

04-378-CD
ROYAL OIL & GAS CORP., et al. vs. VERNARD SHUMAKER, et al.

Royal Oil & Gas et al vs Vernard Shumaker
2004-378-CD

ROYAL OIL & GAS CORPORATION, : IN THE COURT OF COMMON PLEAS
WILMOTH INTERESTS, INC., : CLEARFIELD COUNTY,
CCW INTERESTS, INC. and : PENNSYLVANIA
REAM INTERESTS, INC., :
Plaintiffs, : CIVIL ACTION - LAW
vs. : No. 04-378-CJ
Defendants. :
VERNARD SHUMAKER, :
LORI SHUMAKER, :
MICHAEL HARJU, d/b/a : ACTION FOR ACCOUNTING
ECONOMY NATURAL GAS, :
DONALD R. LADIK, :
LADIK OIL & GAS, INC., :
ABLE GAS COMPANY, :
HAROLD E. BROWN, :
HAROLD E. BROWN, d/b/a :
BURGLY GAS & OIL, INC., and :
TITAN GAS COMPANY, :
:

Type of Pleading:

Complaint for Accounting

Filed on behalf of:

Royal Oil & Gas Corporation,
Wilmoth Interests, Inc.,
CCW Interests, Inc., and
Ream Interests, Inc., Plaintiffs

Counsel of Record for these Parties:

Michael S. Delaney, Esquire
936 Philadelphia Street
Indiana PA 15701
(724) 349-2255
ID #25537

FILED

MAR 18 2004

William A. Shaw
Prothonotary/Clerk of Courts

ROYAL OIL & GAS CORPORATION, :	IN THE COURT OF COMMON PLEAS
WILMOTH INTERESTS, INC., :	CLEARFIELD COUNTY,
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Plaintiffs, :	CIVIL ACTION - LAW
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VERNARD SHUMAKER, :	
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MICHAEL HARJU, d/b/a :	ACTION FOR ACCOUNTING
ECONOMY NATURAL GAS, :	
DONALD R. LADIK, :	
LADIK OIL & GAS, INC., :	
ABLE GAS COMPANY, :	
HAROLD E. BROWN, :	
HAROLD E. BROWN, d/b/a :	
BURGLY GAS & OIL, INC., and :	
TITAN GAS COMPANY, :	
Defendants. :	

NOTICE

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the Plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

Court Administrator's Office
CLEARFIELD COUNTY COURTHOUSE
1 N. 2nd Street
Clearfield, Pennsylvania 16830
TELEPHONE: (814) 765-2641, Ext. 5982

BY: 
MICHAEL S. DELANEY, ESQUIRE
Attorney for Plaintiffs

ROYAL OIL & GAS CORPORATION, :	IN THE COURT OF COMMON PLEAS
WILMOTH INTERESTS, INC., :	CLEARFIELD COUNTY,
CCW INTERESTS, INC. and :	PENNSYLVANIA
REAM INTERESTS, INC., :	
Plaintiffs, :	CIVIL ACTION - LAW
vs. :	
VERNARD SHUMAKER, :	
LORI SHUMAKER, :	
MICHAEL FARJU, d/b/a :	
ECONOMY NATURAL GAS, :	ACTION FOR ACCOUNTING
DONALD R. LADIK, :	
LADIK OIL & GAS, INC., :	
ABLE GAS COMPANY, :	
HAROLD E. BROWN, :	
HAROLD E. BROWN, d/b/a :	
BURGLY GAS & OIL, INC., and :	
TITAN GAS COMPANY, :	
Defendants. :	

COMPLAINT FOR ACCOUNTING

The Parties

1. Plaintiff, Royal Oil & Gas Corporation, is a corporation with offices at One Indian Springs Road, P.O. Box 809, Indiana, Pennsylvania, 15701.
2. Plaintiff, Wilmoth Interests, Inc., is a corporation with offices at 550 Hastings Road, P.O. Box 203, Marion Center, Pennsylvania, 15759.
3. Plaintiff, CCW Interests, Inc., is a corporation with offices at P.O. Box 3000, PMB 395, Edwards, Colorado, 81632.

4. Plaintiff, Ream Interests, Inc., is a corporation with offices at P.O. Box 787, Lewisburg, West Virginia, 24901.

5. Defendant, Vernard L. Shumaker, is an individual residing at P.O. Box 249, Apollo, Armstrong County, Pennsylvania, 15613.

6. Defendant, Lori Shumaker, is an individual residing at P.O. Box 249, Apollo, Armstrong County, Pennsylvania, 15613.

7. Michael Harju, d/b/a Economy Natural Gas, is believed to be an individual residing at P.O. Box 23, Spring Church, Armstrong County, Pennsylvania, 15686.

8. Defendant, Donald R. Ladik, is an individual residing at P.O. Box 98, Apollo, Armstrong County, Pennsylvania, 15613.

9. Defendant, Ladik Oil & Gas, Inc., is believed to be a corporation with offices at P.O. Box 98, Apollo, Armstrong County, Pennsylvania, 15613.

10. Defendant, Harold E. Brown, is an individual residing at P.O. Box 15, Apollo, Armstrong County, Pennsylvania, 15613.

11. Defendant, Harold E. Brown, d/b/a Burgly Gas and Oil, Inc., is believed to be a corporation with offices at P.O. Box 15, Apollo, Armstrong County, Pennsylvania, 15613.

12. Defendant, Titan Gas Company, is believed to be a corporation with offices at P.O. Box 14, Spring Church, Armstrong County, Pennsylvania, 15686.

Plaintiffs' Oil and Gas Properties

13. By deed dated September 27, 1979, and recorded in Clearfield County, Pennsylvania, in Deed Book Volume 798, page 417, Royal Oil & Gas Corporation granted and conveyed to Royal Oil & Gas Corporation (58.9539%); Wilmoth Interests, Inc. (16.6667%); CCW Interests, Inc. (16.6667%); and Ream Interests, Inc. (7.7127%), as tenants in common, inter alia, the following oil and gas properties having constructed thereon the following oil and gas wells:

<u>Tract Number</u>	<u>Acreage</u>	<u>Township</u>	<u>County</u>	<u>API Well No.</u>
3	264	Burnside	Clearfield	37-033-20902
5	354	Burnside	Clearfield	37-033-20764
				37-033-20793
				37-033-20794
				37-033-20795
				37-033-20796
				37-033-20797
				37-033-20771
				37-033-20798

14. The above-referenced tracts owned by the Plaintiffs are under and subject to the following oil and gas leases (the "leases"):

Tract No. 3: Oil and Gas Lease granted and conveyed by Royal Oil & Gas Corporation, "Lessor", to J & J Enterprises, Inc., "Lessee", dated December 29, 1978, and recorded in the Recorder's Office of Clearfield County, Pennsylvania, in Deed Book Volume 219, page 9, the contents of said lease are incorporated herein by reference.

Tract No. 5: Oil and Gas Lease granted and conveyed by Royal Oil & Gas Corporation, "Lessor", to J & J Enterprises, Inc., "Lessee", dated January 3, 1978, and recorded in the Recorder's Office of Clearfield County, Pennsylvania, in Deed Book Volume 212,

page 520, the contents of said lease are incorporated herein by reference.

15. Said leases provide, *inter alia*, for the payment to Lessor by Lessee of royalty equal to 12.5% of all gas produced and marketed from the leasehold premises, "shut-in" royalty equal to \$1.00 per acre, and cash in lieu of "free gas".

16. By virtue of said oil and gas leases, the above-referenced oil and gas wells were drilled and operated upon said leasehold premises.

17. For many years, Plaintiffs believed that these wells were not producing gas in marketable quantities due to the fact that Plaintiffs were not receiving royalties from said wells.

18. In the year 2003, after investigation, Plaintiffs determined that, in fact, these wells were producing gas in marketable quantities.

Defendants' Improper Actions Which Require Accounting

19. By virtue of various assignments, the Defendants acquired ownership of said wells and Defendants have operated, produced and marketed gas from said wells from 1994 to present, but Defendants have failed to pay Plaintiffs royalty in the amount equal to 12.5% of all gas produced and marketed since 1994, royalty in the amount of \$1.00 per acre for those months in which said wells were shut-in, and cash in lieu of free gas, all such sums are due Plaintiffs in accordance with the terms and conditions of the above-referenced Oil and Gas Leases.

20. Plaintiffs have made demand for the payment of all sums of royalty due and owing to Plaintiffs from 1994 to present, but notwithstanding such demand, Defendants have failed and refused, and still fail and refuse, to pay any part of such royalty and cash in lieu of free gas to Plaintiffs.

