

CORONADO ENERGY E&P COMPANY, L.L.C.,

Plaintiff,

v.

MCGILL RANCH, LTD.,

STEPHEN BURNS, JR. and

Defendants.

JIM WELLS COUNTY, TEXAS

IN THE DISTRICT COURT

79th JUDICIAL DISTRICT

PLAINTIFF'S ORIGINAL PETITION AND APPLICATION FOR TEMPORARY

RESTRAINING ORDER AND TEMPORARY INJUNCTION

Plaintiff CORONADO ENERGY E&P COMPANY, L.L.C. ("Coronado") files

this Original Petition and Application for Temporary Restraining Order and Temporary

Injunction against Defendants MCGILL RANCH, LTD., STEPHEN BURNS, JR. and

ELIZABETH BURNS and would show the Court as follows:

I. DISCOVERY LEVEL

1.01

Discovery is appropriate in accordance with a Level Three Discovery Control

Plan under Rule 190.4 of the Texas Rules of Civil Procedure.

II. PARTIES

2.01

Plaintiff Coronado is a Delaware limited liability company with its principal

office located in Houston, Harris County, Texas.

2.02

Defendant MCGILL RANCH, LTD. is a Texas limited partnership with its

principal office located in Alice, Jim Wells County, Texas. Defendant MCGILL RANCH, LTD. may be served with process by serving its registered agent, Mary Drucilla Burns, 300 East Main, Alice, Texas 78332.

2.03

Defendant STEPHEN BURNS, JR. is an individual residing in Brooks County, Texas who may be served with process at his residence on the McGill Ranch or his place of business located at 302 E. Main Street, Alice, Texas 78332.

2.04

Defendant ELIZABETH BURNS is an individual residing in Brooks County, Texas who may be served with process at her residence on the McGill Ranch.

III. VENUE

3.01

Venue of this action is proper in this county under TEX CIV. PRAC. & REM. CODE §15.002(a)(3) as the county where Defendant MCGILL RANCH, LTD. has its principal office in this state and under TEX CIV. PRAC. & REM. CODE §15.005 in that venue is proper in this county as to Defendant MCGILL RANCH, LTD. and is therefore proper as to all other Defendants herein because all of the claims arise out of the same transaction, occurrence, or series of transactions or occurrences. Venue is also proper in this county for injunctive relief under TEX CIV. PRAC. & REM. CODE §65.023

IV. FACTS AND CAUSES OF ACTION

4.01

This is an action seeking a temporary restraining order and temporary and permanent injunctions prohibiting Defendants from: (1) denying or continuing to deny

Plaintiff Coronado and its contractors and subcontractors their rightful access to the surface of the McGill Ranch in order to conduct its oil and gas exploration and recovery operations under an existing access agreement and pertinent oil and gas leases; and (2) from damaging or interfering with Plaintiff Coronado's water flow lines and access to water lines that are necessary for well drilling, fracturing and other production and completion operations. The Application for Temporary Restraining Order is supported by the Affidavits of Jim Cohn, Nolan Fields and Richard Little, attached hereto as Exhibits "A", "B", and "C" respectively and incorporated by reference.

4.02

ExxonMobil Corporation ("Exxon") is the successor-in-interest to Humble Oil & Refining Company as the lessee of oil and gas interests from J.C. McGill, Jr. et. al. by Oil, Gas and Mineral Leases dated February 27, 1935 and September 9, 1941 (the "Oil and Gas Leases). Defendant McGill Ranch, Ltd. owns the surface estate covered by these Oil and Gas Leases which is known as the "McGill Ranch."

4.03

Exxon and Peoples Energy Production-Texas, L.P. ("Peoples LP") entered into an Exploitation Agreement dated August 31, 2006 under which Peoples LP would conduct drilling operations on the McGill Ranch in an effort to discover oil and gas and would also conduct other operations incidental to the drilling operations and production of discovered hydrocarbons. Peoples changed its name to Coronado and thus Plaintiff Coronado is the operator under the Exploitation Agreement and is thereby entitled to conduct oil and gas drilling and related production operations on the McGill Ranch.

