

**RECEIVER'S EIGHTH QUARTERLY REPORT FOR RECEIVERSHIP ESTATES
(JULY 1, 2023 – SEPTEMBER 30, 2023)**

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the “Receiver”) for the Receivership Parties (as defined in the Court’s December 2, 2021, *Order Appointing Receiver* [ECF No. 17] and receivership estates (collectively, the “Estates”) in the above-captioned case (the “Case” or “Receivership”), hereby files this *Receiver’s Eighth Quarterly Report for Receivership Estates* (the “Report”) for the period July 1, 2023 through September 30, 2023.¹ The *Order Appointing Receiver* [ECF No. 17] (the “Receivership Order”) requires the Receiver to file a report within thirty (30) days of the end of each calendar quarter. Reasonable efforts have been made to fairly and accurately summarize the current status of the Receivership but any summary, of necessity, will omit details. The Receiver will be available to attend a status conference or otherwise respond to the Court’s questions at the Court’s request.

I. OVERVIEW

1. During this Reporting Period (defined below), the Receiver finalized and filed the claims process motion, entered into plugging agreement with a landowner, continued the process of obtaining executed division orders for various operators, continued to identify and attempt to resolve issues with the Railroad Commission of Texas (“RRC”), identified and attempted to resolve pre-receivership reporting issues with the Texas Comptroller of Public Accounts (the “Comptroller”) and the Texas General Land Office (the “GLO”), closed on the Electra property and continued marketing the Eldorado ranch for sale, held an online, public auction of personal property pursuant to Court-approved procedures, and began preparing for the abandonment of certain oil and gas properties throughout seven (7) counties. Amounts owed for production to third

¹ Capitalized terms used herein but not otherwise defined shall have the meaning ascribed in the Receivership Order.

parties unaffiliated with any Receivership Party continued to be identified and payments were issued. A substantial amount of time was spent in the third quarter of 2023 on the claims process and methodology. Analysis was completed regarding amounts of the claims of known investors, and the Receiver's team presented the claims process motion for Court consideration on October 16, 2023. At the conclusion of the claims process, the Receiver will propose a distribution methodology for Court approval. Additionally, the Receiver and her team continue to analyze various records relating to other potential assets and/or claims of the Estates.

2. The Receiver and her team had daily communications with investors and creditors, which heavily increased in September 2023 after service of the claims process motion.

3. At the beginning of the third quarter of 2023, the Receiver had \$9,480,831.68 on deposit. At the end of this Reporting Period (defined below), after payments of operating expenses and Court-approved fees and expenses, the amount on deposit was \$9,086,361.25. As of the filing of this Report (October 30, 2023), \$9,157,581.80 is in the Receivership bank accounts.

II. BACKGROUND

4. On December 1, 2021, the Securities and Exchange Commission (the "Commission") filed its *Emergency Motion for a Temporary Restraining Order and Emergency Ancillary Relief* [ECF No. 3] which included an application for the appointment of a receiver for the Receivership Parties.

5. On December 2, 2021, this Court determined that entry of an order appointing a receiver over the Receivership Parties was both necessary and appropriate to marshal, conserve, hold, and operate all of the Receivership Parties' assets (the "Receivership Assets") pending further order of this Court. Accordingly, the Court entered the Receivership Order on December 2, 2021, appointing Deborah D. Williamson as the Receiver over the Estates in this Case

[ECF No. 17]. That same day, the Court entered the *Order for Temporary Restraining Order and Other Emergency Relief* [ECF No. 12] and the *Asset Freeze Order* [ECF No. 14].

6. Pursuant to the Receivership Order, the Receiver is charged with:

marshaling and preserving all the assets of the Defendants (the “Receivership Assets”) and those assets of the Relief Defendants that: (a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; (c) were fraudulently transferred by the Defendants; and/or (d) may otherwise be includable as assets of the estates of the Defendants (collectively, the “Recoverable Assets”).

Receivership Order, at 2.

7. Additionally, the Receivership Order provides:

Within thirty (30) days after the end of each calendar quarter, the Receiver shall file and serve a full report and accounting of each Receivership Estate (the “Quarterly Status Report”), reflecting (to the best of the Receiver’s knowledge as of the period covered by the report) the existence, value, and location of all Receivership Property, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estates.

Receivership Order, ¶ 56.

8. The Quarterly Status Report is directed to contain the following:

- A. A summary of the operations of the Receiver;
- B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
- C. A schedule of all the Receiver’s receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
- D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
- E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory

resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and (ii) collecting such judgments);

- F. A list of all known creditors with their addresses and the amounts of their claims;
- G. The status of Creditor Claims Proceedings, after such proceedings have been commenced; and
- H. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

Receivership Order, ¶ 57.