21. Plaintiffs do not know the exact amount of gas produced and marketed from the above-referenced wells by Defendants from 1994 to present. All of the records of production from the subject wells are in the custody and control of Defendants. However, Plaintiffs have been informed and they do believe, and, therefore aver, that the total royalties and cash in lieu of free gas due Plaintiff from Defendants from 1994 through 2002 is in excess of Twenty Thousand and No/100 (\$20,000.00) Dollars.

WHEREFORE, Plaintiffs ask the Court to enter an order directing the Defendants to account fully to the Plaintiffs and demand judgment against the Defendants for the amount shown to be due Plaintiffs by such accounting, plus interest, costs of this action, legal fees if appropriate, and such further relief as the Court deems proper.

BY:


MICHAEL S. DELANEY, ESQUIRE
Attorney for Plaintiffs

VERIFICATION

I, Paul F. Brown, Jr., Treasurer, on behalf of **ROYAL OIL & GAS CORPORATION**, do hereby state that Royal Oil & Gas Corporation is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing **COMPLAINT FOR ACCOUNTING** are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of **18 Pa. C.S. Section 4904**, relating to unsworn falsification to authorities.

ROYAL OIL & GAS CORPORATION

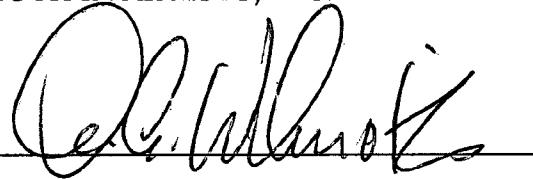
BY: Paul F. Brown, Jr., Treasurer

DATE: March 5, 2004

VERIFICATION

I, ANN G. WILMOTH, on behalf of **WILMOTH INTERESTS, INC.**, do hereby state that Wilmoth Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing **COMPLAINT FOR ACCOUNTING** are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of **18 Pa. C.S. Section 4904**, relating to unsworn falsification to authorities.

WILMOTH INTERESTS, INC.

BY: 

DATE: MARCH 15, 2004

VERIFICATION

I, Barney D. Wilmoth III, on behalf of CCW INTERESTS, INC., do hereby state that CCW Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing COMPLAINT FOR ACCOUNTING are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

CCW INTERESTS, INC.

BY: Barney D. Wilmoth III
President

DATE: 3/8/04

VERIFICATION

DR. NORMAN B. REAM JR.
President
I, _____, on behalf of REAM INTERESTS,

INC., do hereby state that Ream Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing COMPLAINT FOR ACCOUNTING are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

REAM INTERESTS, INC.

BY: 

DR. NORMAN B. REAM JR.
President

DATE: 3/8/04

FILED

11:30 AM
MAR 18 2004

Atty pd.
85.00

William A. Shaw
Q/C Atty Delaney
Prothonotary/Clerk of Courts

In The Court of Common Pleas of Clearfield County, Pennsylvania

ROYAL OIL & GAS CORPORATION al

VS.

SHUMAKER, VERNARD al

COMPLAINT FOR ACCOUNTING

Sheriff Docket #

15354

04-378-CD

FILED
04-4487
APR 15 2004

SHERIFF RETURNS

William A. Shaw
Prothonotary/Clerk of Courts

NOW MARCH 26, 2004, LARRY CRAWFORD, SHERIFF OF ARMSTRONG COUNTY WAS DEPUTIZED BY CHESTER A. HAWKINS, SHERIFF OF CLEARFIELD COUNTY TO SERVE THE WITHIN COMPLAINT FOR ACCOUNTING ON VERNARD SHUMAKER; LORI SHUMAKER; MICHAEL HARJU d/b/a ECONOMY NATURAL GAS; DONALD R. LADIK; LDIK OIL & GAS INC.; HAROLD E. BROWN; HAROLD E. BROWN d/b/a BURGLY GAS & OIL INC.; TITAN GS COMPANY, DEFENDANTS.

NOW APRIL 2, 2004 SERVED THE WITHIN COMPLAINT FOR ACCOUNTING ON VERNARD SHUMAKER, DEFENDANT BY DEPUTIZING THE SHERIFF OF ARMSTRONG COUNTY. THE RETURN OF SHERIFF CRAWFORD IS HERETO ATTACHED AND MADE A PART OF THIS RETURN.

NOW APRIL 2, 2004 SERVED THE WITHIN COMPLAINT FOR ACCOUNTING ON LORI SHUMAKER, DEFENDANT BY DEPUTIZING THE SHERIFF OF ARMSTRONG COUNTY. THE RETURN OF SHERIFF CRAWFORD IS HERETO ATTACHED AND MADE A PART OF THIS RETURN.

NOW APRIL 2, 2004 SERVED THE WITHIN COMPLAINT FOR ACCOUNTING ON TITAN GAS CORPORATION, DEFENDANT BY DEPUTIZING THE SHERIFF OF ARMSTRONG COUNTY. THE RETURN OF SHERIFF CRAWFORD IS HERETO ATTACHED AND MADE A PART OF THIS RETURN STATING THAT HE SERVED VERNARD SHUMAKER, OWNER.

NOW APRIL 1, 2004 SERVED THE WITHIN COMPLAINT FOR ACCOUNTING ON MICHAEL HARJU d/b/a ECONOMY NATURAL GAS, DEFENDANT BY DEPUTIZING THE SHERIFF OF ARMSTRONG COUNTY. THE RETURN OF SHERIFF CRAWFORD IS HERETO ATTACHED AND MADE A PART OF THIS RETURN STATING THAT HE SERVED MICHAEL HARJU, OWNER.

NOW APRIL 5, 2004 SERVED THE WITHIN COMPLAINT FOR ACCOUNTING ON HAROLD E. BROWN and HAROLD E. BROWN d/b/a BURGLY GAS & OIL, INC., DEFENDANT BY DEPUTIZING THE SHERIFF OF ARMSTRONG COUNTY. THE RETURNS OF SHERIFF CRAWFORD ARE HERETO ATTACHED AND MADE A PART OF THIS RETURN STATING THAT HE SERVED BOTH COMPLAINTS ON LINDA BUHAGIAR, OFFICE MGR.

NOW APRIL 6, 2004 ATTEMPTED TO SERVE THE WITHIN COMPLAINT FOR ACCOUNTING ON DONALD R. LADIK and LADIK OIL & GAS INC., DEFENDANTS BY DEPUTIZING THE SHERIFF OF ARMSTRONG COUNTY. THE RETURNS OF SHERIFF CRAWFORD ARE HERETO ATTACHED MARKED "NOT FOUND" AS TO DEFENDANTS. NEW ADDRESS: 55 SCHOOL ROAD, LOT 23, LEECHBURG, PA. 15656.

In The Court of Common Pleas of Clearfield County, Pennsylvania

ROYAL OIL & GAS CORPORATION a/c

Sheriff Docket # 15354

VS.

04-378-CD

SHUMAKER, VERNARD a/c

COMPLAINT FOR ACCOUNTING

SHERIFF RETURNS

Return Costs

Cost	Description
70.37	SHERIFF HAWKINS PAID BY: ATTY CK# 1710
80.00	SURCHARGE PAID BY: ATTY CK# 1711
115.50	ARMSTRONG COUNTY SHERIFF PAID BY: ATTY.

Sworn to Before Me This

15th Day Of April 2004
William A. Shaw

WILLIAM A. SHAW
Prothonotary
My Commission Expires
1st Monday in Jan. 2006
Clearfield Co., Clearfield, PA

So Answers,

Chester Hawkins
My Manly Hawn
Chester A. Hawkins
Sheriff

CASE NO: 2004-00378 T

COMMONWEALTH OF PENNSYLVANIA:
COUNTY OF Armstrong CountyROYAL OIL & GAS CORPORATION

VS

VERNARD SHUMAKER ET AL

VERNARD SHUMAKER, Sheriff or Deputy Sheriff of Armstrong County, Pennsylvania, who being duly sworn according to law, says, the within COMPLAINT as served upon SHUMAKER VERNARD the DEFENDANT, at 0009:15 Hour, on the 2nd day of April, 2004 at ARMSTRONG CO SHERIFF'S OFFICE 500 E MARKET STREET KITTANNING, PA 16201, Armstrong County Pennsylvania, by handing to VERNARD SHUMAKER

a true and attested copy of the COMPLAINT ;

and at the same time directing His attention to the contents thereof.