4.04

Under the Exploitation Agreement, Plaintiff Coronado must drill and complete new wells on a regular and fast-track schedule. If Plaintiff Coronado fails to meet the schedule under the Exploitation Agreement, then it could lose the right to earn additional acreage under the Exploitation Agreement. Thus, it is vital that Plaintiff Coronado's schedule for the drilling and completion of wells on the McGill Ranch not be interrupted or delayed.

4.05

On January 19, 2007, Peoples LP (before it changed its name to Coronado) and certain Defendants entered into an access agreement ("Access Agreement") whereby Defendants agreed to allow Peoples LP's "employees, its contractors, and sub-contractors unlimited access onto the Ranch premises for all purposes" through the McGill Headquarters Gate and the Texaco Gate in exchange for the payment of a monthly fee of \$2,500.00. The parties agreed that "[u]nhindered access to the Ranch by Peoples' employees, its contractors and sub-contractors is critical to the uninterrupted, safe conduct of [Peoples'] operations on the Ranch." All monthly payments due and payable under the Access Agreement have been made. Plaintiff Coronado's uninterrupted access to the McGill Ranch for itself and its employees, contractors and subcontractors is vital to Plaintiff Coronado's ability to drill and complete wells under the schedule necessary to meet the requirements under the Exploitation Agreement.

4.06

On November 1, 2006, Peoples LP (before it changed its name to Coronado) and certain Defendants entered into a Receipt and Release Agreement ("Release Agreement")

concerning the Kelsey Central Production Facility constructed on McGill Ranch by Peoples LP whereby Defendants agreed to allow Peoples LP [and its successors and assigns] to conduct "any and all operations, which it may deem advisable in connection with said Facility, including, but not limited to, the right to build and maintain a lease road, laying of flow lines, and to set up and maintain necessary equipment to operate said Facility." Under the Release Agreement and pursuant to its rights under the Oil and Gas Leases and common law, Plaintiff Coronado is entitled to construct water flow lines upon the McGill Ranch to deliver fresh water to the wells for use in its drilling and production operations.

4.07

Under the Access Agreement, Release Agreement, and under the Oil and Gas Leases and common law, Plaintiff Coronado and its employees, contractors, and subcontractors have the right to access the surface of the McGill Ranch to conduct oil and gas drilling, production, and related operations. Defendants have denied Plaintiff Coronado such access to the surface estate by ordering its subcontractor, Alice Southern Equipment, to vacate and thereafter to be banned from the McGill Ranch. On June 18, 2008, at approximately 8:30 p.m., Defendant Elizabeth Burns ordered Alice Southern Equipment (Plaintiff's subcontractor) to stop pumping and delivering water to the Plaintiff's wells, to remove its employees from the McGill Ranch and further ordered that Alice Southern Equipment's employees were banned from the McGill Ranch and could not return.

4.08

Defendants' wrongful acts in denying access to the McGill Ranch constitute a

breach of the Access Agreement, the Release Agreement, and wrongful and tortious interference with Plaintiff Coronado's access rights under the Exploitation Agreement, the Oil and Gas Leases and under the common law.

4.09

Defendants have threatened to damage and have actually damaged Plaintiff Coronado's water flow lines by running over those lines with tractors and shredding the lines. Defendants have also ordered Plaintiff Coronado's subcontractor, Alice Southern Equipment, to shut off Plaintiff's water pumps and to have its employees vacate the McGill Ranch and not return. Defendant Stephen Burns, Jr. has been observed running over Plaintiff's water lines with a tractor/shredder and irreparably damaging the water lines and Defendants and/or their employees have irreparably damaged approximately one mile of pipe worth at least \$20,000. These wrongful acts have disrupted the crucial flow of water to the drilling and production sites and have interrupted or will interrupt or harm Plaintiff Coronado's drilling and production operations.

4.10

Defendants' (a) wrongful acts in threatening to damage and destroy Plaintiff Coronado's water flow lines, (b) actually destroying those water lines, and (c) ordering the water pumps to be turned off constitute a breach of the Release Agreement and wrongful and tortious interference with Plaintiff Coronado's rights under the Exploitation Agreement, the Oil and Gas Leases and the common law.

