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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

In re:	§	Case No. 25-90001-mxm11
	§	
SCANROCK OIL & GAS, INC., <i>et al</i> ,	§	U.S. Bankruptcy Court for the
	§	Northern District of Texas, Fort Worth
Debtors. ¹	§	Division
	§	
	§	(Chapter 11)
	§	Jointly Administered

**WELL CASTLE LIMITED'S AND ARNOLD OIL COMPANY FUELS, LLC'S
OBJECTION TO THE DEBTORS' AMENDED JOINT CONSOLIDATED PLAN OF
REORGANIZATION**

TO THE HONORABLE MARK X. MULLIN,
UNITED STATES BANKRUPTCY JUDGE:

Well Castle Limited ("Well Castle") and Arnold Oil Company Fuels, LLC ("Arnold Oil"),
(collectively, the "Removed Claimants"), object to the Debtors' *First Amended Joint Consolidated
Plan of Reorganization* [Dkt. No. 431] ("Amended Plan," "Amended Joint Plan," or "Plan"), and
respectfully represent as follows:

¹ The debtors in the chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, if any, are: Scanrock Oil & Gas, Inc. (0380); EON Production, LLC (0136); O'Ryan Family Limited Partnership (1913); O'Ryan Production & Exploration Ltd. (9950); O'Ryan Ponderosa, LLC (1476); Ryan C. Hoerauf, Inc. (0493); and Smackover Oil Treaters, Ltd. (9529); O'Ryan Ranches, Ltd. (7184); O'Ryan Ranches, LLC (6467); and O'Ryan Oregon Ranches, LLC. (collectively, "Debtors").

OVERVIEW

The Amended Plan is objectionable and should be rejected by this Court, on at least the following grounds:

1. The Amended Plan contravenes controlling Fifth Circuit authority which proscribes exculpation and release clauses favoring non-debtors.
2. The Amended Plan impermissibly precludes Well Castle and Arnold Oil from prosecuting causes of action against Debtors and non-debtors in their Removed Action (defined below).
3. The Amended Plan preemptively deprives Well Castle and Arnold Oil from seeking derivative standing.
4. The Amended Plan is not feasible, including by its inability to pay, as framed, the significant outstanding Well Castle and Arnold Oil claims (totaling in excess of \$33 million) which are wrongfully disregarded in the Amended Plan.
5. The Amended Plan (per its August 5, 2025 supplement, [Dkt. No. 478]) purports to engage Eric Taube, strategic partner of Harney Partners, as Plan Agent; this presents a *per force*, flagrant conflict of interest. Harney Partners, beginning in 2022, has been engaged to serve as forensic fraud experts on behalf of Arnold Oil (and eventually also Well Castle), and such service has focused on rendering analysis and opinions at the heart of the Removed Action (which is directed against Debtors and additional non-debtors affiliated with Debtors).
6. The Amended Plan improperly contains a Substantive Consolidation Provision.
7. The Amended Plan violates good faith requirements.

BACKGROUND

8. On March 30, 2023, non-debtor Ryan Drilling, LLC d/b/a O’Ryan Drilling (“O’Ryan Drilling”), an affiliate of Debtors and intertwined with one or more Debtors executed, an *Agreed Partial Summary Judgment* for damages in the amount of \$21,993,967.51 to Well Castle Limited (“Well Castle”), which was subsequently entered by the 385th District Court of Midland County, Texas. The matter involved O’Ryan Drilling’s purchase of two (2) oil and gas drilling rigs and other equipment from Well Castle, as well as the refinance of a previous indebtedness originating in or around 2008 owed by O’Ryan Drilling to Well Castle related to the purchase of another oil and gas drilling rig and associated equipment. The Court went on to find in its judgment that, “as a matter of law, O’Ryan Drilling breached the June 11, 2013 Promissory Note between Well Castle Limited, as Lender, and Ryan Drilling, LLC, individually and d/b/a O’Ryan Drilling, as Maker and further breached the June 11, 2013 Security Agreement between Well Castle Limited, as Secured Party, and Ryan Drilling, LLC, individually and d/b/a O’Ryan Drilling, as Debtor.” See Exhibit “A,” *Agreed Partial Summary Judgment*, p. 2, para. 2. The current amount due and owing on Well Castle’s agreed judgment, including post-judgment interest, expenses and attorneys’ fees is estimated to be **\$30,864,982.30**.

9. On January 30, 2017, non-debtor O’Ryan Drilling executed an *Agreed Final Judgment* awarding damages in the amount of \$726,748.93 to Plaintiff Arnold Oil Company Fuels, LLC (“Arnold Oil”), which was subsequently entered by the 70th District Court of Ector County, Texas. See Exhibit “B,” *Agreed Judgment*, p. 1. The current amount due and owing on Arnold Oil’s agreed judgment, including post-judgment interest, expenses and attorneys’ fees is estimated to be **\$2,301,022.42**. The combined total amount due and owing to the Removed Claimants on the above-referenced agreed judgments is estimated to be **\$33,166,004.80**.

10. On February 3, 2025, Scanrock Oil & Gas, Inc. and O’Ryan Ranches, Ltd. filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. On February 9, 2025, EON Production, LLC; O’Ryan Family Limited Partnership; O’Ryan Production & Exploration, Ltd.; O’Ryan Ponderosa, LLC; Ryan C. Hoerauf, Inc.; and Smackover Oil Treaters Ltd. filed for chapter 11. On April 25, 2025, O’Ryan Ranches, LLC and O’Ryan Oregon Ranches, LLC filed voluntary petitions for chapter 11. The Court entered its Orders for all of the Debtors to be jointly administered under Bankruptcy Case No. 25-90001-mxm11.

11. On May 5, 2025, the Debtors filed their *Notice of Removal* (the “Notice of Removal”) of the consolidated Well Castle and Arnold Oil state court action, which was pending before the 385th Judicial District Court for Midland County, Texas. This removed state court proceeding was subsequently transferred by the United States Bankruptcy Court for the Western District of Texas to this Court on May 21, 2025, and is currently docketed as Adversary Case No. 25-04073-mxm before this Court (the “Removed Action”). The Removed Action, encompassing a combined total of approximately \$33,166,004.80 in the above-referenced agreed judgment claims, represents long-standing efforts of Well Castle and Arnold Oil to collect on their judgments in the face of the Debtors and non-debtors, by and through their principal, Ryan C. Hoerauf’s (“Hoerauf”), continuing manipulation of Hoerauf’s many companies, various related trusts and entities - all to defraud creditors.

