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December 27, 2021

VIA CM/ECF

The Honorable Hal R. Ray, Jr.
Magistrate Judge
United States District Court for the
Northern District of Texas
501 West 10th Street, Room 202A
Fort Worth, TX 76102-3673

Re: *Securities and Exchange Commission v. The Heartland Group Ventures, LLC; Heartland Production And Recovery LLC; Heartland Production And Recovery Fund LLC; Heartland Production And Recovery Fund II LLC; The Heartland Group Fund III, LLC; Heartland Drilling Fund I, LP; Carson Oil Field Development Fund II, LP; Alternative Office Solutions, LLC; Arcooil Corp.; Barron Petroleum LLC; James Ikey; John Muratore; Thomas Brad Pearsey; Manjit Singh (aka Roger) Sahota; and Rustin Brunson, United States District Court for the Northern District of Texas, Case No. 4-21CV-1310-O*

Dear Judge Ray:

On December 1, 2021, the Securities and Exchange Commission ("SEC") filed a Complaint alleging that the Defendants, The Heartland Group Ventures, LLC; Heartland Production And Recovery LLC; Heartland Production And Recovery Fund LLC; Heartland Production And Recovery Fund II LLC; The Heartland Group Fund III, LLC; Heartland Drilling Fund I, LP; Carson Oil Field Development Fund II, LP; Alternative Office Solutions, LLC; Arcooil Corp.; Barron Petroleum LLC; James Ikey; John Muratore; Thomas Brad Pearsey; Manjit Singh (aka Roger) Sahota; and Rustin Brunson ("Defendants"), were violating the federal securities laws by, among other things, engaging in materially false communications with investors which ultimately resulted in raising approximately \$122 million from more than 700 investors in the United States. On December 2, 2021, United States District Judge Reed O'Connor entered a Temporary Restraining Order ("TRO") that, among other things, froze all the assets of the Defendants and prohibited them from transferring, setting off, receiving, changing, selling, or liquidating any of the assets of the Defendants. On December 3, 2021, I was appointed the Receiver over the Defendants and their assets.



December 27, 2021

Page 2

On December 7, 2021, my firm filed the *Application to Employ Law Practice of Darrell R. Jones, PLLC as Counsel to Receiver Effective as of December [3], 2021* (the “DRJ Application”) under seal. On December 9, 2021, my firm filed the *Supplemental Reply in Support* [ECF No. 31] of the DRJ Application. My firm submitted Mr. Jones’s application for admission *pro hac vice* on December 14, 2021, to the Clerk’s office. *See* ECF No. 54. On December 23, 2021, Judge O’Connor referred the DRJ Application and brief to you and ordered that further pleadings be filed with a transmittal letter to you. *See* ECF No. 62. Today, my firm filed a *Second Supplemental Reply in Support* [ECF No. 67] of the DRJ Application, a file-stamped copy of which is enclosed. Please accept this correspondence as my transmittal letter to you regarding the *Second Supplemental Reply in Support* of the DRJ Application.

Please do not hesitate to contact me with any questions.

Sincerely,

DYKEMA GOSSETT PLLC

A handwritten signature in black ink, appearing to read "Deborah D. Williamson", followed by a horizontal line.

Deborah D. Williamson

Enclosure

**SECOND SUPPLEMENTAL REPLY IN SUPPORT OF RECEIVER'S APPLICATION TO
EMPLOY LAW PRACTICE OF DARRELL R. JONES, PLLC AS COUNSEL TO
RECEIVER EFFECTIVE AS OF DECEMBER 2, 2021
[Relates to ECF No. 22, ECF No. 17 and ECF No. 26]**

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the "Receiver") for the Receivership Parties (as defined in the Receivership Order) and receivership estates (collectively, the "Estates") in the above-captioned case (the "Case"), hereby files this *Second Supplemental Reply in Support of Receiver's Application to Employ Law Practice of Darrell R. Jones, PLLC as Counsel to Receiver Effective as of December 2, 2021* [ECF No. 22] (the "Application"), pursuant to this Court's Order Appointing Receiver [ECF No. 17] (the "Receivership Order"),¹.

1. Deborah D. Williamson, as this Court's Appointed Receiver (the "Receiver") hereby responds to this Court's Order concerning application to employ Darrell R. Jones (the "Order") [ECF No. 26] in this matter as oil and gas transactional counsel.