4.11

Defendants' wrongful denial of access to the McGill Ranch has caused and will continue to cause Plaintiff Coronado to suffer imminent injury and harm that is

irreparable and for which no adequate remedy at law exists. Plaintiff Coronado therefore requires injunctive relief to prevent the Defendants from continuing to deny access to the McGill Ranch.

4.12

Defendants' wrongful threats to destroy and damage Plaintiff Coronado's water flow lines, actual destruction of those lines, and orders that the pumps be shut off and that Plaintiff's subcontractor vacate and thereafter be banned from the McGill Ranch has caused and will continue to cause Plaintiff Coronado to suffer imminent injury and harm that is irreparable and for which no adequate remedy at law exists. A supply of fresh water is crucial to the drilling, completion, and fracturing operations that are taking place with respect to the wells. Plaintiff Coronado therefore requires injunctive relief to prevent further harm to its water lines (and water source) or interruption to its operations and to prevent the Defendants from further damaging its water flow lines or otherwise interrupt or interfere with the flow of water from the Kelsey Central Production Facility or any other sources of water utilized by Plaintiff Coronado.

4.13

Defendants' banning of certain of Plaintiff Coronado's subcontractors from entering the McGill Ranch disrupts the drilling and well completion activities scheduled for the McGill Ranch thereby causing immediate injury and harm that is irreparable and for which no adequate remedy at law exists.

4.14

The only adequate, effective, and complete relief to Plaintiff Coronado is to immediately restrain Defendants from further engaging in certain proscribed activities as

set forth below. Pursuant to TEX. R. CIV. PRO. 680 *et. seq.* and TEX. CIV. PRAC. & REM. CODE §65.001 *et. seq.*, Plaintiff Coronado seeks a temporary restraining order, and upon hearing, a temporary and permanent injunction, ordering and immediately restraining of the Defendants, [including the Defendants' agents, servants, employees, independent contractors, attorneys, representatives, and those persons or entities in active concert or participation with them] (collectively the "Restrained Parties") as follows:

1. Enjoining the Restrained Parties from denying Plaintiff Coronado and any of its employees, agents, contractors, suppliers, or others acting on its behalf [including but not limited to Alice Southern Equipment employees] access to the McGill Ranch through the McGill Headquarters Gate and/or the Texaco Gate; and
2. Enjoining the Restrained Parties from destroying or damaging the poly-line water pipes utilized by or on behalf of Plaintiff Coronado by running over the lines with tractors and shredders or causing any other form of damage or committing any other destructive or disruptive acts which would cause damage to the water lines and/or interrupt or interfere with the flow or delivery of water from the Kelsey Central Production Facility or any other sources of water utilized by Plaintiff Coronado.

V. PRAYER

WHEREFORE, Plaintiff Coronado respectfully prays for the following relief:

1. A temporary restraining order, and upon hearing, a preliminary injunction for the relief requested above;
2. Upon final trial, judgment against the Defendants for full, permanent injunctive relief, and for the full amount of Plaintiff Coronado's actual damages including, but not limited to, consequential and/or special damages as found by the trier of fact as a consequence of the Defendants' wrongful conduct;
3. Prejudgment interest as provided by law;
4. Postjudgment interest as provided by law;
5. Plaintiff's reasonable and necessary attorneys' fees in prosecuting this claim through trial, and, if necessary, through appeal;

6. ; All costs of suit; and
7. Such other and further relief, at law or in equity, to which Plaintiff may show itself justly entitled.

Respectfully submitted,

WILLIAM D. PEISEN
State Bar No. 15731400
**LAW OFFICES OF WILLIAM D.
PEISEN**
4430 S McColl
Edinburg, Texas 78539
(956) 664-2963

**HORNBERGER SHEEHAN FULLER &
BEITER INCORPORATED**
The Quarry Heights Building
7373 Broadway, Suite 300
San Antonio, TX 78209
(210) 271-1700 FAX: (210) 271-1730

By: 

Kevin M. Beiter
State Bar No. 02059065
Patrick K. Sheehan
State Bar No. 18175500
David W. Navarro
State Bar No. 24027683

ATTORNEYS FOR PLAINTIFF

CAUSE NO. _____

CORONADO ENERGY E&P COMPANY,
L.L.C.,

Plaintiff,

V.

