

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
FORT WORTH DIVISION**

**UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,**

**Plaintiff,**

**v.**

**THE HEARTLAND GROUP,  
VENTURES, LLC, *et al.*,**

**Defendants.**

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**Civil Action No. 4:21-cv-01310-O-BP**

**ORDER**

Before the Court is the Receiver's Motion for Approval of Farmout Agreement and to Extend Lease in connection with the leases in Val Verde and Crockett Counties. ECF No. 293. Given that the motion is unopposed, and after considering the pleadings, evidence submitted to the court, arguments of counsel at the hearing held on December 21, 2022, and applicable legal authorities, the Court **GRANTS** the Motion.

It is therefore **ORDERED** that the Court approves the Farmout Agreement between the Receiver and the lessors, as a sound exercise of the Receiver's business judgment, which:

- (a) Creates the opportunity to have one or more of the existing wells begin producing;
- (b) Provides a 50% carried interest in existing wells until recovery of \$5.5 million, which is reduced by the lesser of (x) \$250,000.00 or (y) actual costs to remediate the leases for operations attributable to the period prior to the appointment of the Receiver; and

- (c) Provides a mechanism to give the Receiver a potential for upside returns by participating to the extent of a 7.5% cost-bearing working interest in any wells drilled after the carried interest is fully expended (but without an obligation to do so).

It is further **ORDERED** that the Receiver, as Farmor, is authorized to enter into the Revised Farmout Agreement, a copy of which was attached to the Motion as Exhibit A, with SDMB Resources LLC as Farmee.

It is further **ORDERED** that the Receiver may take any action and execute any document necessary with respect to the Farmout Agreement and the relief granted in this Order.

It is so **ORDERED** on December 22, 2022.

  
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Hal R. Ray, Jr.  
UNITED STATES MAGISTRATE JUDGE