9. As stated above, the Receiver was appointed on December 2, 2021. The Receiver previously filed the *Receiver's First Quarterly Report for Receivership Estates* [ECF No. 126] for the period of December 2, 2021 through December 31, 2021. The *Receiver's Second Quarterly Report for Receivership Estates* [ECF No. 189] was filed May 2, 2022, covering the period of January 1, 2022 through March 31, 2022. The *Receiver's Third Quarterly Report for Receivership Estates* [ECF No. 242] was filed July 30, 2022, covering the period of April 1, 2022 through June 30, 2022. The Receiver's *Fourth Quarterly Report for Receivership Estates* [ECF No. 274] was filed October 31, 2022, covering the period of July 1, 2022 through September 30, 2022. The *Receiver's Fifth Quarterly Report for Receivership Estates* [ECF No. 320] was filed January 27, 2023, covering the period of October 1, 2022 through December 31, 2022. The *Receiver's Sixth Quarterly Report for Receivership Estates* [ECF No. 350] was filed on April 14, 2023, covering the period of January 1, 2023 through March 31, 2023. The *Receiver's Seventh Quarterly Report for Receivership Estates* [ECF No. 386] was filed on August 14, 2023, covering the period of April 1, 2023 through June 30, 2023. This Report covers the period of July 1, 2023 through September 30, 2023 (the "Reporting Period"). Certain information or activity subsequent to September 30, 2023, is included for context and/or completeness.

10. One or more of the Heartland-related Receivership Parties raised tens of millions of dollars in the form of short-term promissory notes and equity investments ultimately for the benefit of the various Defendants and/or the various Relief Defendants. The holders of those notes and equity investments are generally referred to as “creditors” and/or “investors” in this Report.²

III. GENERAL OVERVIEW

11. The Receivership Parties were generally in the business of investing in, purchasing, operating, and producing oil and gas assets. Certain Receivership Parties also own (or owned) real estate and other property. The Receiver has continued to actively recover and investigate assets and liabilities of the Receivership Estates. In prior quarters, the Receiver has taken possession of two aircraft, vehicles, multiple pieces of oil field and construction equipment, real property, Dallas Cowboy tickets, and hundreds of operating and non-operating wells. The Receiver has obtained and preserved hard and electronic data from multiple locations controlled by one or more Receivership Parties, their former counsel, and in Panama. The Receiver and her team have analyzed thousands of documents, including, but not limited to, oil and gas documentation, bank account statements, and document production from various parties in interest. The Receiver and her team prepared for and participated in a mediation. The Receiver has worked with various counsel, including, but not limited to, her lead counsel, Dykema Gossett PLLC (“Dykema”), Romero | Kosub, the Law Practice of Darrell R. Jones, PLLC, and Reid Collins Tsai LLP (“Reid Collins”). The Receiver has also worked closely with Ahuja & Clark, PLLC (“A&C”) on tax, accounting, and tracing issues, and Vicki Palmour Consulting LLC (“Palmour”) on regulatory and compliance issues. Many of the tasks performed by the Receiver apply equally to each of the

² Any reference to “investor” is not intended to categorize or characterize any claim.

Receivership Estates. Accordingly, the statements and reports contained within this Report should be read to apply equally to each of the Receivership Estates, except where specifically noted to apply to a specific Receivership Estate.

IV. REPORT

F. TAX AND FORENSIC ACCOUNTING ISSUES

12. During the Reporting Period, A&C continued its efforts to accurately report the sale of the airplane owned by Receivership Party Dallas Resources, Inc. (“Dallas Resources”), which required (i) tracing of funds used to purchase the plane to the entity where funds were recorded, (ii) identifying the correct percentage of business and personal use; and (iii) correcting the tax return for Dallas Resources and the financials for Receivership Party Barron Petroleum LLC (“Barron Petroleum”). A&C responded to various notices from the Internal Revenue Service, Social Security Administration, Texas Workforce Commission, and other governmental authorities for various Receivership Parties.

13. With respect to forensic accounting, A&C performed preliminary solvency analysis tests for various Receivership Parties and responded to the Receiver’s counsel on specific investment questions. A&C also supported the Receiver, her counsel, and her claims and noticing agent by providing an investment analysis and other financial information in support of the claims process motion. Further, A&C provided the Receiver and her counsel with financial and forensic analysis regarding the alleged assumption, assignment, and payment of Texas International Energy Production, Inc. (“TIEP”) promissory notes by Receivership Party The Heartland Group Fund III, LLC and/or payments to TIEP investors made by Receivership Party Heartland Production and Recovery Fund LLC.