MCGILL RANCH, LTD.,
STEPHEN BURNS, JR. and
ELIZABETH BURNS,

Defendants.

§ IN THE DISTRICT COURT

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79th JUDICIAL DISTRICT

JIM WELLS COUNTY, TEXAS

AFFIDAVIT OF JIM COHN

BEFORE ME, the undersigned authority, on this day personally appeared Jim Cohn, deposed as follows:

1. My name is Jim Cohn. I am over the age of 21, have never been convicted of a felony or crime involving moral turpitude and I am mentally competent. As such, I am capable of making this Affidavit. The facts stated in this Affidavit are within my personal knowledge and are true and correct.
2. I am employed with El Paso E&P Management, Inc. ("El Paso Exploration") as a landman and am currently assigned to operations being conducted in the Rio Grande Valley by El Paso Exploration subsidiaries (including Coronado Energy E&P Company, L.L.C. ("Coronado")), which includes Coronado's drilling and completion operations on the McGill Ranch located in Brooks County, Texas.
3. Exxon and Peoples Energy Production-Texas, L.P. ("Peoples LP") entered into an Exploitation Agreement dated August 31, 2006 under which Peoples LP would conduct drilling operations on the McGill Ranch in an effort to discover oil and gas and would also conduct other operations incidental to the drilling operations and production of discovered hydrocarbons. Peoples LP changed its name to Coronado, and thus Coronado is the operator under the Exploitation Agreement and is thereby entitled to conduct oil and gas drilling and related production operations on the McGill Ranch.
4. Under the Exploitation Agreement, Coronado must drill and complete new wells on a regular and fast track schedule. If Coronado fails to meet the schedule under the Exploitation Agreement, then it can lose the right to earn additional acreage under the Exploitation Agreement. Thus, it is vital that Coronado's schedule for the drilling and completion of wells on the McGill Ranch not be interrupted or delayed.
5. Due to the nature and timing of the operations, unhindered access to the McGill Ranch by Coronado, its affiliates, employees, contractors and subcontractors is critical to the uninterrupted operations. Accordingly, Coronado f/c/a Peoples LP entered into a written



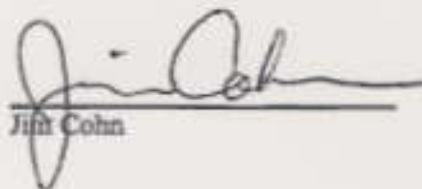
letter agreement with Ms. Mary Drucilla Burns (General Partner of McGill Ranches, Ltd.) and Mr. Stephen Burns (the McGill Ranch Manager) dated January 19, 2007 which provided for a monthly payment of \$2,500 to McGill Ranches, Ltd. for the uninterrupted use of the Main Gate and the Texaco Gate for unlimited access for all purposes. A true and correct copy of this letter access agreement is attached hereto as Exhibit "1" and incorporated herein for all purposes.