Sheriff's Costs:

Docketing	9.00
Service	49.00
Affidavit	9.50
Surcharge	.00
	48.00

MICHAEL S DELANEY

115.50 03/31/2004

So answers:


Larry Crawford, Sheriff

Sworn and subscribed to before me

By this 6th day of April, 2004 A.D.

Notary

NOTARIAL SEAL

PATTY J. KREIDER, NOTARY PUBLIC
KITTANNING BORO., ARMSTRONG CO.
MY COMMISSION EXPIRES OCT. 11, 2004

SHERIFF'S RETURN - REGULAR

CASE NO: 2004-00378 T

COMMONWEALTH OF PENNSYLVANIA:
COUNTY OF Armstrong County

ROYAL OIL & GAS CORPORATION

VS

VERNARD SHUMAKER ET AL

FRANKIE SHUMAKER, Sheriff or Deputy Sheriff of Armstrong County, Pennsylvania, who being duly sworn according to law, says, the within COMPLAINT as served upon SHUMAKER LORI the DEFENDANT, at 0009:15 Hour, on the 2nd day of April, 2004 at ARMSTRONG CO SHERIFF'S OFFICE 500 E MARKET STREET KITTANNING, PA 16201, Armstrong County Pennsylvania, by handing to LORI SHUMAKER

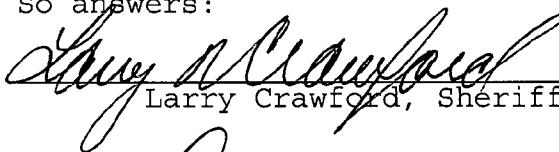
a true and attested copy of the COMPLAINT ;

and at the same time directing Her attention to the contents thereof.

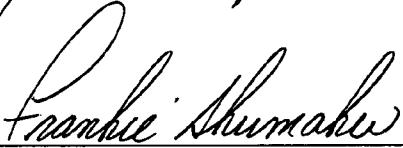
Sheriff's Costs:

Docketing	.00
Service	.00
Affidavit	.00
Surcharge	.00
	.00
	<u>.00</u>
	<u>00/00/0000</u>

So answers:


Larry Crawford, Sheriff

By


Frankie Shumaker

Deputy Sheriff

Sworn and subscribed to before me

this 6th day of April, 2004 A.D.

Patty J. Kreider
Notary

NOTARIAL SEAL
PATTY J. KREIDER, NOTARY PUBLIC
KITTANNING BORO., ARMSTRONG CO.
MY COMMISSION EXPIRES OCT 11, 2004

SHERIFF'S RETURN - REGULAR

CASE NO: 2004-00378 T

COMMONWEALTH OF PENNSYLVANIA:
COUNTY OF Armstrong County

ROYAL OIL & GAS CORPORATION

VS

VERNARD SHUMAKER ET AL

FRANKIE SHUMAKER , Sheriff or Deputy Sheriff of Armstrong County , Pennsylvania, who being duly sworn according to law, says, the within COMPLAINT _____ as served upon TITAN GAS CORPORATION _____ the DEFENDANT _____, at 0009:15 Hour, on the 2nd day of April _____, 2004 at ARMSTRONG CO SHERIFF'S OFFICE 500 E MARKET STREET _____ KITTANNING, PA 16201 _____, Armstrong County Pennsylvania, by handing to VERNARD SHUMAKER

APIC-OWNER a true and attested copy of the
COMPLAINT ;

and at the same time directing His attention to the contents thereof.

Sheriff's Costs:

Sherrif's Costs:
Docketing .00
Service .00
Affidavit .00
Surcharge .00
.00

So ~~an~~ answers:

Larry Crawford, Sheriff

By

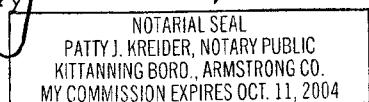
Frankie Shumaker

Deputy Sheriff

Sworn and subscribed to before me

this 6th day of April, 2004 A.D.

Patty J. Kreider
Notary



SHERIFF'S RETURN - REGULAR

CASE NO: 2004-00378 T

COMMONWEALTH OF PENNSYLVANIA:
COUNTY OF Armstrong County

ROYAL OIL & GAS CORPORATION

VS

VERNARD SHUMAKER ET AL

FRANKIE SHUMAKER, Sheriff or Deputy Sheriff of Armstrong County, Pennsylvania, who being duly sworn according to law, says, the within COMPLAINT as served upon HARJU MICHAEL D/B/A the DEFENDANT, at 0015:00 Hour, on the 1st day of April, 2004 at 540 HIGHLAND AVENUE
APOLLO, PA 15613, Armstrong County Pennsylvania, by handing to MICHAEL HARJU
APIC-OWNER a true and attested copy of the COMPLAINT ;

and at the same time directing His attention to the contents thereof.

Sheriff's Costs:

Docketing	.00
Service	.00
Affidavit	.00
Surcharge	.00
	.00
	<u>.00</u>
	<u>00/00/0000</u>

So answers:

Larry Crawford
Larry Crawford, Sheriff

By

Frankie Shumaker

Deputy Sheriff

Sworn and subscribed to before me

this 6th day of April, 2004 A.D.

Patty J. Kreider
Notary

NOTARIAL SEAL
PATTY J. KREIDER, NOTARY PUBLIC
KITTANNING BORO., ARMSTRONG CO.
MY COMMISSION EXPIRES OCT. 11, 2004

SHERIFF'S RETURN - REGULAR

CASE NO: 2004-00378 T

COMMONWEALTH OF PENNSYLVANIA:
COUNTY OF Armstrong County

ROYAL OIL & GAS CORPORATION

VS

VERNARD SHUMAKER ET AL

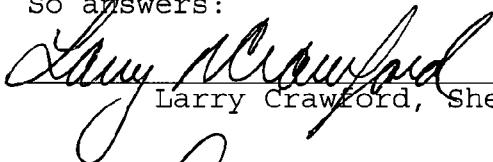
FRANKIE SHUMAKER, Sheriff or Deputy Sheriff of Armstrong County, Pennsylvania, who being duly sworn according to law, says, the within COMPLAINT as served upon BROWN HAROLD E the DEFENDANT, at 0011:30 Hour, on the 5th day of April, 2004 at 710 ROUTE 56E
APOLLO, PA 15613, Armstrong County Pennsylvania, by handing to LINDA BUHAGIAR APIC-OFFICE MANAGER a true and attested copy of the COMPLAINT ;

and at the same time directing Her attention to the contents thereof.

Sheriff's Costs:

Docketing	.00
Service	.00
Affidavit	.00
Surcharge	.00
	.00
	<u>.00</u>
	<u>00/00/0000</u>

So answers:


Larry Crawford, Sheriff

By


Frankie Shumaker

Deputy Sheriff

Sworn and subscribed to before me

this 6th day of April, 2004 A.D.

Patty J. Kreider
Notary

NOTARIAL SEAL
PATTY J. KREIDER, NOTARY PUBLIC
KITTANNING BORO., ARMSTRONG CO.
MY COMMISSION EXPIRES OCT. 11, 2004

SHERIFF'S RETURN - REGULAR

CASE NO: 2004-00378 T

COMMONWEALTH OF PENNSYLVANIA:
COUNTY OF Armstrong County

ROYAL OIL & GAS CORPORATION

VS

VERNARD SHUMAKER ET AL

FRANKIE SHUMAKER, Sheriff or Deputy Sheriff of Armstrong County, Pennsylvania, who being duly sworn according to law, says, the within COMPLAINT as served upon BROWN HAROLD E D/B/A BURGLY GAS & OIL INC the DEFENDANT, at 0011:30 Hour, on the 5th day of April, 2004 at 710 ROUTE 56E
APOLLO, PA 15613, Armstrong County Pennsylvania, by handing to LINDA BUHAGIAR APIC-OFFICE MANAGER a true and attested copy of the COMPLAINT ;

and at the same time directing Her attention to the contents thereof.

Sheriff's Costs:

Docketing	.00
Service	.00
Affidavit	.00
Surcharge	.00
	.00
	<u>.00</u>
	<u>00/00/0000</u>

So answers:

Larry Crawford
Larry Crawford, Sheriff

By

Frankie Shumaker

Deputy Sheriff

Sworn and subscribed to before me

this 6th day of April, 2004 A.D.

