/29/05	payroll	(\$22,641.50)	
21243			paul hudson	(\$3,358.04)	
21264		12/15/05	liz kimball - kinkos	(\$24.07)	
21265			paul kimball - of depot	(\$250.60)	
21267			luckywell: Derek Castleberry	(\$70,000.00)	
21272			mark woodcock	(\$20,000.00)	
		12/15/05	payroll	(\$22,517.50)	
21288		12/21/05	dwight brehm	(\$287.60)	
21299			paul hudson	(\$613.59)	
21300			paul kimball	(\$868.51)	
			***** 2006 *****		
21325		1/3/06	gensys	(\$9,817.50)	
		1/4/06	payroll	(\$23,239.50)	
21372		1/17/06	mark woodcock - jan buyout	(\$20,000.00)	
		1/20/06	payroll	(\$22,641.50)	
21381		1/25/06	liz kimball - kinkos	(\$30.22)	
21382			paul kimball - hou trip	(\$1,104.79)	
21392		1/31/06	liz kimball - kinkos	(\$18.19)	
21393			paul kimball	(\$545.30)	
		2/1/06	payroll	(\$22,641.50)	
21402		2/3/06	dwight brehm	(\$308.98)	
21435		2/13/06	gensys	(\$2,454.38)	
21442		2/15/06	mark woodcock - byout	(\$20,000.00)	
		2/15/06	Payroll	(\$22,641.50)	
21450		2/21/06	liz kimball	(\$18.10)	
21451			paul kimball	(\$996.43)	
21463		2/24/06	paul kimball	(\$343.54)	
21476		2/28/06	paul kimball	(\$188.34)	
		2/28/06	Payroll	(\$22,641.50)	
21510		3/9/06	dwight brehm	(\$985.91)	
		3/15/06	payroll	(\$22,641.50)	
21519		3/15/06	luckywell: Derek Castleberry	(\$14,511.43)	
21523			mark woodcock - buyout 03/06	(\$20,000.00)	
21528		3/21/06	liz kimball	(\$30.22)	
21529			paul kimball - covingtn elec	(\$1,952.60)	
		3/31/06	Payroll	(\$22,641.50)	
21548			paul kimball	(\$869.23)	
		4/12/06	payroll	(\$22,641.50)	
21587		4/12/06	mark woodcock	(\$20,000.00)	
21593		4/18/06	paul kimball - ofmax	(\$166.53)	
21612		4/25/06	paul kimball	(\$111.73)	
		4/29/06	payroll	(\$22,641.50)	
21614		5/1/06	dwright brehm - off exp's	(\$1,105.82)	
		5/15/06	payroll	(\$21,922.30)	

		6/1/06	payroll	(\$21,401.50)	
		6/15/06	payroll	(\$16,329.00)	
		6/29/06	payroll	(\$13,764.18)	
			b&b brehm rev ck's	(\$2,528.16)	
21693		7/7/06	dwight brehm	(\$945.30)	
21700		7/11/06	bo brm	(\$1,264.08)	
21701			br brm	(\$1,264.08)	
21709		7/12/06	paul kimball - usps, offmax, meals	(\$1,402.83)	
		7/14/06	dwight brehm: capital contribution		\$30,000.00
			paul kimball: capital contribution		\$32,000.00
21713		7/24/06	dwight brehm	(\$7,500.00)	
21716			paul kimball	(\$7,500.00)	
		7/31/06	cd release - LA		\$17,766.38
			dwight brehm: cshr ck	(\$8,691.24)	
			paul kimball: cashr ck	(\$8,691.24)	
		7/31/06	payroll	(\$22,505.00)	
21723		7/31/06	paul kimball - ofmx, hp	(\$747.80)	
21737		8/4/06	dwight brehm	(\$1,803.49)	
		8/15/06	payroll	(\$21,393.50)	
21747		8/17/06	dwight brehm	(\$4,500.00)	
21751			paul kimball	(\$4,500.00)	
21754		8/24/06	paul kimball	(\$2,528.16)	
		8/30/06	payroll	(\$21,393.50)	
21758		8/31/06	dwight brehm - bldwn emc/kkopy	(\$168.91)	
21762			paul kimball - usps/offmx	(\$845.35)	
21785		9/8/06	paul kimball	(\$645.38)	
		9/14/06	payroll	(\$21,393.50)	
21791		9/27/06	dwight brehm	(\$5,000.00)	
21793			paul kimball - off depot, meals...	(\$5,097.88)	
		9/28/06	payroll	(\$21,366.50)	
21805		10/2/06	paul kimball - offmax	(\$122.48)	
21810		10/5/06	dwight brehm - usps,kwkopy	(\$577.72)	
		10/12/06	payroll	(\$21,366.50)	
21821		10/13/06	paul kimball - offmx	(\$133.20)	