6. The nature of the operations also requires that certain facilities be constructed, including but not limited to a fresh water well to be utilized in fracturing and completion operations. As such, on or about November 1, 2006, McGill Ranches, Ltd., Stephen Burns and Coronado f/k/a Peoples LP entered into a Receipt & Release and Base Rental agreement for the Kelsey Central Production Facility. This agreement operated to release Peoples LP from any surface damage in connection with the construction and maintenance of the production facility. It also confers the right to Coronado/Peoples LP to conduct any and all "operations with the production facility, including, but not limited to the right to build and maintain a lease road, laying flow lines, and to set up and maintain necessary equipment to operate" the production facility. A true and correct copy of this agreement is attached hereto as Exhibit "2" and incorporated herein for all purposes. In exchange for the release, Coronado/Peoples LP paid \$5,000 to McGill Ranches, Ltd. and annual rental payments in the amount \$3,500 have been paid.
7. Coronado has agreed to pay (and has historically paid) \$15,000 per well site pad to compensate McGill Ranches, Ltd. for well location damages plus, as of December 2007, \$2.00 per linear foot of pipe.
8. Coronado/Peoples have drilled and completed at least eighteen (18) wells on the McGill Ranch since August 2006 using the same drilling techniques and operations as it uses presently and I am unaware of any complaints regarding the drilling techniques and operations by any members of the Burns family until recently. Because the fresh water poly lines are temporary and are moved to varying well sites as necessary, they are not buried beneath the surface. Until recently, no one has complained about the location and status of the fresh water poly lines.
9. Coronado has engaged the services of Grey Wolf, Inc. to conduct drilling services on the McGill Ranch. Per my understanding, the cost to Coronado for use of the drilling rig and for the associated personnel (whether the drilling rig is engaged in operations or not) is at least \$27,000 per day. Given the current condition of the oil and gas industry, drilling rigs capable of drilling multiple well sites and qualified personnel are difficult to secure. If poly water lines are destroyed and well water made unavailable, Coronado's ability to timely and reliably obtain water for drilling is severely impaired and Coronado could be forced to halt drilling. If the drilling rig is relocated by Grey Wolf, Inc. due to its non use, Coronado may lose the hole, lose the use of the drilling rig and qualified personnel to operate the drilling rig.
10. The completion of the wells on the McGill Ranch consists of drilling, fracturing and completion operations, followed by operation of the wells. It is imperative that Coronado have uninterrupted access to sufficient volumes of fresh water to ensure success of the drilling, fracturing, completion and production operations. This water is supplied by

pumping water from water wells located on the McGill Ranch and transporting the water from the water wells via poly-line pipe.

11. It is critical that poly water line is available for use in Coronado's operations on the McGill Ranch. Without freshwater, operations will be delayed or may cease altogether; interruption of fracturing or stimulations procedures could permanently affect the permeability of sands or the well bore, destroying the well; interruption of drilling and mud operations could result in a well blowout or other hazards.
12. On June 16, 2008, Mr. Stephen Burns, Jr. called me and (a) informed me that McGill Ranches, Ltd. had not been paid the well location damage amounts for the three sites labeled McGill 617, McGill 618 and McGill 619 and demanded that we pay an increased amount of \$125,000 per well site pad and (b) demanded that the temporary poly water lines that are used to transport fresh water from to the well sites for use in our operations be either buried or removed. I informed Mr. Burns that Coronado has attempted to tender the well location damage payments to the McGill Ranch, Ltd.'s counsel; however counsel has refused to accept the payments and Mr. Burns should contact his attorney.
13. On June 17, 2008, Mr. Stephen Burns informed me by phone that if we did not bury the temporary poly water lines then he would shred them with his rotor shredder tractor assembly.
14. On June 18, 2008, at approximately 8:00 p.m., I received a telephone call from Mrs. Elizabeth Burns vehemently demanding that the Coronado workers and contractor employees be prohibited from sleeping in their vehicles or eating while on the premises of the McGill Ranch. I informed her that it was necessary for the workers to remain on the premises around the clock to monitor and test the well sites that are undergoing fracturing operations.
15. On June 18, 2008, I was informed by Richard Kryst, a Coronado consultant who is supervising the fracturing operations that Alice Southern Equipment was "banned" from operating the water well vital to the on-going fracturing operations at the McGill 619 well site and would be prevented from returning to the McGill Ranch. Due to the nature of the operations conducted on the McGill Ranch, without a sufficient and uninterrupted fresh water supply, planned and scheduled wells to be drilled will either be delayed causing Coronado to lose its rights under the Exploitation Agreement and/or existing wells that have not been completed will be negatively affected or lost as mentioned above, or a well blowout or other safety hazard could occur. The extent to which Coronado would be damaged due to losing its rights under the Exploitation Agreement and the negative impact on permeability on certain effected wells is virtually impossible to ascertain because the opportunity to produce from horizons may be lost forever.

Further affiant sayeth not.


Jiff Cohn

SUBSCRIBED AND SWORN TO before me the undersigned authority on the 19th
day of June, 2008.