Patty J. Kreider
Notary

NOTARIAL SEAL
PATTY J. KREIDER, NOTARY PUBLIC
KITTINGING BORO., ARMSTRONG CO.
MY COMMISSION EXPIRES OCT. 11, 2004

SHERIFF'S RETURN - NOT SERVED

CASE NO: 2004-00378 T
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF Armstrong County

ROYAL OIL & GAS CORPORATION

VS

VERNARD SHUMAKER ET AL

Larry Crawford, Deputy Sheriff, who being duly sworn according to law, says, that he made a diligent search and inquiry for the within named DEFENDANT, to wit:

LADIK DONALD R but was unable to locate Him in his bailiwick. He therefore returns the COMPLAINT

NOT SERVED, as to the within named DEFENDANT, LADIK DONALD R

55 SCHOOL ROAD LOT 23

LEECHBURG, PA 15656

DEFENDANT HAS MOVED TO ABOVE ADDRESS WHICH IS IN WESTMORELAND COUNTY.

Sheriff's Costs:

Docketing	.00
Service	.00
Affidavit	.00
Surcharge	.00
	.00
	.00

So answers:

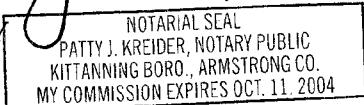
Larry Crawford
Larry Crawford, Sheriff

00/00/0000

Sworn and subscribed to before me

this 6th day of April
2004 A.D.

Notary



SHERIFF'S RETURN - NOT SERVED

CASE NO: 2004-00378 T
COMMONWEALTH OF PENNSYLVANIA
COUNTY OF Armstrong County

ROYAL OIL & GAS CORPORATION

VS

VERNARD SHUMAKER ET AL

Larry Crawford, Deputy Sheriff, who being duly sworn according to law, says, that he made a diligent search and inquiry for the within named DEFENDANT, to wit:

LADIK OIL & GAS INC but was unable to locate Him in his bailiwick. He therefore returns the COMPLAINT

NOT SERVED, as to the within named DEFENDANT, LADIK OIL & GAS INC

55 SCHOOL ROAD LOT 23

LEECHBURG, PA 15656

DEFENDANT HAS MOVED TO ABOVE ADDRESS WHICH IS IN WESTMORELAND COUNTY.

Sheriff's Costs:

Docketing	.00
Service	.00
Affidavit	.00
Surcharge	.00
	.00
	.00

So answers:

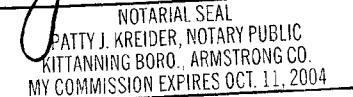
Larry Crawford
Larry Crawford, Sheriff

00/00/0000

Sworn and subscribed to before me

this 6th day of April
2004 A.D.

Notary



Case No 2004-00378 T
ROYAL OIL & GAS CORPORATION (VS) VERNARD SHUMAKER ET AL

Date
Filed

3/29/04 COMPLAINT FOR ACCOUNTING, FILED. TIME STAMPED 1:20 PM. RECEIVED FROM CLEARFIELD COUNTY SHERIFF'S OFFICE.

4/01/04 AT 3:00 PM, DEPUTY FRANKIE SHUMAKER SERVED THE WITHIN COMPLAINT FOR ACCOUNTING UPON THE DEFENDANT, MICHAEL HARJU, D/B/A ECONOMY NATURAL GAS, BY PERSONALLY HANDING TO MICHAEL HARJU, AT 540 HIGHLAND AVENUE, APOLLO, ARMSTRONG COUNTY, PENNSYLVANIA, A TRUE AND ATTESTED COPY OF SAID COMPLAINT FOR ACCOUNTING AND INFORMED HIM OF THE CONTENTS THEREIN.

4/02/04 AT 9:15 AM, DEPUTY FRANKIE SHUMAKER SERVED THE WITHIN COMPLAINT FOR ACCOUNTING UPON THE DEFENDANT, VERNARD SHUMAKER, BY PERSONALLY HANDING TO HIM, AT THE ARMSTRONG COUNTY SHERIFF'S OFFICE, 500 E MARKET STREET, KITTANNING, ARMSTRONG COUNTY, PENNSYLVANIA, A TRUE AND ATTESTED COPY OF SAID COMPLAINT FOR ACCOUNTING AND INFORMED HIM OF THE CONTENTS THEREIN.

4/02/04 AT 9:15 AM, DEPUTY FRANKIE SHUMAKER SERVED THE WITHIN COMPLAINT FOR ACCOUNTING UPON THE DEFENDANT, LORI SHUMAKER, BY PERSONALLY HANDING TO HER, AT THE ARMSTRONG COUNTY SHERIFF'S OFFICE, 500 E MARKET STREET, KITTANNING, ARMSTRONG COUNTY, PENNSYLVANIA, A TRUE AND ATTESTED COPY OF SAID COMPLAINT FOR ACCOUNTING AND INFORMED HER OF THE CONTENTS THEREIN.

4/02/04 AT 9:15 AM, DEPUTY FRANKIE SHUMAKER SERVED THE WITHIN COMPLAINT FOR ACCOUNTING UPON THE DEFENDANT, TITAN GAS COMPANY, BY PERSONALLY HANDING TO VERNARD SHUMAKER, ADULT PERSON IN CHARGE-OWNER, AT THE ARMSTRONG COUNTY SHERIFF'S OFFICE, 500 E MARKET STREET, KITTANNING, ARMSTRONG COUNTY, PENNSYLVANIA, A TRUE AND ATTESTED COPY OF SAID COMPLAINT FOR ACCOUNTING AND INFORMED HIM OF THE CONTENTS THEREIN.

4/05/04 AT 11:30 AM, DEPUTY FRANKIE SHUMAKER SERVED THE WITHIN COMPLAINT FOR ACCOUNTING UPON THE DEFENDANT, HAROLD E BROWN, BY PERSONALLY HANDING TO LINDA BUHAGIAR, ADULT PERSON IN CHARGE-OFFICE MANAGER, AT 710 ROUTE 56 E, APOLLO, ARMSTRONG COUNTY, PENNSYLVANIA, A TRUE AND ATTESTED COPY OF SAID COMPLAINT FOR ACCOUNTING AND INFORMED HER OF THE CONTENTS THEREIN.

4/05/04 AT 11:30 AM, DEPUTY FRANKIE SHUMAKER SERVED THE WITHIN COMPLAINT FOR ACCOUNTING UPON THE DEFENDANT, HAROLD E BROWN, D/B/A BURGLY GAS & OIL INC., BY PERSONALLY HANDING TO LINDA BUHAGIAR, ADULT PERSON IN CHARGE-OFFICE MANAGER, AT 710 ROUTE 56E, APOLLO, ARMSTRONG COUNTY, PENNSYLVANIA, A TRUE AND ATTESTED COPY OF SAID COMPLAINT FOR ACCOUNTING AND INFORMED HER OF THE CONTENTS THEREIN.

4/05/04 PER DEPUTY FRANKIE SHUMAKER, THE DEFENDANTS DONALD R LADIK AND LADIK OIL & GAS INC, ARE LOCATED AT 55 SCHOOL ROAD, LOT 23, LEECHBURG, WESTMORELAND COUNTY, PENNSYLVANIA, 15656.

4/06/04 RETURNED TO CLEARFIELD COUNTY SHERIFF'S OFFICE.
COPY SENT FOR ATTORNEY WITH REFUND OF \$74.50.
SO ANSWERS LARRY R CRAWFORD, SHERIFF.



CHESTER A. HAWKINS
SHERIFF

Sheriff's Office Clearfield County

OFFICE (814) 765-2641 EXT. 5986
AFTER 4:00 P.M. (814) 765-1533
FAX (814) 765-5915

COURTHOUSE
1 NORTH SECOND STREET, SUITE 116
CLEARFIELD, PENNSYLVANIA 16830

ROBERT SNYDER
CHIEF DEPUTY

MARILYN HAMM
DEPT. CLERK

CYNTHIA AUGHENBAUGH
OFFICE MANAGER

PETER F. SMITH
SOLICITOR

DEPUTATION

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PAGE 15354

ROYAL OIL & GAS CORP.

TERM & NO. 04-378-CD

VS

DOCUMENT TO BE SERVED:

VERNARD SHUMAKER al

SERVE BY: 04/17/2004

MAKE REFUND PAYABLE TO: MICHAEL S. DELANEY, ESQ.

SERVE: SEE ATTACHED (8 defendants)

ADDRESS: SEE ATTACHED

Know all men by these presents, that I, CHESTER A. HAWKINS, HIGH SHERIFF of CLEARFIELD COUNTY, State of Pennsylvania, do hereby depelize the SHERIFF OF ARMSTRONG COUNTY, Pennsylvania to execute this writ. This Deputation being made at the request and risk of the Plaintiff this 26th Day of MARCH 2004

Respectfully,

A handwritten signature in black ink, appearing to read "Chester A. Hawkins".