12. On July 18, 2025, Debtors filed their *Amended Joint Consolidated Plan of Reorganization* [Dkt. No. 431] (“Amended Joint Plan” or “Plan”)

13. On March 28, 2025, the United States Trustee filed in this bankruptcy proceeding her *Motion for an Order Directing the Appointment of Chapter 11 Trustees Under 11 U.S.C. §*

1104(4) [Dkt. No. 183] (the “UST Motion”). On April 23, 2025, Prosperity Bank filed its *Partial Joinder* to the UST Motion [Dkt. No. 264]. On April 24, 2025, the Official Committee of Unsecured Creditors filed its *Limited Joinder* to the UST Motion [Dkt. No. 266]. Well Castle and Arnold Oil joined in support of the UST Motion by their *Joinder in Support of the Relief Requested in the United States Trustee’s Motion for An Order Directing the Appointment of Chapter 11 Trustees under 11 U.S.C. § 1104(a)* [Dkt. No. 413]. Starting on page 4 of the UST Motion, the UST detailed just a few of the intercompany transfers, by and between Debtors and non-debtors alike, that were grounds for seeking the appointment of independent bankruptcy trustee(s), to include the following:

Smackover Oil Treaters, Limited (99% owned by O’Ryan Family Limited Partnership (“FLP”), 1% Ryan Missions)

Notes/Accounts Receivables (assets):

- (i) \$6.4 -\$7.1M due from Ryan C. Hoerauf, Inc. d/b/a O’Ryan Oil & Gas (“RCH”)
- (ii) \$14.3M due from FLP
- (iii) \$40K due from O’Ryan Production and Exploration, Ltd. (“OPE”)

Notes/Accounts Payable (liabilities):

- (i) \$ 3.0M to RCH
- (ii) \$17.8 M to EON Production, LLC (“EON”)
- (iii) \$33K to non-debtor O’Ryan Mission (its 1% owner)

Ryan C. Hoerauf, Inc. (100% owned by Ryan C. Hoerauf)

Notes/Accounts Receivables (assets):

- (i) \$1.2 M due from Scanrock Oil & Gas, Inc. (“Scanrock”)
- (ii) \$ 3.0 M due from Smackover Oil Treaters, Limited (“Smackover”)
- (iii) \$ 12.7 M due from FLP
- (iv) \$5.3 M due from EON

- (v) An unknown amount due from O’Ryan Ranches, Ltd.(“Ranch”)
- (vi) \$1.4 K due from non-debtor Amber Hoerauf Trust
- (vii) \$ 553 K due from non-debtor O’Ryan Heavy Haul, LLC
- (viii) \$256 K due from non-debtor Ryan Drillings/O’Ryan Drilling
- (ix) \$2.4 M due from non-debtor O’Ryan/Hoerauf (this may also be Drillings)
- (x) \$1.7 K due from non-debtor Ryan Properties

Notes/Accounts Payable (liabilities):

- (i) \$ 873K to Scanrock
- (ii) \$ 7.1 M to Smackover
- (iii) \$55 K to FLP
- (iv) \$7.75 M to OPE
- (v) \$377 K to EON
- (vi) \$153 K to Ranch
- (vii) \$1.2 M to non-debtor Mr. Hoerauf
- (viii) \$ 306 K to non-debtor O’Ryan Missions
- (ix) \$159 K to non-debtor Mathew Hoerauf Trust
- (x) \$150 K to non-debtor Deanna K. Hoerauf

O’Ryan Family Limited Partnership (“FLP”)(owned 59% by Mr. Hoerauf, 40% by Ryan C. Hoerauf 2008 Delaware Trustee 1% Ryan Properties)

Notes/Accounts Receivables (assets):

- (i) \$ 60 K due from Scanrock
- (ii) \$ 55 K due from RCH
- (iii) \$ 2.7 M due from OPE
- (iv) \$3.0 M due from EON

- (v) An unknown amount due from Ranch
- (vi) \$1.3 M due from non-debtor Amber Hoerauf Trust
- (vii) \$767 K due from non-debtor Mathew Hoerauf Trust
- (viii) \$28 K due from non-debtor O’Ryan Heavy Haul, LLC
- (ix) \$1.6 M due from non-debtor Ryan Drillings/O’Ryan Drilling

Notes/Accounts Payable (liabilities):

- (i) \$12.7 M to RCH
- (ii) \$14.3 M to Smackover
- (iii) \$6.15 M to O’Ryan/Ryan
- (iv) \$3.3 M to O’Ryan Mission

See Motion for an Order Directing the Appointment of Chapter 11 Trustees Under 11 U.S.C. § 1104(4) [Dkt. No. 183] p. 4-6.

14. In response to the UST’s Motion, the Debtors attempted to sidestep the improper transactions, cavalierly stating the following:

As this Court is well aware, historical intercompany debts between debtors and between debtors and non-debtors are not uncommon in large, complex chapter 11 cases. In the early stages of such cases, many debtors often lack the time or resources to perform a full forensic accounting. **As a solution to a fairly-identified problem or “red flag,” the Debtors are proposing the Plan which provides for substantively consolidating the Debtors (including the Oregon Debtors) for purposes of making distributions to all creditors from one “pot” or “pool” of assets.** To that end, the Oregon Debtors filed chapter 11 and are seeking to bestow exclusive decisionmaking authority on the CRO over the Oregon Debtors and the sale process for the Oregon Ranch (i.e., the most valuable asset of the estates for recoveries once consolidated). If the Plan is confirmed and consolidation approved, any alleged potential conflicts of interests are effectively moot and the intercompany transfers effectively immaterial for purposes of creditor recoveries at various debtor entities

See The Debtor’s Objection to the U.S. Trustee’s Motion to Appoint Chapter 11 Trustee [Dkt. #281], p. 4, para. 5 (emphasis added).

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15. Upon reviewing the Debtors' schedules and statements of financial affairs, the UST early on identified the intercompany transfers and blatant disregard of the legal separation between and among entities and parties, both Debtors and non-debtors. Well Castle and Arnold Oil, including through the efforts of Harney Partners, had identified similar extensive improper intercompany Hoerauf controlled transfers. Further, Well Castle and Arnold Oil have obtained and produced opinions and reports prepared by forensic fraud and accounting experts, which detail extensive intercompany transactions (both Debtor and non-debtor) and transactions involving trusts similar to those highlighted by the UST in her pleading currently pending before the Court. Well Castle and Arnold Oil intend to present this forensic fraud and accounting evidence at trial on the Removed Action.

16. In the Removed Action, Well Castle and Arnold Oil contend that Hoerauf, himself, controlled and manipulated his companies, various trusts, and related entities to intentionally incur corporate debts in certain Hoerauf-controlled insolvent companies (*i.e.* non-debtor Ryan Drilling, LLC and non-debtor O'Ryan Heavy Haul, LLC), while, at the same time, consolidating and accumulating assets in other entities (*i.e.* O'Ryan Ranches, LLC, O'Ryan Oregon Ranches, LLC and O'Ryan Ranches, Ltd.) all to the detriment of the Removed Claimants and other creditors. Notably, O'Ryan Drilling and O'Ryan Heavy Haul, LLC have not been placed into Chapter 11 bankruptcy entities despite their significant debts and insolvency.

17. The Amended Joint Plan before the Court represents the Debtors' and Hoerauf's latest efforts to avoid paying multi-million dollar creditors of Hoerauf's greater business enterprise by attempting to portion off and protect his assets by, among other means, simply not including certain insolvent companies among the ten (10) other entities Hoerauf did place into bankruptcy. This acknowledgement of the lack of corporate separateness and overall fraudulent

scheme is implicit in Amended Joint Plan's substantive consolidation provisions set forth in Art. V, p. 26-27, para. 5.1.1. of the Plan, which provides as follows:

. . . All such claims shall be paid from the Consolidated Estate and its property notwithstanding the original obligor on such claim such that any Reorganized Debtor may pay an Allowed Claim against any other Reorganized Debtor. For the avoidance of doubt, the Reorganized Debtors shall have *in personam* liability for Allowed Claims against the Consolidated Estate as otherwise provided for and modified, and discharged, under this Plan.