G. INSURANCE

14. During the Reporting Period, insurance was maintained, and, where necessary, replacement coverage was sought.

H. CASH ON HAND/ADMINISTRATIVE EXPENSES

15. The Receiver has endeavored to pay all ordinary course administrative expenses, including, but not limited to: amounts related to utilities; field personnel; Contract Oil & Gas Operations LLC (“COGO”); court filing and recording fees; license fees, including, but not limited to, WolfePak; taxes; costs related to preparing properties for sale; auction-related fees; and professional fees to Retained Personnel (to the extent allowed by the Court). The Receiver continues to be cost conscious while balancing the need to protect the value of Receivership Assets and the needs of creditors, investors, and other stakeholders.

D. RECEIPTS AND DISBURSEMENTS

16. During the Reporting Period, the Receiver deposited \$67,951.05, relating to sale of assets, production from oil and gas properties, interest, and other sources. As required by the Receivership Order, a Receipts and Disbursements chart is attached hereto as **Exhibit A**.

E. RECEIVERSHIP PROPERTY

a. ESI and Documents

17. Dykema created and continues to host a Relativity Epiq platform to store scanned and/or imaged documents so that the documents can be easily reviewed, tagged, and organized for optimal efficiency. Various Retained Personnel utilize this platform on a routine basis related to their scope of work.

b. Real Estate

18. As previously reported, immediately upon being appointed, the Receiver took possession of or obtained access to certain locations, including the Heartland office located in Fort

Worth, Texas; the Barron Petroleum, Leading Edge Energy LLC (“Leading Edge”), Dallas Resources, and ArcoOil Corp. (“ArcoOil”) offices in Graham, Texas, as well as the Graham yard, which was sold before this Reporting Period; an office and storage location in Electra, Texas (the “Electra Office”), which was sold during this Reporting Period; the ranch in Eldorado, Texas (previously occupied by Defendant Manjit Singh (aka Roger) Sahota (“Roger”), his wife, Relief Defendant Harprit Sahota (“Harprit”), and his son, Relief Defendant Monroe Sahota (“Monrose”)) (the “Dallas Resources Ranch”); the home in San Angelo, Texas, owned by Dallas Resources (previously occupied by Relief Defendant Sunny Sahota (“Sunny”) and his family, which was sold before this Reporting Period); and a ranch located off FM 919 in Palo Pinto County, Texas, owned by Receivership Party Dallas Resources, which was sold before this Reporting Period.

i. Dallas Resources Ranch

19. The Dallas Resources Ranch is a “ranch” located in Eldorado, Texas, which is owned by Dallas Resources and was occupied by Roger, Harprit, Monrose, and the wife of Monrose until July 31, 2022. To date, the Receiver has incurred \$900.00 in costs related to preparing the Dallas Resources Ranch for sale. Approximately 15-20 sheep and/or goats remain grazing at the Dallas Resources Ranch. The Receiver accepted an offer to purchase the Dallas Resources Ranch on October 26, 2023, and anticipates closing will occur in the fourth quarter of 2023.

ii. Bahamas Properties

20. There are at least two (2) properties in the Bahamas where funds related to their acquisition can be traced to one or more Receivership Parties. Sunny previously testified in Court that title to two of the properties were in his name and his brother’s name. Roger asserted in one or more pleadings that “the Sahotas” acquired the Bahama properties. The Receiver has requested

that the Sahota-related parties cooperate in transferring control and title to the Receiver. To date, the Sahotas have not done so. The Receiver may seek resolution with the Court to compel the transfer of title to the Bahamian properties to the Estates.

iii. Guatemala Properties

21. The Receiver understands that there may be Receivership Assets in Guatemala. Upon information and belief, one or more of the Heartland Parties spent more than \$490,000.00 on investments in jade and land in Guatemala where jade can allegedly be mined.

iv. Electra Property Sold

22. The Electra office and yard (the "Electra Property") is located in Electra, Wichita County, Texas, and is owned by Dallas Resources. To date, the Receiver has incurred \$1,000.00 in costs related to preparing the Electra Property for sale. The Receiver previously obtained storage lease space for storage of well files in Electra. The sale of the Electra Property closed on or around October 3, 2023, and the Receivership received \$72,805.92 in net sales proceeds.

c. Oil and Gas Properties

23. There are hundreds of wells located across multiple leases in Texas. The oil and gas assets are not as valuable as the investors were led to believe. During this Reporting Period, the Receiver and her advisors have continued to spend extensive amounts of time addressing issues raised by the RRC, landowners, and other parties.

i. General Operations

24. General operation of the oil and gas properties included identification of operational issues and remediation of said issues. The Receiver and her team managed oil and gas revenue and expenses, generated monthly lease operating statements, and distributed royalties on a timely basis.