CHESTER A. HAWKINS,
SHERIFF OF CLEARFIELD COUNTY

ROYAL OIL & GAS CORPORATION, :
WILMOTH INTERESTS, INC., :
CCW INTERESTS, INC. and :
REAM INTERESTS, INC., :

Plaintiffs, :

vs. :

VERNARD SHUMAKER, :
LORI SHUMAKER, :
MICHAEL HARJU, d/b/a :
ECONOMY NATURAL GAS, :
DONALD R. LADIK, :
LADIK OIL & GAS, INC., :
ABLE GAS COMPANY, :
HAROLD E. BROWN, :
HAROLD E. BROWN, d/b/a :
BURGLY GAS & OIL, INC., and :
TITAN GAS COMPANY, :

Defendants. :

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY,
PENNSYLVANIA

CIVIL ACTION - LAW

No. 04-378-CJ

ACTION FOR ACCOUNTING

Type of Pleading:

Complaint for Accounting

Filed on behalf of:

Royal Oil & Gas Corporation,
Wilmoth Interests, Inc.,
CCW Interests, Inc., and
Ream Interests, Inc., Plaintiffs

Counsel of Record for these Parties:

Michael S. Delaney, Esquire
936 Philadelphia Street
Indiana PA 15701
(724) 349-2255
ID #25537

I hereby certify this to be a true
and attested copy of the original
statement filed in this case.

11:30
MAR 18 2004

Attest.

William L. Brown
Prothonotary/
Clerk of Courts

ROYAL OIL & GAS CORPORATION, :	IN THE COURT OF COMMON PLEAS
WILMOTH INTERESTS, INC., :	CLEARFIELD COUNTY,
CCW INTERESTS, INC. and :	PENNSYLVANIA
REAM INTERESTS, INC., :	
Plaintiffs, :	CIVIL ACTION - LAW
vs. :	No. _____
VERNARD SHUMAKER, :	
LORI SHUMAKER, :	
MICHAEL HARJU, d/b/a :	
ECONOMY NATURAL GAS, :	ACTION FOR ACCOUNTING
DONALD R. LADIK, :	
LADIK OIL & GAS, INC., :	
ABLE GAS COMPANY, :	
HAROLD E. BROWN, :	
HAROLD E. BROWN, d/b/a :	
BURGLY GAS & OIL, INC., and :	
TITAN GAS COMPANY, :	
Defendants. :	

NOTICE

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the Plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

Court Administrator's Office
CLEARFIELD COUNTY COURTHOUSE
1 N. 2nd Street
Clearfield, Pennsylvania 16830
TELEPHONE: (814) 765-2641, Ext. 5982

BY: 
MICHAEL S. DELANEY, ESQUIRE
Attorney for Plaintiffs

ROYAL OIL & GAS CORPORATION, :	IN THE COURT OF COMMON PLEAS
WILMOTH INTERESTS, INC., :	CLEARFIELD COUNTY,
CCW INTERESTS, INC. and :	PENNSYLVANIA
REAM INTERESTS, INC., :	
Plaintiffs, :	CIVIL ACTION - LAW
vs. :	No. _____
VERNARD SHUMAKER, :	
LORI SHUMAKER, :	
MICHAEL HARJU, d/b/a :	ACTION FOR ACCOUNTING
ECONOMY NATURAL GAS, :	
DONALD R. LADIK, :	
LADIK OIL & GAS, INC., :	
ABLE GAS COMPANY, :	
HAROLD E. BROWN, :	
HAROLD E. BROWN, d/b/a :	
BURGLY GAS & OIL, INC., and :	
TITAN GAS COMPANY, :	
Defendants. :	

COMPLAINT FOR ACCOUNTING

The Parties

1. Plaintiff, Royal Oil & Gas Corporation, is a corporation with offices at One Indian Springs Road, P.O. Box 809, Indiana, Pennsylvania, 15701.
2. Plaintiff, Wilmoth Interests, Inc., is a corporation with offices at 550 Hastings Road, P.O. Box 203, Marion Center, Pennsylvania, 15759.
3. Plaintiff, CCW Interests, Inc., is a corporation with offices at P.O. Box 3000, PMB 395, Edwards, Colorado, 81632.

4. Plaintiff, Ream Interests, Inc., is a corporation with offices at P.O. Box 787, Lewisburg, West Virginia, 24901.

5. Defendant, Vernard L. Shumaker, is an individual residing at P.O. Box 249, Apollo, Armstrong County, Pennsylvania, 15613.

6. Defendant, Lori Shumaker, is an individual residing at P.O. Box 249, Apollo, Armstrong County, Pennsylvania, 15613.

7. Michael Harju, d/b/a Economy Natural Gas, is believed to be an individual residing at P.O. Box 23, Spring Church, Armstrong County, Pennsylvania, 15686.

8. Defendant, Donald R. Ladik, is an individual residing at P.O. Box 98, Apollo, Armstrong County, Pennsylvania, 15613.

9. Defendant, Ladik Oil & Gas, Inc., is believed to be a corporation with offices at P.O. Box 98, Apollo, Armstrong County, Pennsylvania, 15613.

10. Defendant, Harold E. Brown, is an individual residing at P.O. Box 15, Apollo, Armstrong County, Pennsylvania, 15613.

11. Defendant, Harold E. Brown, d/b/a Burgly Gas and Oil, Inc., is believed to be a corporation with offices at P.O. Box 15, Apollo, Armstrong County, Pennsylvania, 15613.

12. Defendant, Titan Gas Company, is believed to be a corporation with offices at P.O. Box 14, Spring Church, Armstrong County, Pennsylvania, 15686.

Plaintiffs' Oil and Gas Properties

13. By deed dated September 27, 1979, and recorded in Clearfield County, Pennsylvania, in Deed Book Volume 798, page 417, Royal Oil & Gas Corporation granted and conveyed to Royal Oil & Gas Corporation (58.9539%); Wilmoth Interests, Inc. (16.6667%); CCW Interests, Inc. (16.6667%); and Ream Interests, Inc. (7.7127%), as tenants in common, inter alia, the following oil and gas properties having constructed thereon the following oil and gas wells:

<u>Tract Number</u>	<u>Acreage</u>	<u>Township</u>	<u>County</u>	<u>API Well No.</u>
3	264	Burnside	Clearfield	37-033-20902
5	354	Burnside	Clearfield	37-033-20764
				37-033-20793
				37-033-20794
				37-033-20795
				37-033-20796
				37-033-20797
				37-033-20771
				37-033-20798

14. The above-referenced tracts owned by the Plaintiffs are under and subject to the following oil and gas leases (the "leases"):

Tract No. 3: Oil and Gas Lease granted and conveyed by Royal Oil & Gas Corporation, "Lessor", to J & J Enterprises, Inc., "Lessee", dated December 29, 1978, and recorded in the Recorder's Office of Clearfield County, Pennsylvania, in Deed Book Volume 219, page 9, the contents of said lease are incorporated herein by reference.

Tract No. 5: Oil and Gas Lease granted and conveyed by Royal Oil & Gas Corporation, "Lessor", to J & J Enterprises, Inc., "Lessee", dated January 3, 1978, and recorded in the Recorder's Office of Clearfield County, Pennsylvania, in Deed Book Volume 212,

page 520, the contents of said lease are incorporated herein by reference.

15. Said leases provide, inter alia, for the payment to Lessor by Lessee of royalty equal to 12.5% of all gas produced and marketed from the leasehold premises, "shut-in" royalty equal to \$1.00 per acre, and cash in lieu of "free gas".

16. By virtue of said oil and gas leases, the above-referenced oil and gas wells were drilled and operated upon said leasehold premises.

17. For many years, Plaintiffs believed that these wells were not producing gas in marketable quantities due to the fact that Plaintiffs were not receiving royalties from said wells.

18. In the year 2003, after investigation, Plaintiffs determined that, in fact, these wells were producing gas in marketable quantities.

Defendants' Improper Actions Which Require Accounting

19. By virtue of various assignments, the Defendants acquired ownership of said wells and Defendants have operated, produced and marketed gas from said wells from 1994 to present, but Defendants have failed to pay Plaintiffs royalty in the amount equal to 12.5% of all gas produced and marketed since 1994, royalty in the amount of \$1.00 per acre for those months in which said wells were shut-in, and cash in lieu of free gas, all such sums are due Plaintiffs in accordance with the terms and conditions of the above-referenced Oil and Gas Leases.