This provision of the Plan is an admission by Hoerauf that he was in fact operating a sham corporate enterprise to defraud creditors, including creditors of the Debtor bankruptcy estates and non-debtor companies. Incredibly, despite his continuing fraud on his creditors, Hoerauf's Plan misguidedly attempts to preserve and protect for Hoerauf the Llano Ranch Parcel 2, O'Ryan Ranches, Ltd.'s valuable ranch house and land located in central Texas Hill Country.

OBJECTIONS TO CONFIRMATION OF THE PLAN

18. Well Castle and Arnold Oil object to confirmation of the Plan including for the following reasons:

- (i) The Plan contains impermissible exculpation provisions in direct contravention of controlling Fifth Circuit case law.
- (ii) Well Castle and Arnold Oil should not be prohibited by the Plan's provisions and/or enjoined from prosecuting all causes of action against the Debtor and non-debtor Defendants currently pled in the Removed Action, including, but not limited to, the right to seek derivative standing, until such time as after the Court receives proper evidence, authority, and argument from Well Castle and Arnold Oil and ruled on the matter in the pending Removed Action.
- (iii) The Plan is not feasible (i.e., cannot pay unsecured creditors the promised 100% of their allowed claims) given the significant outstanding \$33.2 million claims of Well Castle and Arnold Oil, to the extent they are ultimately adjudicated by the Court to be allowed claimants of the Plan's "Consolidated Estate."
- (iv) The Plan Supplement improperly seeks to hire Eric Taube of Harney Partners, which firm currently serves as Arnold Oil's and Well Castle's designated forensic accounting and fraud experts in the Removed Action now before the Court. This actual conflict of interest cannot be cured and violates Section 327

of the Bankruptcy Code, among other applicable rules, requirements, and guidelines.

- (v) The Plan contains a substantive consolidation provision that should be supported with evidence at confirmation.
- (vi) The Plan is not proposed in good faith.
- (vii) To the extent the Court enters an Order to confirm the Debtors' Amended Joint Plan, Well Caste and Arnold Oil request that language be added to the Confirmation Order, providing that, notwithstanding any provision in the Plan or Confirmation Order to the contrary, no party named as a defendant in the pending Removed Action or party subsequently joined to the action, shall be released from any claims or causes of action asserted in the Removed Action until the matter of standing is properly considered, fully determined, and adjudicated by the Court, and that Well Castle and Arnold Oil shall retain the right to seek derivative standing, if necessary.

SALIENT FACTS

19. The Amended Joint Plan is essentially a plan of liquidation to be funded by the sale of significant real property and improvements held in O'Ryan Ranches, LLC, O'Ryan Oregon Ranches, LLC and O'Ryan Ranches, Ltd. with the allowed general unsecured creditor claims paid in full after sixty (60) months, while at the same time attempting to carve out and preserve the most valuable parcel (Parcel 2), consisting of approximately 900 acres of ranchland and improvements, for the benefit of Debtors' principal, Ryan Hoerauf.

20. The Amended Plan notably also attempts to protect Hoerauf (who has not personally filed for bankruptcy), his family, his family trusts, and other related entities from the claims and causes of action currently pending in the Removed Action and claims of the bankruptcy estates themselves. Article I, p. 7 of the Plan [Dkt. No. 431] defines the Hoerauf Releasees as the following:

"Hoerauf Releasees" means each of [Ryan C.] Hoerauf, Mathew Hoerauf, Amber Hoerauf Gill, Condor Ranches, LLC, Amber Hoerauf Trust, Amber Hoerauf Children's Trust, ARG Trust, Mathew Hoerauf Trust, MRH Trust, Ryan C. Hoerauf 2008

Delaware Trust, Ryan C. Hoerauf Grantor Retained Annuity Trust, and further includes the spouse, child, stepchild, trustee, employee, member, manager, representative, agent, or attorney of any of the foregoing (but excluding any Debtor).

As Well Castle and Arnold Oil emphasize below, the exculpation provisions in the proposed Plan violate Fifth Circuit case law.

21. Article V, p. 31-32, para. 5.8.1 of the Plan [Dkt. No. 431] contains the following provisions which retains the Estates' claims for the Plan Agent:

5.8 Hoerauf Causes of Action and Releases.

5.8.1 Retention of Claims. **All claims and causes of action of any and all of the Estates against any of the Hoerauf Releasees are retained and preserved under this Plan and vest in the Plan Agent**, including all such claims, causes of action, and remedies whether known or unknown, scheduled or unscheduled, arising in tort or contract, **including any Avoidance Action, action for breach of fiduciary duty, action for *alter ego*, action for single business enterprise or any other veil piercing cause of action, and any other claim or cause of action that any of the Estates may hold or that any Creditor may assert derivatively through any Debtor or Estate**, and including any claim or cause of action that is property of the estate under the Bankruptcy Code. On and after the Effective Date, **all Class 7 Creditors are enjoined and prohibited from prosecuting any such claim or cause of action for their sole benefit, but one or more of them may seek an order from the Bankruptcy Court providing for their derivative standing to assert such claims and causes of action for the benefit of all Allowed Unsecured Claims if the Bankruptcy Court determines that the Plan Agent has not proceeded appropriately with respect to the same, or if there is no Plan Agent, or for any other appropriate reason in law or equity as the Bankruptcy Court may decide.** (emphasis added).

22. Upon reserving the claims and causes of action solely for the Plan Agent, the Plan then prohibits the Plan Agent from prosecuting such claims against the Estates and the Hoerauf Releasees per the following provision in Article V, p. 32, para. 5.8.3 of the Plan [Dkt. No. 431] until such time as there has been un “uncured default by the Reorganized Debtors”:

5.8.3 Prosecution. **Upon any uncured default by the Reorganized Debtors to Class 7 under this Plan**, the Plan Agent shall, in his reasonable discretion, assert, file, prosecute, and monetize all claims and causes of action the subject of subsection 5.8.1 above, with respect to which he may hire counsel (including on a contingency basis) and may compromise any such claim and cause of action in his reasonable discretion. Upon any uncured default by the Reorganized Debtors to Class 7 under this Plan . . . (emphasis added).

23. Article V, p. 32, para. 5.8.5 of the Plan [Dkt. No. 431] provides the following release for the non-debtor Hoerauf Releasees:

5.8.5 Conditional Release.

At such time as each Allowed Unsecured Claim in Class 7 has been paid, including all accrued and unpaid interest, and without need for further order, document, or instrument, all claims and causes of action (including remedies) that any **of the Debtors or the Estates may have against any of the Hoerauf Releasees, whether known or unknown, scheduled or unscheduled, arising in tort or contract, are waived and released forever**, including, without limitation, any Avoidance Action, action for breach of fiduciary duty, action for *alter ego*, action for single business enterprise or any other veil piercing cause of action, and any other claim or cause of action that any of the Estates may hold or that any Creditor may assert derivatively through any Debtor or Estate, and including any claim or cause of action that is property of the Estate under the Bankruptcy Code despite what it may be under applicable non-bankruptcy law, including any such claim, cause of action, or remedy that may have been asserted by a Creditor (whether the Creditor filed a Proof of Claim or not) prior to the Petition Date. (emphasis added).