25. The Receiver and her team addressed landowner, working interest, and royalty owner issues related to oil and gas operations on various properties. The issues varied from property access to revenue distribution questions. Communications were maintained and issues were resolved in a timely manner.

26. The Receiver, through her oil and gas counsel, negotiated and entered into a plugging agreement with a landowner in Palo Pinto County, Texas, whereby the landowner undertook the responsibility of plugging two (2) wells located on his property and cleaning up the surface equipment to comply with RRC rules and regulations, which included gathering line removal. There is no cost associated with the plugging agreement to the Estates, as the landowner assumed the expense and risk.

ii. General Compliance

27. The Receiver and her counsel reviewed a constant stream of RRC alleged violation notices, many of which the circumstances existed before the appointment of the Receiver. The Receiver and her team immediately addressed alleged environmental violations and communicated with RRC staff and/or counsel, as necessary. The Receiver and her team continue to quickly address any RRC alleged violations that pose an environmental risk.

iii. General Liability and Pollution Insurance

28. The general liability and pollution coverage for oil and gas operations was maintained during the Reporting Period.

iv. Environmental Violation Cleanups and Remediation Expenses

29. The Receiver and her team mobilized field resources to clean up issues identified by alleged violation notices received during the Reporting Period from the RRC. The alleged violations deemed to have an environmental risk were in Palo Pinto, Wichita, and Young counties.

Some contamination that was removed predates the Receivership. An active leak of gas and slightly salty water was remediated in Palo Pinto county, which was reported by a landowner.

30. During the Reporting Period, the Receiver spent approximately \$10,500.00 to clean up the issues identified in Jack, Wichita, and Young counties. Cleanup costs include management, field staff, dirt-work, equipment purchases, electrician services, trucking, and/or equipment rental.

v. EnergyNet Auction

31. The Court-approved EnergyNet.com, LLC (“EnergyNet”) auction on the eight (8) lots occurred in September 2022. Three (3) EnergyNet lots did not receive any bids during the online auction. These lots comprise thirty-five (35) leases and 168 wells located in Palo Pinto, Stephens, and Sutton counties.

vi. Oil and Gas Abandonment

32. On December 16, 2022, the Receiver filed her *Motion for Authority to Abandon Oil and Gas Properties* [ECF No. 296] (the “Oil and Gas Abandonment Motion”), seeking approval to abandon certain oil and gas properties where the RRC has not approved transfer of the related P-4 within a reasonable period of time. The Receiver and her team worked with the RRC prior to the May 4, 2023 hearing to narrow the issues presented in the Oil and Gas Abandonment Motion, but the parties were ultimately unable to reach a resolution prior to the hearing. On May 1, 2023, the Receiver and the RRC, in accordance with the Court’s *Order* [ECF No. 333], filed a *Joint Status Report* advising the Court of the remaining issues left for determination at the May 4, 2023 hearing.

33. At the May 4, 2023 hearing, the Court took the Oil and Gas Abandonment Motion under advisement and issued an oral Order that any supplemental briefing of the Receiver and the RRC be filed on or before May 22, 2023. On May 22, 2023, the Receiver filed the *Receiver’s*

Supplemental Brief in Support of Receiver’s Motion for Authority to Abandon Interests in Oil and Gas Properties [ECF No. 296] [ECF No. 366] (the “Receiver’s Brief”) pursuant to the Court’s May 4, 2023 oral Order. The Receiver’s Brief provides further authority for the Receiver’s position and also details the amount of wells the Receiver presently seeks authority to abandon. The RRC did not file any supplemental briefing on the Oil and Gas Abandonment Motion.

34. On August 15, 2023, the Court entered its *Amended Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 388] (the “Oil and Gas R&R”), recommending that United States District Court Judge Reed O’Connor grant the Oil and Gas Abandonment Motion.

35. On September 5, 2023, the Court entered its *Order Accepting Amended Findings, Conclusions, and Recommendation of the United States Magistrate Judge* [ECF No. 404] (the “Abandonment Order”), granting the Oil and Gas Abandonment Motion. No appeal was timely filed.