Robert L. Teal
Notary Public in and for the
State of Texas

PEOPLES
ENERGY
Production

January 19, 2007

McGill Ranches, Ltd.
P. O. Box 3309
Alice, Texas 78332
Attn: Ms. Mary Drucilla Burns
and Mr. Stephen Burns

Re: Access to McGill Ranch
Starr, Brooks and Hidalgo
Counties, Texas

Ladies and Gentlemen:

Peoples Energy Production-Texas, L.P. ("Peoples") and ExxonMobil Corporation ("ExxonMobil") entered into that certain Exploitation Agreement ("Agreement") dated August 31, 2006, covering the Kelsey Deep Area. Under the terms of the Agreement, Peoples will be conducting drilling operations on the McGill Ranch (the "Ranch") in an effort to discover oil and gas and will be conducting other operations incidental to the drilling operations and production of discovered hydrocarbons. Unhindered access to the Ranch by Peoples' employees, its contractors and sub-contractors is critical to the uninterrupted, safe conduct of our operations on the Ranch.

By the execution of this letter agreement, the owners of the Ranch hereby agree to allow Peoples' employees, its contractors and sub-contractors unlimited access onto the Ranch premises for all purposes, through the following gates:

Main Gate, commonly known as the McGill Headquarters Gate, with a location of
X = 2041592.14, Y = 411433.78

Texaco Gate, with a location of X = 2061055.60, Y = 420577.85

As consideration for this unlimited access, Peoples will pay to the Ranch a monthly fee of \$2,500.00. Peoples' payments will be made in favor of McGill Ranches, Ltd. The first payment will be due on February 1, 2007, and subsequent payments will be due the first day of each month thereafter. Should Peoples inadvertently fail to make a required payment, then upon receipt of written notification by the Ranch of its failure to make such payment, Peoples shall have fifteen (15) days within which to make the payment. Subject to the foregoing notification period, Peoples' failure to timely make a monthly payment shall result in termination of this letter agreement. Peoples may terminate this letter agreement at any time by notifying the owners of the Ranch in writing, not less than

McGill Ranches, Ltd.
January 19, 2007
Page 2

fifteen (15) days prior to the date on which the next ensuing monthly payment would have become due.

Please indicate your acceptance of the above outlined terms and conditions by signing in the space provided below and returning one (1) original of this letter agreement to the undersigned.

Yours truly,

Renee D. Calhoun

Renee D. Calhoun
Senior Staff Landman

AGREED TO AND ACCEPTED
this 29th day of January, 2007

McGill Ranches, Ltd.

By: *Mary Drucilla Burns*
Printed Name: Mary Drucilla Burns
Title: General Partner

By: *Stephen Burns*
Printed Name: Stephen Burns
Title: Owner

RECEIPT & RELEASE
And Base Rental
For Kebey Central Production Facility

STATE OF TEXAS §
 §
COUNTY OF STARR §

KNOW ALL MEN BY THESE PRESENTS:

THAT, McGill Ranches, LTD, a Texas Limited Partnership the surface Owner, their heirs, successors and assigns, whose address is P. O. Box 3309, Alice Texas 78332 in consideration of the sum of Five Thousand and No/100 Dollars (\$5,000.00), the receipt and adequacy of which is hereby acknowledged, does hereby fully release Peoples Energy Production - Tx, L.P., a Delaware Limited Partnership, (Peoples) its co-owners and their successors and assigns, from any and all claims for normal location damages, heretofore or arising in connection with the construction and or maintenance of the following described production facility:

The Peoples Energy Production, - Tx, L.P., Kebey Central Production Facility located in the San Antonio Grant, Abstract, No.103, Starr County, Texas.

Base Rent: "Peoples" agrees to pay as annual rent for the production facility the base sum of \$3,500.00 per year which such annual rent shall be adjusted each year beginning November 1, 2007, in proportion to the percentage of change in the CPI available for all Urban Consumers (CPI-U) as published by the Bureau of Labor Statistics of the United States Department of Labor.

Such consideration entitles Peoples Energy Production - Tx, L.P, its Co-Owners, their successors and assigns, to conduct any and all operations, which it may deem advisable in connection with said Facility, including, but not limited to, the right to build and maintain a lease road, laying of flow lines, and to set up and maintain necessary equipment to operate said Facility.