20. Plaintiffs have made demand for the payment of all sums of royalty due and owing to Plaintiffs from 1994 to present, but notwithstanding such demand, Defendants have failed and refused, and still fail and refuse, to pay any part of such royalty and cash in lieu of free gas to Plaintiffs.

21. Plaintiffs do not know the exact amount of gas produced and marketed from the above-referenced wells by Defendants from 1994 to present. All of the records of production from the subject wells are in the custody and control of Defendants. However, Plaintiffs have been informed and they do believe, and, therefore aver, that the total royalties and cash in lieu of free gas due Plaintiffs from Defendants from 1994 through 2002 is in excess of Twenty Thousand and No/100 (\$20,000.00) Dollars.

WHEREFORE, Plaintiffs ask the Court to enter an order directing the Defendants to account fully to the Plaintiffs and demand judgment against the Defendants for the amount shown to be due Plaintiffs by such accounting, plus interest, costs of this action, legal fees if appropriate, and such further relief as the Court deems proper.

BY: 
MICHAEL S. DELANEY, ESQUIRE
Attorney for Plaintiffs

VERIFICATION

I, Paul F. Brown, Jr., Treasurer, on behalf of ROYAL OIL & GAS CORPORATION, do hereby state that Royal Oil & Gas Corporation is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing COMPLAINT FOR ACCOUNTING are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

ROYAL OIL & GAS CORPORATION

BY: Paul F. Brown, Jr., Treasurer

DATE: March 5, 2004

VERIFICATION

I, ANN G. WILMOTH, on behalf of **WILMOTH INTERESTS, INC.**, do hereby state that Wilmoth Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing **COMPLAINT FOR ACCOUNTING** are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

WILMOTH INTERESTS, INC.

BY: 

DATE: MARCH 15, 2004

VERIFICATION

I, Barney D. Wilmoth III, on behalf of CCW INTERESTS, INC., do hereby state that CCW Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing COMPLAINT FOR ACCOUNTING are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

CCW INTERESTS, INC.

BY: Barney D. Wilmoth III
President

DATE: 3/8/04

VERIFICATION

DR. NORMAN B. REAM JR.
President

I, _____, on behalf of REAM INTERESTS, INC., do hereby state that Ream Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing COMPLAINT FOR ACCOUNTING are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

REAM INTERESTS, INC.

BY: 

DR. NORMAN B. REAM JR.
President

DATE: 3/8/04

ROYAL OIL & GAS CORPORATION,
WILMOTH INTERESTS, INC.,
CCW INTERESTS, INC. and
REAM INTERESTS, INC.,

Plaintiffs,

vs.

VERNARD SHUMAKER,
LORI SHUMAKER,
MICHAEL HARJU, d/b/a
ECONOMY NATURAL GAS,
DONALD R. LADIK,
LADIK OIL & GAS, INC.,
ABLE GAS COMPANY,
HAROLD E. BROWN,
HAROLD E. BROWN, d/b/a
BURGLY GAS & OIL, INC., and
TITAN GAS COMPANY,

Defendants.

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY,
PENNSYLVANIA

CIVIL ACTION - LAW

No. 04-378-CJ

ACTION FOR ACCOUNTING

Type of Pleading:

Complaint for Accounting

Filed on behalf of:

Royal Oil & Gas Corporation,
Wilmoth Interests, Inc.,
CCW Interests, Inc., and
Ream Interests, Inc., Plaintiffs

Counsel of Record for these Parties:

Michael S. Delaney, Esquire
936 Philadelphia Street
Indiana PA 15701
(724) 349-2255
ID #25537

I hereby certify this to be a true
and attested copy of the original
statement filed in this case.

11:30
MAR 18 2004

Attest.

William L. Davis
Prothonotary/
Clerk of Courts

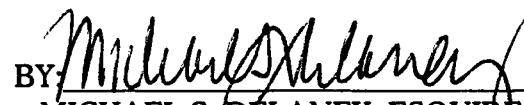
ROYAL OIL & GAS CORPORATION, :	IN THE COURT OF COMMON PLEAS
WILMOTH INTERESTS, INC., :	CLEARFIELD COUNTY,
CCW INTERESTS, INC. and :	PENNSYLVANIA
REAM INTERESTS, INC., :	
Plaintiffs, :	CIVIL ACTION - LAW
vs. :	No. _____
VERNARD SHUMAKER, :	
LORI SHUMAKER, :	
MICHAEL HARJU, d/b/a :	ACTION FOR ACCOUNTING
ECONOMY NATURAL GAS, :	
DONALD R. LADIK, :	
LADIK OIL & GAS, INC., :	
ABLE GAS COMPANY, :	
HAROLD E. BROWN, :	
HAROLD E. BROWN, d/b/a :	
BURGLY GAS & OIL, INC., and :	
TITAN GAS COMPANY, :	
Defendants. :	

NOTICE

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Court Administrator's Office
CLEARFIELD COUNTY COURTHOUSE
1 N. 2nd Street
Clearfield, Pennsylvania 16830
TELEPHONE: (814) 765-2641, Ext. 5982

BY: 
MICHAEL S. DELANEY, ESQUIRE
Attorney for Plaintiffs

ROYAL OIL & GAS CORPORATION, :	IN THE COURT OF COMMON PLEAS
WILMOTH INTERESTS, INC., :	CLEARFIELD COUNTY,
CCW INTERESTS, INC. and :	PENNSYLVANIA
REAM INTERESTS, INC., :	
Plaintiffs, :	CIVIL ACTION - LAW
vs. :	
VERNARD SHUMAKER, :	
LORI SHUMAKER, :	
MICHAEL HARJU, d/b/a :	ACTION FOR ACCOUNTING
ECONOMY NATURAL GAS, :	
DONALD R. LADIK, :	
LADIK OIL & GAS, INC., :	
ABLE GAS COMPANY, :	
HAROLD E. BROWN, :	
HAROLD E. BROWN, d/b/a :	
BURGLY GAS & OIL, INC., and :	
TITAN GAS COMPANY, :	
Defendants. :	

COMPLAINT FOR ACCOUNTING

The Parties

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3. Plaintiff, CCW Interests, Inc., is a corporation with offices at P.O. Box 3000, PMB 395, Edwards, Colorado, 81632.

4. Plaintiff, Ream Interests, Inc., is a corporation with offices at P.O. Box 787, Lewisburg, West Virginia, 24901.

5. Defendant, Vernard L. Shumaker, is an individual residing at P.O. Box 249, Apollo, Armstrong County, Pennsylvania, 15613.

6. Defendant, Lori Shumaker, is an individual residing at P.O. Box 249, Apollo, Armstrong County, Pennsylvania, 15613.

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				37-033-20797
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15. Said leases provide, inter alia, for the payment to Lessor by Lessee of royalty equal to 12.5% of all gas produced and marketed from the leasehold premises, "shut-in" royalty equal to \$1.00 per acre, and cash in lieu of "free gas".

16. By virtue of said oil and gas leases, the above-referenced oil and gas wells were drilled and operated upon said leasehold premises.

17. For many years, Plaintiffs believed that these wells were not producing gas in marketable quantities due to the fact that Plaintiffs were not receiving royalties from said wells.

18. In the year 2003, after investigation, Plaintiffs determined that, in fact, these wells were producing gas in marketable quantities.

Defendants' Improper Actions Which Require Accounting

19. By virtue of various assignments, the Defendants acquired ownership of said wells and Defendants have operated, produced and marketed gas from said wells from 1994 to present, but Defendants have failed to pay Plaintiffs royalty in the amount equal to 12.5% of all gas produced and marketed since 1994, royalty in the amount of \$1.00 per acre for those months in which said wells were shut-in, and cash in lieu of free gas, all such sums are due Plaintiffs in accordance with the terms and conditions of the above-referenced Oil and Gas Leases.

20. Plaintiffs have made demand for the payment of all sums of royalty due and owing to Plaintiffs from 1994 to present, but notwithstanding such demand, Defendants have failed and refused, and still fail and refuse, to pay any part of such royalty and cash in lieu of free gas to Plaintiffs.

21. Plaintiffs do not know the exact amount of gas produced and marketed from the above-referenced wells by Defendants from 1994 to present. All of the records of production from the subject wells are in the custody and control of Defendants. However, Plaintiffs have been informed and they do believe, and, therefore aver, that the total royalties and cash in lieu of free gas due Plaintiffs from Defendants from 1994 through 2002 is in excess of Twenty Thousand and No/100 (\$20,000.00) Dollars.