36. The Receiver’s oil and gas counsel assisted in obtaining RRC approval of two (2) P-4 transfers for various wells and addressed and resolved sundry issues in light of the Abandonment Order.

37. The Receiver and her team began the abandonment process in early October 2023 and will continue working on fully consummating such abandonment throughout the fourth quarter of 2023.

vii. Val Verde and Crockett Counties Farmout Agreement

38. SDMB’s operations in Val Verde and Crockett counties have produced little production. SDMB continues to address operational issues in hopes of increasing the production

under the modified farmout agreement. To date, the Receiver has received \$9.24 in revenue from the gas purchaser in relation to the modified farmout agreement.

viii. Palo Pinto Pipeline

39. On December 1, 2022, the Receiver filed the *Motion to Confirm Receiver Has No Right, Obligation, or Interest to Operate the Palo Pinto Pipeline, or, In the Alternative, to Abandon Any Interest in the Palo Pinto Pipeline* [ECF No. 288] (the “Pipeline Motion”), seeking confirmation from the Court that the Receiver and the Receivership Estates have no right or interest to operate the Palo Pinto Pipeline (also known as C.B. “A” Long, 1, 4”, System Id. No. 967677). The Court considered the Pipeline Motion, heard arguments of the Receiver and the RRC, and took the Pipeline Motion under advisement on February 9, 2023.

40. As stated above, the Court entered the Abandonment Order on September 5, 2023, which also granted the Pipeline Motion. The Receiver recorded a notice of abandonment with respect to the Palo Pinto Pipeline in the Official Public Records of Palo Pinto County, Texas on or around October 9, 2023.

ix. Palmour Accounting and Regulatory Work

41. During the Reporting Period, Palmour continued responding to regulatory and governmental reporting requirements. Palmour continues to analyze and provide reports to various governmental agencies, including, but not limited to, the Comptroller, the GLO, and the RRC. Palmour continues to process division orders for royalty owners. Palmour also manages WolfePak, an oil and gas software, for the various Receivership Party operators in order to manage revenue and joint interest billing responsibilities. Integral to Palmour’s revenue distribution responsibilities was the distribution of royalty income owed to third party or unaffiliated royalty owners. Palmour discussed and researched royalty owner status with various oil and gas

purchasers and COGO to secure past oil and gas statements to confirm royalty payments were current and, importantly, accurate.

42. The Receiver's team evaluated numerous regulatory non-compliance notices and related issues stemming from deficient regulatory reporting and record keeping by the Receivership Parties prior to the Receiver's appointment. These situations are being actively addressed and corrective actions determined, and where possible, enacted. Similarly, numerous requests and complaints from aggrieved third parties and landowners/royalty owners arising from prior operations were evaluated and managed. Regulatory compliance and management is actively ongoing (including curative actions), and includes, but is not limited to:

- a. Review daily mail, e-mails, etc. from RRC regarding alleged violations, including field or filing violations;
- b. File W-10s (Oil Well Status Report) and G-10s (Gas Well Status Report) for ArcoOil, Panther City Energy LLC ("Panther City") and Dodson Prairie Oil & Gas LLC ("Dodson Prairie") wells through the effective date of abandonment;
- c. Weekly conference calls with the Receiver and her team regarding operations and compliance;
- d. File production reports for Barron Petroleum, ArcoOil, Panther City, Dodson Prairie, and Leading Edge;
- e. Research, prepare, and file GLO-2 and GLO-3 forms for the GLO with respect to Sutton County;
- f. Review alleged RRC violation, critical infrastructure, and severance letters on various wells for all operators;
- g. Prepare and file H-10 (Annual Disposal/Injection Well Monitoring Report) on Leading Edge and ArcoOil wells; and
- h. Correspond with the RRC regarding the processing of various P-4s (Certificate of Compliance and Transportation Authority).

43. Some of the oil and gas-related actions the Receiver and her team took included:

- a. Operation of remaining oil and gas properties, including identification of operational issues and remediation of same;

- b. Prepared and filed various operation reports with the RRC and the Comptroller; and
- c. Calculated royalties and other amounts due to third parties, including running pay, suspense, and flush reports in WolfePak.

d. Jade and other Personal Property

44. At the time of her appointment, the Receiver seized approximately 447 individual pieces of jade (some are worked into figurines, while some are in their natural state). Upon information and belief, the jade is from Guatemala.

45. On June 9, 2022, the Court entered an *Order* [ECF No. 217] granting the *Receiver's Motion for Order Governing Procedures for the Sale or Abandonment of Personal Property and Brief in Support* [ECF No. 203].