2. In the Order, the Court directs the Receiver to "file additional information regarding Jones's application explaining why Romero's and Dykema's application is insufficient", including what representation Jones will provide that Romero and the Dykema attorneys cannot. The Receiver filed her *Supplemental Reply in Support of Receiver's Application to Employ Law Practice of Darrell R. Jones, PLLC as Counsel to Receiver Effective as of December 3, 2021* [ECF No. 31] (the "Supplemental Reply")

3. As set out in the Application and the Supplemental Reply, the Receiver believes that it is critical from both a cost and efficiency basis that the Receiver consider counsel other than

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

those with Dykema Gossett LLP (“Dykema”), if appropriate. Dykema does not have an attorney with the unique experience and qualifications of Mr. Jones. As indicated in his Supplemental Declaration, he has direct experience with the Val Verde basin (where a number of the wells operated by one or more of the Receivership Entities are located). Mr. Jones is able to work closely with contract operators to quickly understand the operational issues which the Receiver is facing (including locating and hopefully taking possession of drilling rigs). Mr. Jones will use his experience and depth of contacts to take a practical approach to resolving issues which have and will continue to arise.

4. The purpose of this Second Supplemental Reply is to bring to the Court’s attention a specific example of the type of assistance which is provided by Mr. Jones. On Christmas Day, the Receiver was notified that the Texas Railroad Commission (“RRC”) identified a potential leak from a storage tank on property operated by one of the Receivership Parties. There was an additional concern that any leak could potentially damage a nearby reservoir. The RRC requested a response that day (December 25, 2021) if possible, but not later than December 26, 2021. Mr. Jones immediately contacted one of the contract “pumpers” engaged by the Receiver in the ordinary course of operating the oil and gas properties owned or operated by one or more of the Receivership Parties. He implemented a “spill protocol” he had developed for these properties. That spill protocol required (a) a physical inspection of the location of the alleged leak, (b) photographs of the alleged leak if there was confirmation of the leak, (c) identification of applicable insurance policies, (d) if appropriate, notification to relevant insurance companies, (e) notice to the RRC of the plan for any necessary cleanup and (f) implement any necessary cleanup.

5. Fortunately, the physical inspection revealed that not only was there a catchment sufficient to prevent any produced fluids to reach the reservoir, the “leak” was from a buildup of

water from rain in the catchment. The catchment appears to contain fresh water including moss and some fish. The RRC was notified of the results of the inspection and the lack of any leak. All of this was accomplished on Christmas Day.

6. As noted in the Application and the Supplemental Reply, Mr. Jones will provide advice to the Receiver as to all regulatory issues which may arise with the Texas Railroad Commission and other regulatory agencies. Again, this representation will not be duplicated by Ms. Romero or attorneys at Dykema. Working with a contract operator, he is assisting the Receiver in reaching decisions as to what wells (if any) should continue to be operated, what leases or wells can be sold, the best method for disposition of such assets and what equipment can be liquidated. These services will also not be duplicated.

7. Mr. Jones has agreed to a reduced billing rate which is less than that of Ms. Romero or attorneys at Dykema with his years of experience.

8. Pursuant to Paragraph 8(H) of the Receivership Order, the Receiver is authorized to employ attorneys as the Receiver deems necessary to perform the Receiver's duties set forth in the Receivership Order. *See* ECF No. 17, at ¶ 8(H). Further, pursuant to ¶ 60 of the Receivership Order, "the Receiver is authorized to solicit persons and entities ('Retained Personnel') to assist [her] in carrying out the duties and responsibilities described in this Order. The Receiver shall not engage any Retained Personnel without first obtaining an Order of the Court authorizing such engagement." *Id.* at ¶ 60. The Receiver believes that the employment of Mr. Jones will significantly assist in carrying out her duties and the application to employ Darrell Jones should be approved.

9. As Christmas Day made clear, the oil and gas properties require experienced personnel with practical experience to quickly address issues which can arise at any time. Mr.

Jones is an invaluable part of the team which can assist the Receiver to maximize value and minimize risk from the oil and gas operations.

WHEREFORE, the Receiver respectfully requests that this Court enter the Proposed Order (a) authorizing the employment of Darrell Jones as oil and gas transactional counsel for the Oil & Gas Issues for the Receiver in this Case effective as of December 3, 2021; (b) authorizing Darrell Jones to be compensated as set forth herein; and (c) awarding the Receiver such other and further relief that this Court deems just and proper.

Dated: December 27, 2021

Respectfully submitted,

By: /s/Deborah D. Williamson

Deborah D. Williamson

(Receiver)

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COUNSEL TO RECEIVER

CERTIFICATE OF CONFERENCE

I hereby certify that on December 2, 2021, I conferred with Plaintiff Securities and Exchange Commission (the “SEC”) as to the terms and conditions of the employment of Law Practice of Darrell R. Jones. The SEC is not opposed to the relief sought in the application.

/s/ Deborah D. Williamson
Deborah D. Williamson
Receiver

CERTIFICATE OF SERVICE

I hereby certify that on December 27, 2021, the foregoing was served via CM/ECF and via email on counsel for Plaintiff Securities and Exchange Commission.

/s/ Danielle N. Rushing
Danielle N. Rushing