DATED this 1 day of ^{Nov} ~~October~~ 2006.

McGill Ranches, LTD.


By: Mary Drucilla Burns, General Partner

Stephen Burns

Tax ID No. 

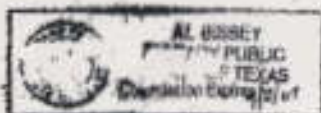


STATE OF TEXAS
COUNTY OF JIM WELLS

This instrument was acknowledged before me this 1st day of Nov. 2006 by Steven Burns and Mary Drucilla Burns, in the capacity therein stated

My Commission Expires 9/10/07


Notary Public in and for the State of Texas



CAUSE NO. _____

CORONADO ENERGY E&P COMPANY,
L.L.C.,
Plaintiff,

V.

MCGILL RANCH, LTD.,
STEPHEN BURNS, JR. and
ELIZABETH BURNS,
Defendants.

§ IN THE DISTRICT COURT

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§ 79th JUDICIAL DISTRICT

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§ JIM WELLS COUNTY, TEXAS

AFFIDAVIT OF NOLAN FIELDS

BEFORE ME, the undersigned authority, on this day personally appeared Nolan Fields, deposed as follows:

1. My name is Nolan Fields. I am over the age of 21, have never been convicted of a felony or crime involving moral turpitude and I am mentally competent. As such, I am capable of making this Affidavit. The facts stated in this Affidavit are within my personal knowledge and are true and correct.

2. I am employed with Alice Southern Equipment ("ASE") as a supervisor and I currently supervise operations being conducted by ASE on the McGill Ranch in Brooks County, Texas. ASE was retained over two years ago first by Peoples Energy Production—Texas, L.P. and later by Coronado, Energy E&P Company, L.L.C. to provide equipment and labor to transport water from water wells located on the McGill Ranch to various wells that have been drilled by Peoples and Coronado. ASE has laid 3" poly-line pipe from these water wells to multiple wells that have been drilled and completed and that are in the process of being drilled and completed on the McGill Ranch. The water is used during the drilling of the wells and in the fracturing of the wells during completion.

3. The poly-line pipe is laid above ground temporarily to supply water to a well site until the well is completed and then is taken up and moved to supply water to the next well site. The pipe is routinely buried where it crosses roads.

4. On June 14, 2008, I returned a message from our answering service from Elizabeth Burns and spoke with Ms. Burns by telephone. She told me that ASE was not allowed to pump any more water and that ASE employees would no longer be allowed on the McGill Ranch.

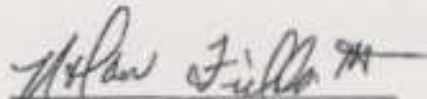


5. On June 17, 2008, Elizabeth Burns called me and told me that ASE employees would no longer be allowed on the McGill Ranch and that the gate guards would be instructed not to allow ASE employees to enter the gate to the McGill Ranch.


6. On June 18, 2008, I sent an ASE employee, Robert Pierce, to the McGill Ranch to start pumping water to fill water tanks for a fracturing job on McGill Bros. well 619. At approximately 8:30 p.m., Robert called me and said that Elizabeth Burns wanted to speak with me. She got on the phone and told me to stop pumping water and to tell Robert to get off of the ranch. She said she was trying to reach her husband, Stephen, to come and shred the water lines.

7. On June 19, 2008, I traveled to the McGill Ranch and I observed that approximately one-mile of our poly-line water pipe had been shredded and totally destroyed. This destroyed pipe will cost approximately \$20,000 to replace. The destruction of this water line prevents us from being able to pump water and fill the tanks at the McGill Bros. well 619 without replacing the pipe. We have been advised by Elizabeth Burns that ASE employees are banned from the McGill Ranch and are no longer allowed access to it to pump and deliver water to the wells.

Further affiant sayeth not.


Nolan Fields

SUBSCRIBED AND SWORN TO before me the undersigned authority on the 19 day of June, 2008.


Notary Public in and for the
State of Texas

