

THE ENCINITOS RANCH,

IN THE DISTRICT COURT

MCGILL RANCH, LTD.,

MARY DRUCILLA BURNS,  
INDIVIDUALLY, AS EXECUTRIX OF THE  
ESTATE OF FRANCIS MCGILL STEWART,  
DECEASED, AS TRUSTEE FOR THE MARY  
DRU MCGILL BURNS TESTAMENTARY  
TRUST, AS TRUSTEE FOR THE STEPHEN  
H. BURNS TRUST, AS TRUSTEE FOR THE  
ANASTASIA STEWART TRUST, AND AS  
TRUSTEE FOR THE LAURA KATHERINE  
BURNS TRUST

KATHLEEN MCGILL ENYART,  
INDIVIDUALLY AND AS TRUSTEE FOR  
THE KATHLEEN MCGILL ENYART TRUST,

LINDA JANE MCGILL WEAKLY,  
INDIVIDUALLY AND AS TRUSTEE FOR  
THE LINDA JANE MCGILL WEAKLY  
TRUST,

79<sup>TH</sup> JUDICIAL DISTRICT

ANN MCGILL ERCK,

SCOTT MCGILL, JR. AND

STEPHANIE DAWN MCGILL

Plaintiffs

VS.

EXXON MOBIL CORPORATION,  
EXXON MOBIL PRODUCTION COMPANY,  
CHEVRON CORPORATION, TEXACO INC.,  
CHEVRONTEXACO E & P COMPANY,  
PEOPLES ENERGY PRODUCTION-TEXAS,  
L.P., PEOPLES ENERGY PRODUCTION CO.,  
EL PASO EXPLORATION & PRODUCTION  
COMPANY, EL PASO CORPORATION,  
SIERRA RESOURCES LLC, LOUDON  
EXPLORATION, INC., LOUDON  
OPERATING COMPANY, L.L.C., ALAMO  
OPERATING COMPANY, L.C., CARRIZO  
OIL & GAS, INC., EDGE PETROLEUM



1. In compliance with Rule 190 of the Texas Rules of Civil Procedure, Plaintiff avers that discovery is intended to be conducted pursuant to Rule 190.4 (Level 3).

2. Plaintiff the Encinitos Ranch is a sole proprietorship family ranching operation owned, managed and run by Plaintiff Mary Dru Burns and her family. The Plaintiffs, all of whom are McGill heirs, either own mineral or non-participating royalty interests under the Encinitos Ranch. The Encinitos Ranch is approximately 38,000 to 40,000 contiguous acres of land located in Brooks, Hidalgo, Jim Hogg and Starr Counties, Texas.

3. Plaintiff McGill Ranch. Ltd. is a Texas limited partnership that owns a substantial portion of the surface estate of the Encinitos Ranch. It resides in Jim Wells County, Texas.

4. Plaintiff Kathleen McGill Enyart, Individually and as Trustee for the Kathleen McGill Enyart Trust is an individual residing in Fort Bend County, Texas.

5. Plaintiff Linda Jane McGill Weakly, Individually and as Trustee for the Linda Jane McGill Weakly Trust is an individual residing in Jim Wells County, Texas.

6. Plaintiff Ann McGill Erck is an individual residing in Bexar County, Texas.

7. Plaintiff Scott McGill, Jr. is an individual residing in Nueces County, Texas.

8. Plaintiff Stephanie Dawn McGill is an individual residing in Travis County, Texas.

9. Defendant Exxon Mobil Corporation is a New Jersey corporation having its principal place of business and principal office in Irving, Dallas County, Texas. It is believed that defendant Exxon Mobil Production Company is an unincorporated division or business unit of Exxon Mobil Corporation. Exxon Mobil Corporation and Exxon Mobil Production Company have appeared and answered herein.

10. Defendant Chevron Corporation is a Delaware corporation having its principal place of business in San Ramon, California. Pursuant to Civil Practice & Remedies Code, Section 17.044(b), this defendant may be served with citation and a copy of this petition by serving the Texas Secretary of State, 1019 Brazos Street, Austin, Texas 78701 as defendant's agent for service because defendant has not designated or maintained a resident agent for service of process in Texas as required by statute, or by serving the Texas Secretary of State, 1019 Brazos Street, Austin, Texas 78701 as defendant's agent for service because defendant has engaged in business in Texas but has not designated or maintained a resident agent for service of process in Texas as required by statute, or by serving the Texas Secretary of State, 1019 Brazos Street, Austin, Texas 78701 as defendant's agent for service because defendant engages in business in Texas but does not maintain a regular place of business here or a designated agent for service of process, and this suit arose out of defendant's business in Texas.