WHEREFORE, Plaintiffs ask the Court to enter an order directing the Defendants to account fully to the Plaintiffs and demand judgment against the Defendants for the amount shown to be due Plaintiffs by such accounting, plus interest, costs of this action, legal fees if appropriate, and such further relief as the Court deems proper.

BY: 
MICHAEL S. DELANEY, ESQUIRE
Attorney for Plaintiffs

VERIFICATION

I, Paul F. Brown, Jr., Treasurer, on behalf of ROYAL OIL & GAS CORPORATION, do hereby state that Royal Oil & Gas Corporation is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing COMPLAINT FOR ACCOUNTING are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

ROYAL OIL & GAS CORPORATION

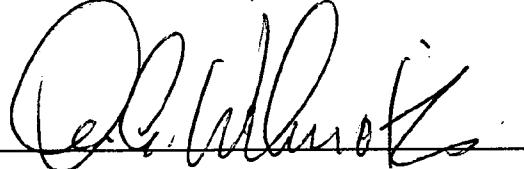
BY: Paul F. Brown, Jr., Treasurer

DATE: March 5, 2004

VERIFICATION

I, ANN G. WILMOTH, on behalf of **WILMOTH INTERESTS, INC.**, do hereby state that Wilmoth Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing **COMPLAINT FOR ACCOUNTING** are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

WILMOTH INTERESTS, INC.

BY: 

DATE: MARCH 15, 2004

VERIFICATION

I, Barney D. Wilmoth III, on behalf of CCW INTERESTS, INC., do hereby state that CCW Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing COMPLAINT FOR ACCOUNTING are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

CCW INTERESTS, INC.

BY: Barney D. Wilmoth III
President

DATE: 3/8/04

VERIFICATION

DR. NORMAN B. REAM JR.
President

I, _____, on behalf of REAM INTERESTS, INC., do hereby state that Ream Interests, Inc. is the Plaintiff in the above foregoing action and that the statements of fact made in the foregoing COMPLAINT FOR ACCOUNTING are true and correct upon personal knowledge and belief. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to unsworn falsification to authorities.

REAM INTERESTS, INC.

BY: 

DR. NORMAN B. REAM JR.
President

DATE: 3/8/04

ROYAL OIL & GAS CORPORATION,
WILMOTH INTERESTS, INC.,
CCW INTERESTS, INC., and
REAM INTERESTS, INC.,

Plaintiffs,

vs.

VERNARD SHUMAKER, LORI
SHUMAKER, MICHAEL HARJU, d/b/a
ECONOMY NATURAL GAS, DONALD
R. LADIK, LADIK OIL & GAS, INC.,
ABLE GAS COMPANY, HAROLD E.
BROWN, HAROLD E. BROWN d/b/a
BURGLY GAS & OIL, INC., and
TITAN GAS COMPANY, INC.,

Defendants.

: IN THE COURT OF COMMON
: PLEAS OF CLEARFIELD COUNTY,
: PENNSYLVANIA

: CIVIL ACTION - LAW

: NO. 04-378-CD

: **SETTLEMENT AGREEMENT,
GENERAL RELEASE AND
ORDER OF COURT**

AND

ROYAL OIL & GAS CORPORATION,
WILMOTH INTERESTS, INC.,
CCW INTERESTS, INC., and
REAM INTERESTS, INC.,

Plaintiffs,

vs.

HAROLD E. BROWN, HAROLD E.
BROWN, d/b/a BURGLY GAS & OIL,
INC., VERNARD L. SHUMAKER,
TITAN GAS COMPANY, and
MICHAEL HARJU, d/b/a ECONOMY
NATURAL GAS,

Defendants.

: IN THE COURT OF COMMON
: PLEAS OF INDIANA COUNTY,
: PENNSYLVANIA

: CIVIL ACTION - LAW

: NO. 10416 CD 2004

: **SETTLEMENT AGREEMENT,
GENERAL RELEASE AND
ORDER OF COURT**

FILED

JUL 27 2004

William A. Shaw
Prothonotary/Clerk of Courts

SETTLEMENT AGREEMENT, GENERAL RELEASE
AND ORDER OF COURT

This Settlement Agreement ("Settlement Agreement") made this 17th day of June, 2004, is made, for the purpose under the terms and conditions herein set forth, by and between the following parties:

- (1) Royal Oil & Gas Corporation, Wilmoth Interests, Inc., CCW Interests, Inc. and Ream Interests, Inc. (collectively, the "Plaintiffs");
- (2) Vernard Shumaker and Lori Shumaker;
- (3) Michael Harju;
- (4) Economy Natural Gas, Inc. ("Economy");
- (5) Harold E. Brown; and
- (6) Burgly Gas & Oil Company, Inc. ("Burgly").

BACKGROUND

WHEREAS, the parties hereto each own varying interests in the same certain pieces or parcels of land and oil and gas development activities being conducted thereon, said lands being more fully described and set forth in the Complaints of record in the above captioned actions; and

WHEREAS, Plaintiffs instituted the above captioned actions to compel accountings of oil and gas production activities from the subject lands; and

WHEREAS, the parties hereto have agreed to compromise and settle the above-captioned litigation, and release and discharge each other as hereinafter provided; and

WHEREAS, the parties desire that this Settlement Agreement be entered of record with the legal effect of a Court Order.

NATURE OF DISPUTE AND STATEMENT OF INTENT

The Plaintiffs commenced actions against, *inter alia*, Vernard Shumaker, Lori Shumaker, Michael Harju, Economy Natural Gas, Inc., Harold E. Brown, and Burgly Gas & Oil Company, Inc., styled as Royal Oil & Gas Corporation, et al. v. Vernard Shumaker, et al., Docket No. 04-378-CD, Clearfield County Pennsylvania, and Royal Oil & Gas Corporation, et al. v. Vernard Shumaker, et al., Docket No. 10416-CD-2004, Indiana County Pennsylvania, (the "Lawsuits"), the basis of which are specifically detailed in the Complaints for Accounting.

The Plaintiffs and Vernard Shumaker, Lori Shumaker, Michael Harju, Economy Natural Gas, Inc., Harold E. Brown, and Burgly Gas & Oil Company, Inc., have agreed that it would be in the best interest of the parties hereto to settle the Lawsuits in the manner and upon the terms hereinafter set forth in order to avoid further expense, inconvenience, and distraction of protracted litigation.

TERMS AND CONDITIONS

The parties hereto, intending to be legally bound, and in consideration of the matters referred to herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, enter into this Settlement Agreement under the following terms and conditions:

1. Recitals. The parties acknowledge the accuracy of the foregoing recitals, and make them a part of this Settlement Agreement by incorporation.
2. Payment of Royalty Interest to Plaintiffs. It is hereby agreed that a royalty payment shall be made to Plaintiffs, in care of Royal Oil & Gas Corporation, in the amount of \$16,625.93, in full and complete satisfaction of any and all claims that were brought by Plaintiffs, or could have been brought by Plaintiffs, in the

above captioned action for accounting. Payment of the above cited amount shall be as follows:

- (1) Harold E. Brown shall pay \$7,440.00; and
- (2) Vernard Shumaker shall pay \$9,185.93.

3. Accounting. Vernard Shumaker and Economy agree to account for the 1/8 royalty due and owing on oil and gas produced and sold from the subject premises from May 2003 to the present. This accounting, along with the payment described in paragraph number 2 above, shall be made within 30 days of the date hereof.

4. Instruments of Further Assurance. Each party to this Settlement Agreement will, upon the reasonable written request of any other party, promptly execute and deliver to the requesting party any such additional documents, instruments, or assurances, in recordable form if requested, as are necessary or desirable in order to fulfill the intent of the parties hereto.

5. Dismissal of the Lawsuits with Prejudice. Upon tender of the amount set forth in Paragraphs 2 above, the Plaintiffs shall in each case file a Praeclipe to Discontinue the Lawsuits with prejudice.

6. Wells to be Conveyed to Vernard L. Shumaker. It is hereby agreed by the parties to this Settlement Agreement, that upon execution of this Settlement Agreement, all parties remise, release, quitclaim, and confirm unto Vernard L. Shumaker, all of their interest, excluding landowner royalty interest, in and to the following oil and gas wells and the portions of the appurtenant leases pertaining to the wells:

37-063-22578 Royal Oil & Gas #2
37-063-22598 Royal Oil & Gas #5
37-033-20902 Barrett #1 (Saw Mill Run)
37-063-22535 Western PA Conf. #1
37-063-22552 Western PA Conf. #2
37-063-22553 Western PA Conf. #3

Any interest in the above described appurtenant leases pertaining to undeveloped acreage is expressly excluded from the above described conveyances.