24. The following provisions, among others, pertain to the “Plan Agent,” Eric Taube of Harney Partners, whose firm has, for years, been serving as retained consulting/designated forensic fraud and accounting experts for Arnold Oil and Well Castle in what is now the Removed Action.

5.23.3 Role and Authority. The purpose, role, and authority of the Plan Agent shall be to market and sell the Oregon Ranch, to market and sell the Llano Ranch Parcel 1, **to hold, prosecute, and**

monetize the claims and causes of action the subject of Section 5.8 of this Plan, to hold and foreclose on the lien(s) granted under Section 5.10 of this Plan, to monitor the payments and performance of the Reorganized Debtors, **to object to and resolve Unsecured Claims**, and to otherwise take such actions as provided for in this Plan. The Plan Agent shall have fiduciary duties to act as the Plan provides, **but shall otherwise not be a fiduciary to any given Creditor** or to the Reorganized Debtors.

See Plan [Dkt. No. 431], Article V, p. 36, para. 5.23.3 (emphasis added).

ARGUMENT AND AUTHORITY

I. Any Exculpation Provision of Non-Debtors Should be Stricken from the Plan.

A. Fifth Circuit authority limits exculpation of non-debtors.

25. In *NexPoint Advisors, L.P. et al v. Highland Capital Management, L.P. (In re Highland Capital Management)*, 48 F.4th 419 (5th Cir. 2022) (“Highland Capital”), the Fifth Circuit clearly addressed the limited extent of any exculpation provision in a Chapter 11 reorganization plan:

In sum, our precedent and § 524(e) require any exculpation in a Chapter 11 reorganization plan be limited to the creditors’ committee and its members for conduct in within the scope of their duties. . . the exculpation of non-debtors here was unlawful. Accordingly, the other non-debtor exculpations must be struck from the Plan. See *Pacific Lumber*, 584 F.3d at 253.

Id. at p. 437 -38.

26. In *Bank of N.Y. Trust Co. v. Off’l Unsecured Creditors’ Comm. (In re Pacific Lumber Co.)*, 584 F.3d 229, 251-52 (5th Cir. 2009) (“Pacific Lumber”), the Fifth Circuit also addressed release and exculpation provisions for non-debtor third parties. The Fifth Circuit observed that “[w]e see little equitable about protecting the released non-debtors from negligence suits arising out of the reorganization.” *Id.* “These cases [prior Fifth Circuit case law] seem broadly to foreclose non-consensual non-debtor releases and permanent injunctions.” *Id.*

27. The exculpation provisions in the Plan broadly absolves the Hoerauf Releasees

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from all claims of the bankruptcy estates and arguably extends beyond the claims of the Estates to those direct claims of the individual creditors themselves. Without any hearing on the matter in the underlying Removed Action or “any further order” of the Court, the Debtors’ Plan effectively releases the Hoerauf Releasees from all claims and causes of action (including remedies) that any of the Debtors or the Estates may have against any of the Hoerauf Releasees, “whether known or unknown, scheduled or unscheduled, arising in tort or contract, are waived and released forever, including, without limitation, any Avoidance Action, action for breach of fiduciary duty, action for *alter ego*, action for single business enterprise or any other veil piercing cause of action, and any other claim or cause of action that any of the Estates may hold or that any Creditor may assert derivatively through any Debtor or Estate, and including any claim or cause of action that is property of the Estate under the Bankruptcy Code despite what it may be under applicable non-bankruptcy law, including any such claim, cause of action, or remedy that may have been asserted by a Creditor (whether the Creditor filed a Proof of Claim or not) prior to the Petition Date.” See Plan [Dkt. No. 431], Article V, p. 32, para. 5.8.5.

28. The exculpation provisions in the Plan extend well beyond what is permitted in the case law. As the Fifth Circuit stated in *Pacific Lumber*, the fresh start afforded to debtors under section 524(e) was not designed to protect non-debtors from such prepetition claims. See *Pacific Lumber*, 584 F.3d at 252-53. The Court should strike the release/exculpation provisions in the Plan, whether conditional or not, as to the Hoerauf Releasees given their violation of Fifth Circuit authority.

II. Well Castle and Arnold Oil Should not be Prohibited and/or Enjoined from Prosecuting All Causes of Action Against the Defendants Currently Pled, or Subsequently Joined, in the Removed Action, Including the Right to Seek Derivative Standing, Until Such Time as the Court Has Reviewed and Ruled on the Matter in the Pending Removed Action.

29. As previously stated, the Removed Action represents Well Castle's and Arnold Oil's efforts to recover on their respective agreed judgments and additional claims in the face of Hoerauf's long-standing and continuing efforts to manipulate his various controlled entities, both Debtors and non-debtors alike, including trusts and affiliated entities, to the detriment of their creditors. O'Ryan Drilling with its approximate \$33,166,004.80 in combined agreed judgment indebtedness to Well Castle and Arnold Oil was not among the ten (10) Hoerauf interrelated entities placed into this Chapter 11 bankruptcy and for which substantive consolidation is now sought by the Debtors' Plan. Once more, the Plan itself represents a complex, improper scheme to protect certain non-debtors, including the Hoerauf Releasees, all while also attempting to preserve the valuable Parcel 2 ranchlands and residence of Debtor O'Ryan Ranches, Ltd. for Hoerauf himself. The Amended Joint Plan's substantive consolidation provisions are an implicit recognition and evidence that Hoerauf operated a single business enterprise that, in fact, extended far beyond the ten (10) Hoerauf-related entities now before the Court, and for which Well Castle and Arnold Oil are attempting to hold Hoerauf and his affiliates liable in the Removed Action.

30. The Court should strike, or alternatively modify, any prohibition and/or injunction upon Well Castle and Arnold Oil to pursue all the claims and causes of action pled against all of the defendants in their Removed Action until such time as the Court has had the opportunity to review and rule on the matter presently before the Court in the Removed Action, including any request by Well Castle and Arnold Oil for derivative standing in the matter. The Amended Plan proponents should be barred from unilaterally predetermining what claims are claims of the "Consolidated Estate", and, therefore, enjoined from further Well Castle and Arnold Oil prosecution based upon alleged standing, versus direct claims of Well Castle and Arnold Oil, themselves. Further, Well Castle and Arnold Oil should be allowed to retain the right to seek

derivative standing to pursue the former, if necessary, upon subsequent request for relief to the Court.

III. The Amended Plan is Not Feasible (*i.e.*, as structured, it cannot pay unsecured creditors the promised 100% of their allowed claims) Given the Significant Outstanding Claims of Well Castle and Arnold Oil Subject to Their Adjudication as Allowed Claimants of the Consolidated Estate.