11. It is believed that defendants Texaco Inc. and ChevronTexaco E & P Company are or were business units or divisions which may have been dissolved, merged into, or otherwise acquired by one or more Chevron entities. Prior to making itself inactive on June 21, 2006 in Texas, Texaco Inc. was a Delaware corporation with its principal place of business and principal office in Houston, Harris County, Texas. It is

not known what type of entity ChevronTexaco E & P Company is or was, except that it appears to have been an operator and/or working interest owner of wells on the Encinitos Ranch and is therefore doing business in Texas and subject to personal jurisdiction in Texas. Service of both Texaco Inc. and ChevronTexaco E & P Company will be made by and through service upon Chevron Corporation through the Texas Secretary of State, or as further discovery may reveal to be proper.

12. Defendant Chevron U.S.A. Inc. is a Pennsylvania corporation having its principal place of business and principal office in San Ramon, California. Chevron U.S.A. Inc. has appeared and answered herein.

13. Defendant El Paso Corporation is a Delaware corporation having its principal place of business and principal office in Houston, Harris County, Texas. It is also believed that defendants El Paso Exploration & Production Company, Peoples Energy Production-Texas, L.P. and Peoples Energy Production Co. are unincorporated divisions, business units, or other entities wholly owned by, merged into, or acquired by defendant El Paso Corporation. El Paso Corporation has appeared and answered herein.

14. Defendant Sierra Resources is a Texas limited liability company having its principal place of business and principal office in Houston, Harris County, Texas. Sierra Resources has appeared and answered herein.

15. Defendant Loudon Exploration, Inc. is a Texas corporation having its principal place of business and principal office in Dallas, Dallas County, Texas. This defendant may be served with citation and a copy of this petition by serving the

defendant's registered agent for service of process, Edward Loudon, 4849 Greenville Avenue, Suite 1145, Dallas, Texas 75206.

16. Defendant Loudon Operating Company, L.L.C. is a Texas limited liability company having its principal place of business and principal office in Dallas, Dallas County, Texas. This defendant may be served with citation and a copy of this petition by serving the defendant's registered agent for service of process, Eddie Loudon, 5646 Milton Avenue, Suite 920, Dallas, Texas 75206.

17. Defendant Alamo Operating Company, L.C. is a Texas limited liability company having its principal place of business and principal office in San Antonio, Bexar County, Texas. This defendant may be served with citation and a copy of this petition by serving the defendant's registered agent for service of process, Michael S. Deodati, 8620 N. New Braunfels, Suite 416, San Antonio, Texas 78217.

18. Defendant Carrizo Oil & Gas, Inc. is a Texas corporation having its principal place of business and principal office in Houston, Harris County, Texas. This defendant may be served with citation and a copy of this petition by serving the defendant's registered agent for service of process, Paul F. Boling, 1000 Louisiana Street, Suite 1500, Houston, Texas 77002.

19. Defendant Edge Petroleum Exploration Company is a Delaware corporation having its principal place of business and principal office in Houston, Harris County, Texas. This defendant may be served with citation and a copy of this petition by serving the defendant's registered agent for service of process, CT Corporation System, 340 N. St. Paul Street, Dallas, Texas 75201.

20. Defendant Coronado Energy E&P Company, L.L.C. is a Delaware limited liability company having its principal place of business and principal office in Houston, Harris County, Texas. This defendant may be served with citation and a copy of this petition by serving the defendant's registered agent for service of process, CT Corporation System, 340 N. St. Paul Street, Dallas, Texas 75201.

21. Defendant Dirnett, Inc. is a Texas corporation having its principal place of business and principal office in Tuleta, Bee County, Texas. This defendant may be served with citation and a copy of this petition by serving the defendant's registered agent for service of process, R.W. Dirks, P.O. Drawer 200, U.S. Highway 181, Tuleta, Texas 78162.

22. Defendant AEP Texas Central Company is a Texas corporation having its principal place of business and principal office in Corpus Christi, Nueces County, Texas. This defendant may be served with citation and a copy of this petition by serving the defendant's registered agent for service of process, CT Corporation System, 340 N. St. Paul Street, Dallas, Texas 75201.

23. As additional Encinitos Ranch working interest owners, operators, and oil and gas lessees are identified in discovery, they will be added as defendants so that their responsibility, if any, for the claims and damages described below can be assessed, the validity of their leasehold or other interest in the property can be assessed, and so that they will be bound by any lawful rulings pertaining to surface use restrictions, clean up obligations, environmental remediation conditions, and to the extent they ultimately can maintain any leasehold interest, their future reasonable exploration and development obligations.

24. Venue in Brooks County, Texas, is proper under the mandatory venue provision of Section 15.011 of the Texas Civil Practice and Remedies Code, as this is an action, at least in part, to recover an estate or interest in real property situated in Brooks County, Texas, to remove encumbrances from the title to such property, and to recover for damages to the property. Moreover, all or a substantial part of the events or omissions giving rise to the claim occurred in Brooks County, Texas.

