

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS

4 **TO: Innova Energy, L.L.C.**
5 **Innova Leasing & Management, L.L.C.**
6 **Clement Chad a.k.a. Clem Chad**
7 **Clement L. Ejedawe**
8 **Dennis Tower**
9 **Frank Reynolds**
10 **Bluff Creek Prospect Wells Joint Venture a.k.a. Bluff Creek 3D Prospect**

11 1200 Smith Street, Suite 1600
12 Houston, Texas 77002
13 and
14 3255 Wilshire Blvd., Suite 2204
15 Los Angeles, CA 90010-1404

16 **DESIST AND REFRAIN ORDER**
17 **(For violations of sections 25110 and 25401 of the Corporations Code)**

18 The California Corporations Commissioner finds that:

19 1. At all relevant times, Innova Energy, L.L.C. and Innova Leasing & Management, L.L.C.
20 (herein, collectively “Innova”) are or were Nevada domestic limited liability companies with their
21 principal place of business located at 1200 Smith Street, Suite 1600, Houston, Texas, 77002, and at
22 3255 Wilshire Blvd., Suite 2204, Los Angeles, California, 90010, and doing business in California,
23 Pennsylvania, and Texas. Innova purportedly did or does operate oil and gas wells, as well as oil and
24 gas drilling operations on various properties located in Texas and in Pennsylvania.

25 2. In or about 2007, Innova participated in a drilling joint venture as the promoter, operator, and
26 “prospect manager” of oil and gas wells known as the “Bluff Creek Prospect Wells Joint Venture”
27 a.k.a. “Bluff Creek 3D Prospect”, (herein “Bluff Creek Venture”). The Bluff Creek Venture was or
28 is a project that involved the drilling of oil and gas from at least ten (10) wells located on real

1 property parcels or “zones” known as “Coleman”, “Sedgwick”, “Camp Colorado”, “Saddle Creek”,
2 and “Bluff Creek” located in or about Shackelford, Texas.

3 3. At all relevant times, Frank Reynolds (herein “Reynolds”) and Clement L. Ejedawe (herein
4 “Ejedawe”) are or were representatives of Innova. Specifically, Ejedawe is or was the manager of
5 Innova Leasing & Management, L.L.C.

6 4. At all relevant times, Clement Chad a.k.a. Clem Chad, (herein “Chad”) and Dennis Tower
7 (herein “Tower”) are or were representatives of Innova Energy, L.L.C. Specifically, Chad is the
8 managing director of Innova Energy, L.L.C. and Tower is or was a “senior accounts executive” of
9 Innova Energy, L.L.C.

10 5. Beginning in at least or about 2007, Innova, Chad, Tower, Reynolds, and Ejedawe offered and
11 sold securities in the form of certificates of interest or participation in an oil, gas or mining title or
12 lease or in payments out of production under that title or lease in the Bluff Creek Venture.

13 6. The purported purpose of the offering was to fund the maintenance, drilling and production of
14 the Bluff Creek Venture. The offering would also pay for any administrative expenses associated
15 with the Bluff Creek Venture. In return, investors would receive monthly income payments, based
16 on their investment interest, from the purported profits of the Bluff Creek Venture.

17 7. Beginning in at least or about 2007, Innova, Chad, Tower, Reynolds, and Ejedawe offered and
18 sold the above-described securities in California to investors by way of making general solicitations
19 through telemarketing or by making “cold calls”.

20 8. These securities were offered or sold in California in issuer transactions. The Department of
21 Corporations has not issued a permit or other form of qualification authorizing any person to offer
22 and sell these securities, including but not limited to securities in the form of certificates of interest or
23 participation in an oil, gas or mining title or lease or in payments out of production under that title or
24 lease in the Bluff Creek Venture in California.

25 9. Beginning in or about 2008, Innova, Chad, Tower, Reynolds, and Ejedawe represented to
26 investors that Innova had applied for and secured the necessary permits from The Railroad
27 Commission of the State of Texas to promptly begin drilling for oil in June or July of 2008. The
28 Railroad Commission of the State of Texas regulates the Texas oil and gas industry and issues

1 permits for the mining of oil and gas in the State of Texas. The Railroad Commission of the State of
2 Texas had or has no record of any applications received from or permits issued to Innova as of the
3 date of this Desist and Refrain Order.

4 Based on the foregoing findings, the California Corporations Commissioner finds that the
5 certificates of interest or participation in an oil, gas or mining title or lease or in payments out of
6 production under that title or lease in the Bluff Creek Prospect Wells Joint Venture a.k.a. Bluff Creek
7 3D Prospect sold by Innova Energy, L.L.C., Innova Leasing & Management, L.L.C., Bluff Creek
8 Prospect Wells Joint Venture a.k.a. Bluff Creek 3D Prospect, Frank Reynolds, Clement L. Ejedawe,
9 Clement Chad a.k.a. Clem Chad, and Dennis Tower, are securities subject to qualification under the
10 California Corporations Code. These securities are or were offered and sold without being qualified
11 or exempt, in violation of Section 25110 of the California Corporations Code.

12 Further, the California Corporations Commissioner is of the opinion that securities in the form
13 of certificates of interest or participation in an oil, gas or mining title or lease or in payments out of
14 production under that title or lease in the Bluff Creek Prospect Wells Joint Venture a.k.a. Bluff Creek
15 3D Prospect were offered or sold in California by means of a written or oral communication which
16 included an untrue statement of material fact or omitted to state material fact necessary to make the
17 statement made, in the light of the circumstances under which they were made, not misleading, in
18 violation of section 25401 of the Corporate Securities Law of 1968.

19 Pursuant to section 25532 of the Corporate Securities Law of 1968, Innova Energy, L.L.C.,
20 Innova Leasing & Management, L.L.C., Bluff Creek Prospect Wells Joint Venture a.k.a. Bluff Creek
21 3D Prospect, Frank Reynolds, Clement L. Ejedawe, Clement Chad a.k.a. Clem Chad, and Dennis
22 Tower are hereby ordered to desist and refrain from offering or selling or buying or offering to buy
23 any security in the State of California, including but not limited to certificates of interest or
24 participation in an oil, gas or mining title or lease or in payments out of production under that title or
25 lease, by means of any written or oral communication which include untrue statements of material
26 fact or omits to state a material fact necessary in order to make the statements made, in the light of
27 circumstances under which they were made, not misleading.

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1 Pursuant to Section 25532 of the California Corporations Code, Innova Energy, L.L.C.,
2 Innova Leasing & Management, L.L.C., Bluff Creek Prospect Wells Joint Venture a.k.a. Bluff Creek
3 3D Prospect, Frank Reynolds, Clement L. Ejedawe, Clement Chad a.k.a. Clem Chad, and Dennis
4 Tower are hereby ordered to desist and refrain from the further offer or sale in the State of California
5 of securities, including, but not limited to certificates of interest or participation in an oil, gas or
6 mining title or lease or in payments out of production under that title or lease in the Bluff Creek
7 Prospect Wells Joint Venture a.k.a. Bluff Creek 3D Prospect., unless and until qualification has been
8 made under said law or unless exempt.

9 This Order is necessary, in the public interest, for the protection of investors and consistent
10 with the purposes, policies, and provisions of the California Corporations Code.
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13 Dated: May 29, 2008
14 Sacramento, California

15 PRESTON DUFAUCHARD
16 California Corporations Commissioner

17 By _____
18 ALAN S. WEINGER
19 Lead Corporations Counsel
20 Enforcement Division
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