31. Section 1129(a)(11) of the Bankruptcy Code provides that a Plan must be feasible, in that “[c]onfirmation is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan. *See* 11 U.S.C. § 1129(a)(11). The Amended Joint Plan provides that the Debtors “shall pay unsecured creditors the full allowed amount, including accrued post-confirmation interest, no later than sixty (60) months after the Effective Date...” of the Plan. *See* Plan [Dkt. # 431], Art. IV, p. 22, para. 4.7.6. In the Debtor’s *First Amended Disclosure Statement in Support of the Debtors’ Amended Joint Consolidated Plan of Reorganization* (“Disclosure Statement”), the Debtors estimate that they have incurred approximately **\$10.5 million** in general unsecured indebtedness, excluding insider claims. *See* Amended Disclosure Statement [Dkt. No. 432], Sec. III, p. 11, para. C. By way of comparison, the combined total amount of Well Castle and Arnold Oil’s agreed judgment claims total approximately **\$33,166,004.80**, which far exceeds the \$10.5 million in estimated combined total general unsecured claims of the ten (10) bankruptcy estates.

32. To obtain confirmation of a reorganization plan, a debtor must show by a preponderance the evidence that its plan is feasible. *See Save our Springs Alliance Inc.*, 632 F.3d 168, 172 (5th Cir. 2011). Speculative, conjectural, or unrealistic projections by a debtor cannot support a debtor’s predication of further performance. *Id.*; *see also Matter of Canal Place Ltd. P’ship*, 921 F.2d 569, 579 (5th Cir. 1991). In *In re Biz as Usual, LLC*, the court considered the

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feasibility required for plan confirmation where the plan's success was dependent on the outcome of "highly contested, undeveloped litigation" and on the subsequent sale of real assets. 627 B.R. 122, 131 (Bankr. E.D. Pa. 2021) ("Biz as Usual"). In Biz as Usual, the court held that a plan is not feasible if it "hinges on future litigation that is uncertain and speculative, because success in such case is only possible, not reasonably likely." *Id.*; see also *In re W. Grace & Co.*, 29 F.3d 332, 348-49 (3d Cir. 2013).

33. Here, the Debtors have removed to this bankruptcy proceeding the unresolved claims of Well Castle and Arnold Oil in the combined total amount of approximately \$33,166,004.80. These claims far exceed the Estate's ability for "payment in full" of the allowed general unsecured pool contemplated by the Plan and its alleged \$10.5 million in non-insider, general unsecured indebtedness. The Plan is therefore not feasible, and confirmation should be denied.

IV. The Plan Seeks to Hire Eric Taube of Harney Partners as the Plan Agent, which Serves as Well Castle's and Arnold Oil's Designated Expert in the Removed Action. This Actual Conflict of Interest Cannot Be Cured, and the Proposed Plan Agent Should be Stricken from the Plan.

34. Beginning in March 2022, and continuing to the present, Harney Partners has been engaged by Arnold Oil to serve as a consulting and, ultimately, testifying expert on forensic fraud and accounting related issues on behalf of Arnold Oil in connection with litigation Arnold Oil filed against Ryan Hoerauf and multiple entities and parties under Hoerauf's control, including Debtors in this proceeding, as well as multiple non-Debtors affiliated with Hoerauf ("Arnold Oil - Hoerauf Litigation"). The Arnold Oil-Hoerauf Litigation was originally brought in Travis County District Court and was styled:

Cause No. D-1-GN-19-005640; Arnold Oil Company Fuels, LLC v. Ryan Drilling, LLC; O'Ryan Heavy Haul, LLC; O'Ryan Family Limited Partnership; Ryan C. Hoerauf, Inc. d/b/a O'Ryan Oil & Gas; and Ryan C. Hoerauf Individually and as

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Trustee of the Amer Hoerauf Trust and the Matthew Hoerauf Trust; In the 250th Judicial District Court of Travis County, Texas.

The Arnold Oil - Hoerauf Litigation was ultimately transferred, by agreement and under specified terms, to Midland County District Court and was styled:

Cause No. CV-57838; Arnold Oil Company Fuels, LLC v. Ryan Drilling, LLC; O’Ryan Heavy Haul, LLC; O’Ryan Family Limited Partnership; Ryan C. Hoerauf, Inc. d/b/a O’Ryan Oil & Gas; and Ryan C. Hoerauf Individually and as Trustee of the Amer Hoerauf Trust and the Matthew Hoerauf Trust; In the 238th Judicial District Court of Midland County, Texas,

and eventually consolidated with two other lawsuits, including:

Cause No. CV55526; Well Castle Limited v. Ryan Drilling, LLC, Individually and d/b/a O’Ryan Drilling, O’Ryan Heavy Haul, LLC; O’Ryan Family Limited Partnership; Ryan C. Hoerauf, Inc. d/b/a O’Ryan Oil & Gas Ryan C. Hoerauf Individually, and as Trustee of the Amber Hoerauf Trust and the Mathew Hoerauf Trust; Lease Supervisors, LLC; Deanna K. Hoerauf; O’Ryan Production & Exploration, Ltd.; O’Ryan Oregon Ranches, LLC; O’Ryan Ranches, LTD.; O’Ryan Ranches, LLC; Ryan Properties, Inc.; O’Ryan Mission, Ltd.; Ryan Mission, Inc.; Ryan E&P Management, Inc.; O’Ryan Ponderosa, LLC; EON Production, LLC; Scanrock Oil & Gas, Inc.; Smackover Oil Treaters, Ltd.; and Sage Fountain Hills Partners, LLC; In the 385th Judicial District Court of Midland County, Texas. (“Well Castle Lawsuit”)

and

Cause No. CV54833; O’Ryan Heavy Haul, LLC v. Arnold Oil Company of Austin, L.P. and Ironplanet, Inc.; In the 385th Judicial District Court of Midland County, Texas

(collectively, the “Consolidated Litigation”, also referred to herein as the “Removed Action”)

35. The Consolidated Litigation has now been transferred to this Court for adjudication. Copies of Arnold Oil’s and Well Castle’s live pleadings in the Consolidated Litigation are attached as Exhibits “C” and “D,” respectively.

36. Harney Partners’ expert services have been provided to Arnold Oil, and also subsequently to Well Castle, in connection with what eventually became the Consolidated Action and what is now the Removed Action. Harney Partners has been formally designated in discovery

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Responses by Arnold Oil and by Well Castle as experts on their behalf in connection with the Consolidated Litigation. Expert Designations identifying Harney Partners and their opinions that were submitted respectively on behalf of Arnold Oil and Well Castle in the Consolidated Litigation are attached as Exhibit “E”, p. 21-22, and Exhibit “F”, p. 10 – 11.

37. Under their expert engagement, Harney Partners has:

- assisted in the preparation of discovery requests directed to Hoerauf-related parties, including Debtors/Debtor-affiliates;
- assisted in the preparation of discovery motions and for discovery hearings on behalf of Arnold Oil, including Motions to Compel and for Sanctions against Hoerauf-affiliated entities, including Debtors and affiliated non-debtors;
- extensively analyzed documents, including financial documents and tax returns, produced in discovery on behalf of certain Debtors and affiliated non-debtors;
- provided expertise, insights, and strategies in collaborating with Arnold Oil’s and Well Castle’s principals and attorneys;
- collaborated with other experts engaged on behalf of Arnold Oil and Well Castle;
- provided other substantial services in connection with their engagement as experts related to the Consolidated Litigation; and
- substantively communicated and strategized Removed Claimants’ counsel, and the undersigned concerning matters relating to this bankruptcy proceeding.