25. On February 27, 1935, J.C. McGill, Jr., H.F. McGill, Jr., and Scott McGill purchased the Encinitos Ranch located in Brooks, Hidalgo, Jim Hogg and Starr Counties, Texas. At the time of purchasing the ranch, approximately 7,110 acres off the north end of the ranch were under lease to the Texas Company by lease dated May 15, 1934 and filed of record at Vol. 5, Page 332 of the Lease Records of Brooks County, Texas. The McGill brothers leased most of the remainder of the ranch by Oil, Gas & Mineral Lease dated February 27, 1935 to Humble Oil & Refining Company recorded in Volume 8, Page 19 of the Oil, Gas & Lease Records of Hidalgo County, Texas.

26. With the exception of AEP Texas Central Company, the defendants in this case are successors to Humble Oil & Refining Company and the Texas Company as, upon information and belief, each and all are assignees or successors to the original lessees, are owners of non-operating working interest, or are successor operators via assignment or other arrangement.

27. During the early days of these leases, a significant number of oil and gas wells were drilled and produced prolific amounts of oil and gas. As time wore on, however, exploration and development efforts slowed down and eventually virtually ceased.

28. Oil and gas development and production operations also resulted in significant damage to the surface of the property through improperly abandoned equipment, discarded junk, spills, contamination, and failure to maintain oil and gas production facilities and infrastructure.

29. Moreover, repeated requests for remediation, accountability, clean up, and environmental assessment and testing have gone largely unheeded.

30. In addition, royalties have not been paid properly or timely on many occasions and accounting for oil and gas production and the means and methods for calculating the amount due for royalties, has been inconsistent, confusing, erroneous and largely without explanation.

31. Measurements and accounting for oil and gas volumes have been erroneous, flawed and inaccurate and pricing has been substandard, inadequate and generally too low.

32. Even upon the advent of the utilization of new technology such as two dimensional seismic and three dimensional seismic technologies, the various operators and lessees also failed to reasonably and prudently develop and explore the property for oil, gas and mineral reserves. Upon information and belief, repeated requests by other oil companies and operators who proposed to reasonably and prudently develop the property were unreasonably ignored and rebuffed by the then current lessees and operators under the applicable leases. The failure to reasonably and prudently develop property for oil, gas and mineral reserves has become apparent recently as several significant discovery wells on the property have now conclusively proven that, heretofore, the property has not been reasonably and prudently developed by lessees.

33. Additionally, many existing, unplugged wells have production capabilities that have not been reasonably utilized, explored and efficiently produced, leaving behind valuable reserves that can be commercially recovered if reasonable efforts are undertaken to do so within the existing well bores. While the infrastructure is unreasonably allowed to deteriorate, the economic viability of recovering these significant, proven reserves continues to diminish.

34. Defendants have also grossly mismanaged surface and subsurface operations and allowed their leases, pipeline right of ways, road network, and keys to the lease to be used as a major illegal smuggling route. The defendants have utterly failed to reasonably secure the leased premises from trespassers. Defendants bring onto the premises literally thousands of employees and contractors on a regular basis, many of whom have criminal records and some of whom are engaged in corruption and graft. Moreover, defendants themselves have intentionally trespassed on property, chattels, and pipelines owned by one or more Plaintiffs, and have also taken oil, gas and minerals from the property, or allowed others to do it, without making any records of such transactions or paying royalties contractually owed to Plaintiffs.

35. Upon further information and belief, one or more defendants are actively engaged in spoliating material evidence of these various transgressions in an unlawful attempt to avoid liability in this matter.

36. Generally speaking, this action is brought to recover damages for physical harm done to the land, to enjoin the defendants from further damaging the property, to enjoin further trespasses, to recover damages for trespass, to require lessees to implement reasonable and prudent programs, policies and procedures to safeguard and

protect the property from any future damage, contamination or harm, to determine whether the all or portions of existing leases have any continuing validity in light of the inexcusable failure to timely, reasonably and prudently develop the mineral estate, to properly drill offset wells, and because of other material breaches of the lease, to ascertain the value of the unplugged yet apparently abandoned wells and the reasonable, prudent, efficient, non-wasteful and proper course of exploration, production and development of the already-discovered and the prospective reserves. Plaintiffs also need a full and open accounting of wells drilled, all oil, gas and other minerals produced and sold from the various horizons within each well, and need information to determine to what extent royalties have been properly and timely paid, and to require reasonable, straightforward, understandable and timely accounting of monthly production, pricing, and royalty payments so that the royalty and mineral owners of the Encinitos Ranch can be reasonably and fairly apprised of their important financial and legal rights on a month-to-month basis.