46. On June 1, 2023, the Receiver filed her *Notice of Proposed Public Auction of Personal Property* [ECF No. 367], providing notice of her intention to auction all of the aforementioned jade and personal property. The Receiver retained Mel Davis Auctions to hold an online public auction of the jade and personal property, which closed on August 4, 2023, at 10:00 a.m. Central. The Receivership received \$10,355.60 in net sales proceeds from the personal property auction.

e. Equipment and Vehicles

47. As of the filing of this Report, the Receiver believes she has disposed of all equipment and vehicles owned by any Receivership Party that have any recoverable value.

F. CLAIMS HELD BY RECEIVERSHIP PARTIES

48. Reid Collins has been engaged to prosecute certain claims held by one or more Receivership Parties.

49. The Receiver and her team continue analyzing potential causes of action held by various Receivership Parties.

G. KNOWN CREDITORS

50. The Receiver is aware of “recurring charges” creditors, such as internet service providers, utilities, and telephone services. The Receiver has taken steps to terminate these services, if appropriate, and determine the final amount/number of claims of those service providers.

51. The Receiver is compiling a list of known individuals and entities who are creditors and/or investors in the Receivership Parties (or one of its investment vehicles). However, according to the records located by the Receiver, there are approximately 726 investors that loaned funds to or invested in one or more of the Receivership Parties (and its related investment vehicles), exclusive of any “roll overs.” A&C has completed verification of the amount each known investor has invested or otherwise advanced.

52. Since her appointment, the Receiver received thousands of phone calls, voicemails, and emails from investors, employees, and other interested parties. The Receiver set up an informational website and a dedicated email address for the Case: www.heartlandreceivership.com. The Receiver continually updates the website with investor communications, “frequently asked questions,” key court documents, notices, and reports. During this Reporting Period, Ms. Behrends heavily communicated with vendors, former employees, investors, and other creditors regarding the claims process motion.

H. ADMINISTRATIVE ACTIONS

53. As stated above, a website has been created to provide information to investors and creditors regarding the status of the Case: www.heartlandreceivership.com. A FAQ section is on the website, which should answer the most common questions related to the Case. The FAQs, along with the other sections of the website, allow the Receiver to quickly, inexpensively, and broadly convey information regarding the Case. The Receiver has and will continue to update the

website on a rolling basis as information becomes available. Information regarding real property sales and private sales or auctions of personal property will also be posted to the website on the Notices page.

54. An email address has been created for direct communication by investors and other parties in interest: heartlandreceivership@dykema.com. The email address was initially being monitored by attorneys at Dykema but is now primarily being monitored by a paralegal, who forwards those emails that require the attention of the Receiver or a Dykema attorney.

I. RECEIVER'S RECOMMENDATIONS

55. While the Receiver has recovered control of readily identifiable assets and operations, begun her diligence of identifying additional assets and liabilities, and liquidated certain real and personal property, it is too soon to make a final recommendation as to how the Estates should be resolved. The Receiver has continued the process of liquidating assets, subject to this Court's approval. The Receiver and her team continue to analyze and will begin pursuing claims against third parties held by the Receivership Estates. Accordingly, the Receiver recommends that the Case continue to allow the Receiver additional time to locate and/or monetize Receivership Assets, evaluate what claims or causes of action can be asserted, and develop a recommendation to maximize the recovery and distribution to investors and creditors.

Dated: October 30, 2023.

Respectfully submitted,

By: /s/ Danielle Rushing Behrends

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COUNSEL TO RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on October 30, 2023, the foregoing document was served via CM/ECF on all parties appearing in this case, including counsel for Plaintiff Securities and Exchange Commission.