38. Well Castle and Arnold Oil do not waive or otherwise consent to this actual conflict of interest presented by the engagement, by the Debtors, as Plan Agent, of Eric Taube, strategic partner with Harney Partners. *See* Mr. Eric Taube’s Harney Partners website biography attached as Exhibit “G.” This objection is especially critical given the Plan Agent’s role as provided in the Plan to “prosecute and monetize the claims and causes of action the subject of Section 5.8 of this Plan, ... to monitor the payments and performance of the Reorganized Debtors, **to object to and resolve Unsecured Claims**, and to otherwise take such actions as provided for in this Plan. The

Plan Agent shall have fiduciary duties to act as the Plan provides but shall otherwise not be a
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fiduciary to any given Creditor or to the Reorganized Debtors.” *See* Plan [Dkt. # 431], Article V, p. 36, para. 5.23.3.

39. In formally acknowledging the conflict, on August 5, 2025, Harney Partners advised Arnold Oil’s counsel of the withdrawal of their expert engagement and representation, which had been ongoing in the Removed Action since 2022 and for which Harney Partners was paid in excess of \$39,000.00. *See Harney Partners’ Resignation from Engagement* dated August 5, 2025 attached hereto as Exhibit “H”. Unbelievably, Harney Partners has now abandoned Arnold Oil and Well Castle to attempt to represent the interests of the Debtors against them, perhaps for a more lucrative engagement. This action promoted by the Debtors in their Plan is in direct violation of the provisions of the Bankruptcy Code and other rules and guidelines addressing conflict matters.

40. Section 327(a) of the Bankruptcy Code provides that, “[e]xcept as otherwise provided in this section, the trustee, with the court's approval, may employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the trustee in carrying out the trustee's duties under this title.” *See* 11 U.S.C. § 327(a).

41. In the case of *Woodworkers Warehouse, Inc.* the Chapter 11 debtor-in-possession was not allowed to retain, as its counsel, a law firm which had served as counsel to creditors' committee in another bankruptcy case commenced by entity, which had merged into debtor pursuant to plan proposed by creditors' committee in this separate case, where debtor-in-possession was the very party whose defaults on its obligations to creditors' committee under this prior plan had led to present bankruptcy filing. 303 B.R. 740, 743-43 (Banker. D. Del. 2004). In *Woodworkers Warehouse*, the bankruptcy court found that the law firm was suffering from

potential, if not from actual, conflicts of interest and its employment in the case was denied. *Id.*

42. Well Castle and Arnold Oil object to the engagement of Mr. Eric Taube as Plan Agent due to an actual conflict of interest and violation of Section 327(a) of the Bankruptcy Code and other relevant provisions of the applicable Rules and applicable bankruptcy case law. Well Castle and Arnold Oil further ask that any role of Harney Partners, including Mr. Taube as the proposed Plan Agent, be stricken from the Plan or its supplement.

V. The Plan Contains a Substantive Consolidation Provision, which the Debtors Must Support with Proper Evidence at Confirmation.

43. Debtors should put on evidence sufficient to support substantive consolidation under the Plan.

44. “Substantive consolidation is an ‘extreme and unusual remedy.’” *In re Gandy*, 299 F.3d 489, 499 (5th Cir. 2002). *See also Pacific Lumber*, 584 F.3d at 249 (citing *In re Gandy*). It is a remedy that should be used sparingly. *In re AHF Development, Ltd.*, 462 B.R. 189, 195 (Bankr. N.D. Tex. 2011) (“AHF Development”).

45. The AHF Development court listed the following non-exclusive factors courts have considered in determining whether to exercise their equitable power to substantively consolidate chapter 11 debtors:

- (a) the presence or absence of consolidated financial statements;
- (b) the unity of interests and ownership between the various corporate entities;
- (c) the existence of parent and intercorporate guaranties on loans;
- (d) the degree of difficulty in segregating and ascertaining individual assets and liabilities;
- (e) the transfer of assets without formal observance of corporate formalities;
- (f) the commingling of assets and business functions;
- (g) the profitability of consolidation at a single physical location;
- (h) parent corporation owns all or a majority of the capital stock of the subsidiary;
- (i) parent and subsidiary have common officers and directors;
- (j) parent finances subsidiary;
- (k) parent is responsible for incorporation of subsidiary;
- (l) subsidiary has grossly inadequate capital; parent pays salaries, expenses, or losses

- of subsidiary;
- (m) subsidiary has substantially no business except with parent;
- (n) subsidiary has essentially no assets except for those conveyed by parent;
- (o) parent refers to subsidiary as department or division of parent; directors or officers of subsidiary do not act in interests of subsidiary, but take directions from parent;
- (p) formal legal requirements of the subsidiary as a separate and independent corporation are not observed; and
- (q) the transfer of assets without formal observance of corporate formalities.

Id. at 195-96.

46. As was observed by the court in *In re ADPT DFW Holdings, LLC*, 574 B.R. 87 (Bankr. N.D. Tex. 2017) (“ADPT DFW”), the traditional and widely accepted factor based test has been distilled by the Second Circuit in *In re Augie/Restivo Baking Co. Ltd.*, 860 F.2d 515 (2d Cir. 1988) (“Augie/Restivo”) into two essential inquiries:

- (a) Whether creditors dealt with the debtors as a single economic unit and did not rely on corporate separateness in extending credit; and
- (b) Whether the affairs of the debtors are so entangled that substantive consolidation would benefit all creditors.

See Augie/Restivo, 860 F.2d at p. 519.

47. “The presence of either factor is sufficient to order substantive consolidation.” ADPT DFW, 574 B.R. at p. 96.

48. Also recognized by the courts is a related test used in analyzing substantive consolidation, which “balances the harms or prejudice [of substantive consolidation] along with considering how many of the traditional factors exist.” *Id.* at p. 100. The harm balancing test “boils down to weighing the economic prejudice of separateness versus economic prejudice of consolidation.” *Id.*

49. Whether the Court applies the Augie/Restivo/multi-factor test or the harm balancing test, the Debtors should put on evidence sufficient to support substantive consolidation.

VI. The Plan is Not Proposed in Good Faith.

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50. In the analysis of the requirement of good faith, courts have considered the following factors when evaluating “good faith” under § 1129(a)(3):

- (1) whether the proposed plan promotes a result consistent with the Bankruptcy Code's objectives;
- (2) whether the proposed plan has been proposed with honesty and good intentions and with a basis for expecting that reorganization can be affected; and
- (3) whether the debtor exhibited fundamental fairness in dealing with its creditors. *See In re W.R. Grace & Co.*, 475 B.R. 34, 87-88 (D. Del. 2012) (quoting *Genesis Health Ventures, Inc.*, 266 B.R. 591, 609 (Bankr. D. Del. 2001)), *aff'd sub nom. In re WR Grace & Co.*, 729 F.3d 332 (3d Cir. 2013) *aff'd*, 729 F.3d 311 (3d Cir. 2013).