37. Plaintiffs assert claims for trespass to the property that arises from the contamination, pollution, and improper abandonment of oil field production facilities, equipment and infrastructure. Lessees' substandard operations and improperly abandoned equipment and facilities, much of which is in a current state of decay and deterioration, presents not only an unlawful trespass to the property but also poses a serious and substantial risk of harm to the land and to persons on the property. A recent example of this hazard occurred when improperly abandoned electrical lines started a grass fire. When a surface lessee attempted to control the grass fire by using his tractor, the tractor struck an unmarked gas lift riser concealed by high grass, which

resulted in an explosion and fire that destroyed the tractor and also placed that tenant in a life-threatening situation. Dumping, poorly maintained wells, equipment and facilities also threaten to contaminate and have contaminated and damaged the fragile wildlife environment of the Encinitos Ranch. These operations also violate material express and implied terms in the relevant oil and gas leases, as well as common law duties of care that are owed to Plaintiffs.

38. Poor surface operations, discarded equipment and deteriorating infrastructure on the ranch also constitutes a material breach of express and implied terms of the applicable leases.

39. The failure to reasonably and prudently develop the property constitutes material and incurable breaches of the applicable leases.

40. Failure to properly account for and timely pay for oil and gas produced, and royalties also constitutes a material and incurable breaches of the applicable leases.

41. Plaintiffs seek reasonable discovery, including depositions of relevant fact and corporate representative witnesses, and the production of relevant documents, to determine whether the various lessees have complied with express and implied terms of the applicable leases, including, but not limited to the duty to reasonably and prudently explore, develop and produce mineral reserves, offset any wells that may be near to the lease line and/or draining the lease premises, whether any pooling or unitization of production at any time has been made in good faith and was reasonable, and other material issues, including the reasonable use of the surface, the existence or non existence of valid easements for various operators and wells, the location of and ownership and use of pipelines on the property, and other material issues.

42. Plaintiffs contend that the defendants committed various acts of omission and commission, which collectively and severally constitute negligence, which was a proximate harm of injuries and damages to them and to the Encinitos Ranch.

43. All the foregoing breaches of contract and legal duty and trespass were a producing, direct and proximate cause of damage, injury and harm to the Plaintiffs and to the property. Plaintiffs seek the full measure of damages allowed by law for such breaches of contract lease, legal duty and trespass.

44. In addition to the foregoing, Plaintiffs the Encinitos Ranch and McGill Ranch, Ltd. assert claims for negligence, gross negligence and breach of contract against defendant AEP Texas Central Company and the Exxon defendants (collectively the "Big Fire defendants"), in connection with a large fire on March 18, 2008, that resulted from poorly maintained power lines installed at the request of the Exxon defendants. The Big Fire defendants were negligent and grossly negligent in the maintenance and operation of such lines, which were maintained and operated in a dilapidated and unsafe condition, which condition was known, or reasonably should have been known to these defendants. Nevertheless, the Big Fire defendants, who have also assumed contractual responsibility for damage resulting from such lines, did nothing to prevent the fire, which destroyed tens of thousands of acres, countless flora and fauna, and priceless sensitive wildlife habitat.

45. Additionally, Plaintiffs have advised the Big Fire defendants of the poor condition of the power infrastructure on the Encinitos Ranch and have requested that these unsafe conditions be promptly remediated to alleviate the risk of further

devastating and dangerous fires. The Big Fire defendants, however, have chosen to do nothing to repair or de-energize this dangerous web of power lines.

46. All conditions precedent to this action, if any, have been met, or are waived or are excused.

47. Plaintiffs specifically disclaim any causes of action, claims, or remedies arising under any federal statute, federal constitution, federal regulation, and/or other federal law of any sort, and hereby affirmatively state and aver that they are pursuing only claims and causes of action arising under Texas state law.

WHEREFORE, PREMISES CONSIDERED, plaintiffs pray that this cause be set for trial before a jury, that it recover of and from the defendants its property interests, actual damages, exemplary damages, reasonable attorney fees, and all other incidental and consequential damages in such amount as the evidence may show and the jury may determine to be proper, together with prejudgment interest, post-judgment interest, costs, and all other and further relief, at law and in equity, to which they may show themselves to be justly entitled.

Respectfully submitted,

**SICO, WHITE & BRAUGH L.L.P.**

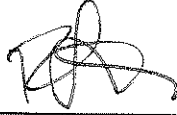
By 

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**ATTORNEYS FOR PLAINTIFF**

CERTIFICATE OF SERVICE

I hereby certify that the foregoing instrument was served on all counsel of record in compliance with Rules 21 and 21a of the Texas Rules of Civil Procedure on this the 6 day of May 2008.



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Roger S. Braugh, Jr.