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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the California Corporations Commissioner,

Plaintiff,

v.

LELAND ENERGY, INC.; LELAND KENTUCKY HOLDINGS, INC.; STEPHEN M. THOMPSON; ANNEX DRILLING FUND, LLP; THE APPALACHIAN DRILLING FUND II, LLP; BC-2 DRILLING FUND, LLP; BLOCK CITY DRILLING FUND, LLP; ENERGY PRODUCTION REVENUE FUND, LLP; GREEN COUNTY ENERGY FUND, LLP; KNOX DRILLING FUND, LLP; KNOX DRILLING FUND II, LLP; PRODUCTION REVENUE DRILLING FUND, LLP; and ROGERS PRODUCTION REVENUE FUND, LLP,

Defendants.

) Case No.:

) **[PROPOSED] FINAL JUDGMENT**
) **PURSUANT TO SETTLEMENT**
) **AGREEMENT**

PLAINTIFF, THE CALIFORNIA CORPORATIONS COMMISSIONER
("Plaintiff" or, alternatively, "Commissioner"), on or about February 9, 2011, issued a Notice of Intention to Issue Order Levying Administrative Penalties Pursuant to Corporations Code section

1 25252 and Claim for Ancillary Relief Pursuant to Corporations Code section 25254; Statement in
2 Support of Order Levying Administrative Penalties Pursuant to Corporations Code section 25252,
3 Claim for Ancillary Relief Pursuant to Corporations Code 25254, Desist and Refrain Order
4 (collectively “Statement in Support”); and other supporting documents against the following
5 defendants: LELAND ENERGY, INC.; LELAND KENTUCKY HOLDINGS, INC.; STEPHEN M.
6 THOMPSON; ANNEX DRILLING FUND, LLP; THE APPALACHIAN DRILLING FUND II,
7 LLP; BC-2 DRILLING FUND, LLP; BLOCK CITY DRILLING FUND, LLP; ENERGY
8 PRODUCTION REVENUE FUND, LLP; GREEN COUNTY ENERGY FUND, LLP; KNOX
9 DRILLING FUND, LLP; KNOX DRILLING FUND II, LLP; PRODUCTION REVENUE
10 DRILLING FUND, LLP; and ROGERS PRODUCTION REVENUE FUND, LLP (collectively
11 “Defendants”), for the sales of securities that were, in the opinion of the Commissioner, offered
12 and/or sold by means of misrepresentations and/or omissions of material fact in violation of
13 Corporations Code section 25401 of the Corporate Securities Law of 1968 (Corp. Code, § 25000 et
14 seq.) (“CSL”). Attached hereto as **Exhibit A** and incorporated herein by reference is a true and
15 correct copy of the Statement in Support.

16 Defendants, and each of them, without admitting or denying the allegations contained in the
17 Statement in Support, have sought to resolve the Commissioner’s concerns by entering into the
18 Settlement Agreement (“Agreement”), the [Proposed] Final Judgment Pursuant to Settlement
19 Agreement (“Final Judgment”), and stipulating to the Statement in Support. Attached hereto as
20 **Exhibit B** and incorporated herein by reference is a true and correct copy of the Agreement.

21 **PURSUANT TO STIPULATION OF THE PARTIES AND GOOD CAUSE**
22 **APPEARING THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED**
23 **THAT:**

24 1. In accordance with the provisions of Paragraphs J. and K. of the Agreement,
25 Defendants are now in default, such that Final Judgment shall be entered in favor of Plaintiff against
26 Defendants. Defendants, and each of them, shall be jointly and severally liable to the Commissioner
27 for a judgment in the amount of one million seven hundred thirty-three thousand four hundred ninety-
28 four dollars and twenty-three cents (\$1,733,494.23), less any amounts paid in restitution or

1 administrative penalties, of which one million six hundred twenty-four thousand nine hundred ninety-
2 four dollars and twenty-three cents (\$1,624,994.23) is to be paid in investor restitution and one
3 hundred eight thousand five hundred dollars (\$108,500.00) is to be paid in administrative penalties
4 and costs.

5 2. Interest shall accrue on the Final Judgment at the legal rate per annum pursuant to Code
6 of Civil Procedure section 685.010, until said amount is paid in full.

7 3. This Court shall retain jurisdiction of this action in order to implement and carry out the
8 terms of all orders and decrees that may be entered herein or to entertain any suitable application or
9 motion by Plaintiff for additional relief within the jurisdiction of this Court.

10 **IT IS SO ORDERED:**

11 DATED: _____

12 JUDGE OF THE SUPERIOR COURT

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