51. Notwithstanding the foregoing factors, a bankruptcy court's determination of good faith is always made after considering the totality of the circumstances. *In re Vill. at Camp Bowie I, L.P.*, 710 F.3d 239, 247 (5th Cir. 2013) (“Good faith should be evaluated ‘in light of the totality of the circumstances surrounding establishment of [the] plan,’ mindful of the purposes underlying the Bankruptcy Code.”) (quoting *In re Cajun Elec. Power Co-op., Inc.*, 150 F.3d 503, 519 (5th Cir. 1998)). The good faith analysis under § 1129(a)(3) is examined on a case-by-case basis because good faith determinations are factually specific. *In re Vill. at Camp Bowie I, L.P.*, 710 F.3d 239, 248 (5th Cir. 2013).

52. Here the proposed Amended Joint Plan utterly fails Section 1129(a)(3)’s requirement of good faith. Strikingly, the Debtors’ own counsel acknowledges the significant (and we submit improper) intercompany transactions between the “debtors and non-debtors” (*See The Debtor’s Objection to the U.S. Trustee’s Motion to Appoint Chapter 11 Trustee* [Dkt. No. 281], p. 4, para. 5). Brazenly, the Debtors attempt to portion off the only apparent assets of Hoerauf’s business empire (namely, valuable ranchlands in Oregon and Texas) for the benefit of only a few

creditors, while attempting to retain significant and valuable ranchlands and improvements held by O’Ryan Ranches, Ltd. for Hoerauf himself. And, incredibly, and misguidedly, the Plan attempts to release the Hoerauf Releasees from any liability to the Estates, all while using Arnold Oil’s and Well Castle’s own designated forensic fraud expert, Harney Partners, to defend the Debtors and others against the very claims Harney Partners was engaged to analyze and address for proper prosecution. In no way, considering the totality of the circumstances does this Plan exhibit even a fraction of the fundamental fairness in its dealings with the creditors required by the Bankruptcy Code, and Well Castle and Arnold Oil urge the Court to deny confirmation.

CONCLUSION

Based on the foregoing, the Well Castle, Ltd and Arnold Oil Fuels, LLC respectfully request that the Court uphold the objections to the Debtors’ Plan as set forth herein and as presented at any hearing hereon, and further grant Well Castle and Arnold Oil such other relief, at law or in equity, to which they may be justly entitled.

Respectfully submitted,

McWHORTER, COBB & JOHNSON, L.L.P.

1722 Broadway (79401)

P.O. Box 2547

Lubbock, Texas 79408

806-762-0214 - Telephone

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tjohnston@mcjllp.com

By: /s/ Todd J. Johnston

Todd J. Johnston; SBN 24050837

*Attorneys for Well Castle Limited, Arnold Oil
Company Fuels, LLC and Arnold Oil Company of
Austin, L.P.*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served via electronic and/or U.S. Mail this 11th day of August 2025, upon all parties entitled to such notice as provided by the ECF filing system.

/s/ Todd J. Johnston

Todd J. Johnston

/s/ Anna Hernández

CAUSE NO. CV55526

Plaintiff

V.

Defendants

www.pearsoned.com

IN THE DISTRICT COURT

385TH JUDICIAL DISTRICT

MIDLAND COUNTY, TEXAS

CONSOLIDATED WITH

CAUSE NO. CV57838

Plaintiff

V.

Defendants

www.pearsoned.com

IN THE DISTRICT COURT

MIDLAND COUNTY, TEXAS

385TH JUDICIAL DISTRICT

AGREED PARTIAL SUMMARY JUDGMENT

EXHIBIT "A"

On March 30th, 2023, the Court heard the First Amended Motion for Partial Summary Judgment filed in this cause by Well Castle Limited against Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling on November 3, 2022. The Court, after examining the pleadings timely filed, the motion for partial summary judgment, the response, if any, filed by Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling, the summary judgment evidence submitted for consideration and the agreement of Well Castle Limited and Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling evidenced by the signatures of their counsel below determined that Well Castle Limited is entitled to partial summary judgment against Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling as follows:

IT IS ORDERED, ADJUDGED AND DECREED that, as a matter of law, Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling breached the June 11, 2013 Promissory Note between Well Castle Limited, as Lender, and Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling, as Maker and further breached the June 11, 2013 Security Agreement between Well Castle Limited, as Secured Party, and Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling, as Debtor.

IT IS ORDERED, ADJUDGED AND DECREED that, as a matter of law, all relief requested by Well Castle Limited against Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling in its motion for partial summary judgment is granted and Well Castle Limited shall have and recover from Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling the sum of \$21,993,967.51 for breach of contract; \$6,965.19 in recoverable expenses in connection with its motion for partial summary judgment; and, \$71,405.00 in attorney's fees in connection with its motion for partial summary judgment.

IT IS ORDERED, ADJUDGED AND DECREED that the total amount of the judgment hereby rendered against Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling shall bear interest at the maximum rate allowed by law from the date of judgment until paid.

IT IS ORDERED, ADJUDGED AND DECREED that this Agreed Partial Summary Judgment is limited to Well Castle Limited's breach of contract claim against Ryan Drilling, LLC, individually and d/b/a O'Ryan Drilling. All other causes of action are reserved for later determination.

SIGNED this 30th day of March, 2023.



PRESIDING JUDGE

APPROVED AS TO FORM AND SUBSTANCE:

BROCKETT, McNEEL & POCSIK LLP

TGAAR Tower
24 Smith Road, Suite 400
P. O. Box 1841
Midland, Texas 79702
Telephone: (432) 686-7743
Facsimile: (432) 683-6229

By: 

Stephen M. Pocsik
State Bar No. 24074905
Email: spocsik@broCKETTMcneel.net

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WELL CASTLE LIMITED**

SHEEN LAW FIRM, P.C.

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Carter Bowers
State Bar No. 24086718
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**ATTORNEYS FOR DEFENDANT
RYAN DRILLING, LLC individually
and d/b/a O'RYAN DRILLING**

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Samatha Spencer on behalf of Stephen Pocsik

Bar No. 24074905

sspencer@brockettmcneel.net

Envelope ID: 74148827

Filing Code Description: Proposed Order

Filing Description: Agreed Partial Summary Judgment

Status as of 3/31/2023 8:43 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
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Carter Bowers		carter@regsfirm.com	3/29/2023 5:49:14 PM	SENT
Efiling Regsfirm		efiling@regsfirm.com	3/29/2023 5:49:14 PM	SENT

FILED

at 11:15 o'clock AM

JAN 30 2017

Cause No. A-17-01-0070-CV

District Clerk, Ector County, Texas
By Mailler Deputy

ARNOLD OIL COMPANY FUELS, LLC
Plaintiff,

v.

RYAN DRILLING, LLC
Defendant.