/s/ Danielle Rushing Behrends

Danielle Rushing Behrends

EXHIBIT A

RECEIPTS AND DISBURSMENTS

	Current Period (7/1/2023 - 9/30/2023)	Cumulative
1. CASH AT BEGINNING OF PERIOD		
*3898 IBC Account	\$ 822,258.12	
*3863 IBC Account	\$ 605,224.43	
*7536 IBC Account	\$ 344.76	
*1565 Western Alliance Account	\$ 250,404.80	
*0955 Western Alliance Sweep Account	\$ 7,802,599.57	
	\$ 9,480,831.68	
2. RECEIPTS		
<i>*3898 IBC Account</i>		
07/06/2023 Deposit from Energy Net.com, LLC	\$ 90.00	
08/02/2023 Deposit from Ranger Gas Gathering LLC	\$ 48.66	
08/23/2023 Deposit	\$ 15,226.91	
09/06/2023 Deposit	\$ 147.82	
09/11/2023 Wire from Gulf Coast Gas Gathering, LLC	\$ 1,594.41	
Total Deposits to *3898	\$ 17,107.80	\$ 1,388,451.05
<i>*3863 IBC Account</i>		
08/16/2023 Deposit	\$ 0.02	
08/17/2023 Deposit	\$ 10,355.60	
08/23/2023 Deposit	\$ 404.00	
Total Deposits to *3863	\$ 10,759.62	\$ 12,955,591.67
<i>*7536 IBC Account</i>		
09/11/2023 Transfer from *3898: \$9.24		
09/11/2023 Transfer from *3863: \$5.00		
Total Deposits to *7536	\$ -	\$ 0.01
<i>*1565 Western Alliance Account</i>		
07/19/2023 Interest Income	\$ 418.33	
08/31/2023 Interest Income	\$ 418.29	
09/30/2023 Interest Income	\$ 404.79	
Total Deposits to *1565	\$ 1,241.41	\$ 31,963.60
<i>*0955 Western Alliance Sweep Account</i>		
07/03/2023 Interest Income	\$ 13,065.86	
07/03/2023 Transfer from *1565: \$404.80		
08/01/2023 Transfer from *1565: \$418.33		
08/31/2023 Interest Income	\$ 13,088.61	
09/01/2023 Transfer from *1565: \$418.29		
09/29/2023 Interest Income	\$ 12,687.75	
Total Deposits to *0955	\$ 38,842.22	\$ 61,124.40
3. TOTAL RECEIPTS	\$ 67,951.05	\$ 14,437,130.73
4. TOTAL CASH AVAILABLE FOR OPERATIONS		
(Line 1 + Line 3)	\$ 9,548,782.73	
5. DISBURSEMENTS		
<i>*3898 IBC Account</i>		
07/14/2023 Check #1686 to Contract Oil & Gas Operations LLC - Operating Expenses	\$ 9,498.97	
07/17/2023 Check #1687 to Greco Services - Repairs and Maintenance	\$ 1,986.91	
08/01/2023 Check #1688 to Contract Oil & Gas Operations LLC - Operating Expenses	\$ 5,638.00	
08/21/2023 ACH to Texas State Comptroller - Taxes - Oil & Gas	\$ 3.67	
08/25/2023 Check #1689 to Texas General Land Office - Operating Expenses	\$ 74.90	
08/30/2023 Check #1691 to BJB Transport, LLC - Transportation Expenses	\$ 359.50	
09/12/2023 Check #1695 to Texas General Land Office - Operating Expenses	\$ 61.73	
09/14/2023 Check #1692 to Contract Oil & Gas Operations LLC - Operating Expenses	\$ 5,013.00	
09/15/2023 Check #1693 to Texas State Comptroller - Taxes - Diesel	\$ 66,868.71	
09/15/2023 Check #1694 to Texas State Comptroller - Taxes - Diesel	\$ 5,419.46	
09/15/2023 Check #1696 to Law Practice of Darrell R Jones PLLC - Attorney Fees	\$ 20,410.00	
09/18/2023 Check #1697 to Vicki Palmour Consulting, LLC - Accounting	\$ 7,600.00	
09/20/2023 ACH to Texas State Comptroller - Taxes - Oil & Gas	\$ 11.14	
09/20/2023 Check #1698 to Thomas Pump & Equipment - Repairs and Maintenance	\$ 318.56	
09/26/2023 Check #1700 to Texas General Land Office - Operating Expenses	\$ 1.31	
09/28/2023 Check #1702 to Andrew Oil & Gas Partnership - Royalty Expense	\$ 40.63	