Royal Oil & Gas maintains the right to develop any undeveloped lease acreage.

7. Wells to be Conveyed to Economy. It is hereby agreed by the parties to this Settlement Agreement, that upon execution of this Settlement Agreement, all parties remise, release, quitclaim, and confirm unto Economy, all of their interest, excluding landowner royalty interest, in and to the following oil and gas wells and the portions of the appurtenant leases pertaining to the wells:

37-063-24211 Prushnok
37-033-20764 Barrett #1
37-033-20793 Barrett #2
37-033-20794 Barrett #3
37-033-20795 Barrett #4
37-033-20796 Barrett #5
37-033-20797 Barrett #6
37-033-20771 Barrett #7
37-033-20798 Barrett #8
37-063-22584 Royal Oil & Gas #3

Any interest in the above described appurtenant leases pertaining to undeveloped acreage is expressly excluded from the above described conveyances.

Royal Oil & Gas maintains the right to develop any undeveloped lease acreage.

8. Undeveloped Acreage to be Conveyed to Royal Oil & Gas. It is hereby agreed by the parties to this Settlement Agreement, that upon execution of this Settlement Agreement, all parties remise, release, quitclaim, and confirm unto Royal

Oil & Gas, all of their interest in and to the undeveloped acreage of the appurtenant leases to the above referenced wells.

9. Execution of Documents for Division. The parties to this Settlement Agreement hereby agree to cooperate, sign, and otherwise execute any and all necessary and/or convenient documents requested in writing by Plaintiffs to effectuate a division and payment of the 1/8 royalty of the oil and gas produced from the parcels of land subject to the terms of the leases, by the purchasers of the oil and gas.

10. The Plaintiffs' Release. Except for the obligations set forth hereinabove, the Plaintiffs, on their own behalf and on behalf of their past, present or future officers, directors, shareholders, servants, employees, representatives, heirs, executors, administrators, agents, attorneys, assigns, predecessors, successors, parents, subsidiaries, affiliates, partners and/or partnerships, insurers, and their respective officers, directors, employees, partners, agents, representatives, heirs, executors, administrators, successors, assigns, and affiliates (the "Plaintiff Releasing Parties") do hereby irrevocably and unconditionally release, remise, settle, compromise, and forever discharge Vernard Shumaker, Lori Shumaker, Michael Harju, Economy Natural Gas, Inc., Harold E. Brown, and Burgly Gas & Oil Company, Inc., their past, present or future officers, directors, shareholders, servants, employees, representatives, heirs, executors, administrators, agents, attorneys, assigns, predecessors, successors, parents, subsidiaries, affiliates, partners and/or partnerships, insurers, and their respective officers, directors, employees, partners, agents, representatives, heirs, executors, administrators, successors,

assigns, and affiliates (the "Plaintiff Released Parties") from any and all causes of action, suits, debts, liens, liabilities, claims, demands, damages, losses or expenses of whatever nature, known or unknown, fixed or contingent, direct, indirect, or possible which the Plaintiff Releasing Parties now have arising from the beginning of time to the date of this Settlement Agreement, or hereafter may have, against the Plaintiff Released Parties, whether under Federal or State law, statutory and/or non-statutory, common law or otherwise could have been raised in the Lawsuits ("Plaintiff's Claims").

Plaintiffs represent and warrant to Plaintiff's Released Parties that they have not assigned and shall not assign any such Plaintiff's Claims, authorize, assist or shall authorize or assist any person or entity to assert any such claim on their behalf, or on behalf of any other person or entity whatsoever.

11. No Admission of Liability. The parties hereto agree and acknowledge that this Settlement Agreement is the result of a compromise and shall never at any time for any purpose be construed as an admission by any party of any liability and/or wrongdoing regarding the subject matter of the Lawsuits.

12. Attorneys' Fees and Costs. Each of the parties hereto shall bear its own attorneys' fees, expenses, and other costs associated with the Lawsuits.

13. Tax Consequences. Each party hereto is responsible for the tax consequences arising from this Settlement Agreement, and the associated transactions to be completed pursuant to the Settlement Agreement. No representations or warranties are being made by any of the parties hereto with

respect to the tax consequences arising out of this Settlement Agreement and the transactions contemplated hereby.

14. Intent to be Legally Bound. The undersigned execute this Settlement Agreement with the intent to be legally bound. They affirm that have had a reasonable opportunity to consider its terms, have carefully read it, and have consulted with an attorney prior to the execution hereof. The undersigned execute this Settlement Agreement of their own freewill and without duress.

15. Entire Agreement. There are no understandings between the parties regarding this Settlement Agreement other than those set forth in this Settlement Agreement and the exhibit thereto, and there have been no promises, inducements, or commitments made in conjunction with this Settlement Agreement which are not explicitly set forth herein. This Settlement Agreement may be amended, modified, or waived only by written agreement signed by all of the parties.

16. Severability. If any paragraph or term of this Settlement Agreement is deemed to be unlawful, invalid, or unenforceable, the remainder of this Settlement Agreement shall remain in full force and effect and shall remain binding on the parties hereto.

17. Applicable Law and Venue. This Settlement Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without regard to conflict of law principles. The parties agree that (i) exclusive jurisdiction for an alleged breach of this Agreement shall be Court of, Pleas of Indiana County, and (ii) the Court of Common Pleas of Indiana County shall retain jurisdiction for the enforcement of this Agreement.

18. Preparation of Agreement. This Settlement Agreement has been prepared by the combined efforts of the parties and their respective attorneys, with all parties having been represented by counsel, and the language used herein is not to be construed either in favor of or against any party hereto.

19. Headings Not Part of the Agreement. Any headings preceding the text of the several paragraphs of this Settlement Agreement are inserted solely for convenience or reference and shall not constitute a part of this Settlement Agreement, nor shall they affect its meaning, construction, or effect.

20. Counterparts and Facsimile Signatures. This Settlement Agreement may be executed in multiple originals and in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement. The parties hereto further agree that this Settlement Agreement may be delivered via facsimile transmission and that a facsimile signature shall constitute a valid signature, with the parties to exchange original signed agreements as soon as practical following delivery and execution as aforesaid.

21. No Third Party Beneficiaries. This Agreement is not intended to be a third party beneficiary contract, and shall not benefit third parties.

22. Execution. Each signatory to this Agreement represents and warrants that (i) the party for whom it is executing this Agreement is authorized to enter into this Agreement, (ii) the Agreement is legally binding and enforceable against such party in favor of all other parties to this Agreement, and (iii) if any party hereto assigns any right or interest in or to the properties conveyed by this decree, the

assigning party agrees to notify Royal Oil & Gas Corporation within 10 days of any such assignment.

23. Binding. This Settlement Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals, the day and year first above written.

ROYAL OIL & GAS CORPORATION:

BY: Paul F. Brey / Treas

WILMOTH INTERESTS, INC.:

BY: O. G. Wilmoth
Vice President

CCW INTERESTS, INC.:

BY: Barney J. Wilmoth, III
President

Attorney for Plaintiffs:

Michael J. Shumaker

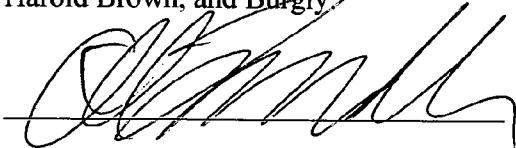
REAM INTERESTS, INC.:

BY: Norman R. Rummell
President

Leonard L. Shumaker
VERNARD L. SHUMAKER

Lori Shumaker
LORI SHUMAKER

Attorney for Vernard & Lori Shumaker,
Harold Brown, and Burgly:



Harold E Brown
HAROLD E. BROWN

BURGLY GAS & OIL COMPANY, INC.:

BY: Harold E Brown
HAROLD E. BROWN – President

MICHAEL HARJU
MICHAEL HARJU

ECONOMY NATURAL GAS, INC.:

BY: MICHAEL HARJU
MICHAEL HARJU

The agreement between the parties set forth herein is accepted and approved this 26
day of July, 2004.

BY THE COURT:
(Clearfield County)

Judie H. Zimmerman

The agreement between the parties set forth herein is accepted and approved this _____ day of
_____, 2004.

BY THE COURT:
(Indiana County)

FILED
10/27/2004
cc: *Angela Deane*
es

William A. Shaw
Prothonotary/Clerk of Courts