RECEIPTS AND DISBURSMENTS

	Current Period (7/1/2023 - 9/30/2023)	Cumulative
09/28/2023 Check #1706 to Hayden Oil LP - Royalty Expense	\$ 25.25	
09/28/2023 Check #1711 to Lanroy Inc. - Royalty Expense	\$ 29.81	
09/29/2023 Check #1705 to Cleroy Inc. - Royalty Expense	\$ 27.27	
Total Disbursements from *3898	\$ 123,388.82	\$ 672,229.20
<i>*3863 IBC Account</i>		
07/03/2023 Payment to Ranch House Storage - Storage	\$ 85.00	
07/03/2023 Payment to Bearcat Self Storage - Storage	\$ 92.01	
07/07/2023 Payment to City of Electra - Utilities	\$ 23.69	
07/11/2023 Payment to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
07/18/2023 Check #1285 to Bobby Cato - Auction/Property Sale Expenses	\$ 150.00	
07/19/2023 Check #1286 to Baize Self Storage - Storage	\$ 30.00	
07/24/2023 Payment to TXU Energy - Utilities	\$ 34.89	
07/24/2023 Payment to Computitle Ltd. - Research Services	\$ 148.00	
07/24/2023 Payment to Computitle Ltd. - Research Services	\$ 150.00	
07/24/2023 Payment to Computitle Ltd. - Research Services	\$ 290.00	
07/24/2023 Payment to IBC Bank - Bank Charges	\$ 4.44	
07/24/2023 Payment to IBC Bank - Bank Charges	\$ 4.50	
07/24/2023 Payment to IBC Bank - Bank Charges	\$ 8.70	
07/25/2023 Check #1283 to Kathy Rehling - Printing and Reproduction Fees	\$ 32.85	
08/02/2023 Wire to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
08/02/2023 Check Card to Ranch House Storage - Storage	\$ 85.00	
08/02/2023 Check Card to Bearcat Self Storage - Storage	\$ 92.01	
08/02/2023 Check #1288 to Banc First Insurance - Insurance Expense	\$ 6,329.00	
08/04/2023 Check Card to City of Electra - Utilities	\$ 23.69	
08/04/2023 Check Card to Computitle Ltd. - Research Services	\$ 100.00	
08/04/2023 Payment to IBC Bank - Bank Charges	\$ 3.00	
08/14/2023 Check #1287 to Mel Davis Auctions - Auction/Property Sale Expenses	\$ 1,732.00	
08/21/2023 Check Card to TXU Energy - Utilities	\$ 35.33	
08/22/2023 Check #1289 to Baize Self Storage - Storage	\$ 30.00	
09/05/2023 Check Card to Ranch House Storage - Storage	\$ 85.00	
09/05/2023 Check Card to Bearcat Self Storage - Storage	\$ 92.01	
09/06/2023 Wire to Palatium Consulting Corp - Computer and Internet Expenses	\$ 500.00	
09/07/2023 Check Card to City of Electra - Utilities	\$ 23.69	
09/12/2023 Check #1290 to Dykema Gossett PLLC - Receiver & Legal Fees	\$ 99,832.50	
09/12/2023 Check #1291 to Dykema Gossett PLLC - Receiver & Legal Fees	\$ 171,811.88	
09/18/2023 Check #1294 to Law Offices of Romero Kozub - Attorney Fees	\$ 3,145.00	
09/20/2023 Check #1292 to Ahuja & Clark, PLLC - Accounting	\$ 47,585.93	
09/21/2023 Wire to US Treasury - Taxes	\$ 90.00	
09/21/2023 Wire to US Treasury - Taxes	\$ 2,471.00	
09/21/2023 Wire to US Treasury - Taxes	\$ 2,576.00	
09/21/2023 Check Card to TXU Energy - Utilities	\$ 36.54	
09/22/2023 Check Card to USDC Clerk - North Texas - Filing Fees	\$ 115.00	
09/25/2023 Check #1293 to Stretto - Professional Fees	\$ 149.00	
09/26/2023 Check #1295 to Baize Self Storage - Storage	\$ 30.00	
Total Disbursements from *3863	\$ 339,027.66	\$ 4,678,535.28
<i>*7536 IBC Account</i>		
08/31/2023 Payment to IBC Bank - Bank Charges	\$ 5.00	
Total Disbursements from *7536	\$ 5.00	\$ 5.00
<i>*1565 Western Alliance Account</i>		
07/03/2023 Transfer to *0955: \$404.80		
08/01/2023 Transfer to *0955: \$418.33		
09/01/2023 Transfer to *0955: \$418.29		
Total Disbursements from *1565	\$ -	\$ -
6. TOTAL DISBURSEMENTS	\$ 462,421.48	\$ 5,350,769.48
7. ENDING CASH BALANCE		
(Line 4 - Line 6)		
*3898 IBC Account	\$ 715,967.86	
*3863 IBC Account	\$ 276,951.39	
*7536 IBC Account	\$ 354.00	

RECEIPTS AND DISBURSMENTS

	Current Period (7/1/2023 - 9/30/2023)	Cumulative
<i>*1565 Western Alliance Account</i>	\$ 250,404.79	
<i>*0955 Western Alliance Sweep Account</i>	\$ 7,842,683.21	
	\$ 9,086,361.25	\$ 9,086,361.25