§
§
§
§
§
§
§

IN THE DISTRICT COURT

70TH JUDICIAL DISTRICT

ECTOR COUNTY, TEXAS

AGREED FINAL JUDGMENT

On this day, Plaintiff, Arnold Oil Company Fuels, LLC and Defendant, Ryan Drilling, LLC, announced to the Court that Plaintiff and Defendant have agreed that judgment should be rendered for Plaintiff. This is an Agreed Final Judgment as is evidenced by the signatures of the parties affixed hereto.

The Court has considered the pleadings, evidence and official records on file in this cause and is of the opinion that judgment should be rendered for Plaintiff as agreed.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that Plaintiff, Arnold Oil Company Fuels, LLC. have and recover from the Defendant Ryan Drilling, LLC judgment for:

1. SEVEN HUNDRED TWENTY-SIX THOUSAND, SEVEN HUNDRED FORTY-EIGHT and 93/100 DOLLARS (\$726,748.93);
2. Agreed Post-Judgment interest at the rate of 5.5% per annum from the date of judgment until paid; and
3. Costs and reasonable and necessary attorneys' fees in the amount of \$3,500.00 incurred in satisfying the judgment.

IT IS FURTHER ORDERED that Plaintiff shall have all writs of execution and other process necessary to enforce this judgment. All relief not granted herein is denied.

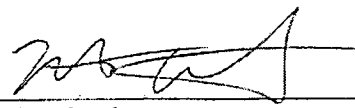
EXHIBIT "B"

SIGNED on the 30 day of January, 2017.



JUDGE PRESIDING

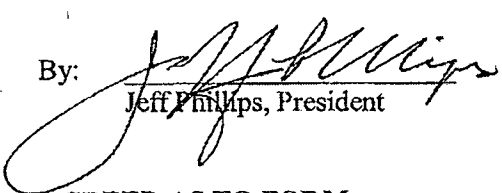
AGREED AS TO FORM AND SUBSTANCE:



Matt Catalano
Attorney for Plaintiff
ARNOLD OIL COMPANY
FUELS, LLC.

1/27/17
Date

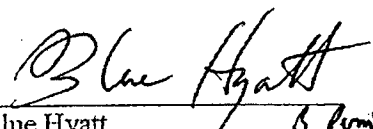
RYAN DRILLING, LLC

By: 

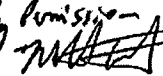
Jeff Phillips, President

1/27/2017
Date

AGREED AS TO FORM:



Blue Hyatt
Attorney for Defendant
RYAN DRILLING, LLC

By Permission


1/27/17
Date

Alex Archuleta
District Clerk

CAUSE NO. CV55526

Midland County, Texas
/s/ Angelica Cortez

WELL CASTLE LIMITED
Plaintiff

v.

RYAN DRILLING, LLC,
INDIVIDUALLY AND *d/b/a*
O'RYAN DRILLING; O'RYAN
HEAVY HAUL, LLC; O'RYAN
FAMILY LIMITED PARTNERSHIP;
RYAN C. HOERAUF, INC. *d/b/a*
O'RYAN OIL & GAS; RYAN C.
HOERAUF INDIVIDUALLY, AND AS
TRUSTEE OF THE AMBER
HOERAUF TRUST AND THE
MATHEW HOERAUF TRUST;
LEASE SUPERVISORS, LLC;
DEANNA K. HOERAUF; O'RYAN
PRODUCTION & EXPLORATION, LTD.;
O'RYAN OREGON RANCHES, LLC;
O'RYAN RANCHES, LTD.; O'RYAN
RANCHES, LLC; RYAN PROPERTIES,
INC.; O'RYAN MISSION, LTD.; RYAN
MISSION, INC.; RYAN E&P
MANAGEMENT, INC.; O'RYAN
PONDEROSA, LLC; EON PRODUCTION,
LLC; SCANROCK OIL & GAS, INC;
SMACKOVER OIL TREATERS, LTD.; AND
SAGE FOUNTAIN HILLS PARTNERS, LLC
Defendants

IN THE DISTRICT COURT

385TH JUDICIAL DISTRICT

MIDLAND COUNTY, TEXAS

CONSOLIDATED WITH

CAUSE NO. CV57838

ARNOLD OIL COMPANY FUELS, LLC
Plaintiff

v.

RYAN DRILLING, LLC; O'RYAN HEAVY
HAUL, LLC; O'RYAN FAMILY LIMITED
PARTNERSHIP; RYAN C. HOERAUF, INC.
D/B/A O'RYAN OIL & GAS; RYAN C.

IN THE DISTRICT COURT

MIDLAND COUNTY, TEXAS

HOERAUF INDIVIDUALLY AND AS §
TRUSTEE OF THE AMBER HOERAUF §
TRUST AND THE MATHEW HOERAUF §
TRUST; LEASE SUPERVISORS, LLC; §
DEANNA K. HOERAUF; O'RYAN §
PRODUCTION & EXPLORATION, LTD.; §
O'RYAN OREGON RANCHES, LLC; §
O'RYAN RANCHES, LTD.; O'RYAN §
RANCHES, LLC; RYAN PROPERTIES, §
INC.; O'RYAN MISSION, LTD.; RYAN §
MISSION, INC.; RYAN E&P §
MANAGEMENT, INC.; O'RYAN §
PONDEROSA, LLC; EON PRODUCTION, §
LLC; SCANROCK OIL & GAS, INC; §
SMACKOVER OIL TREATERS, LTD.; AND §
SAGE FOUNTAIN HILLS PARTNERS, LLC §
Defendants §

385TH JUDICIAL DISTRICT

CONSOLIDATED WITH

CAUSE NO. CV54833

O'RYAN HEAVY HAUL, LLC §
Plaintiff §
v. §
§
ARNOLD OIL COMPANY OF AUSTIN, §
L.P. AND IRONPLANET, INC. §
Defendants §

IN THE DISTRICT COURT OF

385TH JUDICIAL DISTRICT

MIDLAND COUNTY, TEXAS

PLAINTIFF'S FIRST AMENDED PETITION (CAUSE NO. CV57838)

Plaintiff Arnold Oil Company Fuels, LLC ("Arnold Oil" or "Plaintiff") files this First Amended Petition against Defendants Ryan Drilling, LLC and d/b/a O'Ryan Drilling ("Ryan Drilling"); O'Ryan Heavy Haul, LLC; O'Ryan Family Limited Partnership; Ryan C. Hoerauf, Inc. d/b/a O'Ryan Oil & Gas; Ryan C. Hoerauf ("Hoerauf") individually and as trustee of the Amber Hoerauf Trust and as trustee for the Mathew Hoerauf Trust; Lease Supervisors, LLC; Deanna K. Hoerauf; O'Ryan Production & Exploration, Ltd.; O'Ryan Oregon Ranches, LLC; O'Ryan

Ranches, Ltd.; O’Ryan Ranches, LLC; Ryan Properties, Inc.; O’Ryan Mission, Ltd.; Ryan Mission, Inc.; Ryan E&P Management, Inc.; O’Ryan Ponderosa, LLC; EON Production, LLC; Scanrock Oil & Gas, Inc; Smackover Oil Treaters, Ltd.; and Sage Fountain Hills Partners, LLC (collectively, all of the foregoing Defendants shall be referred to as “Defendants”).¹ In support, Plaintiff would respectfully show as follows:

I. DISCOVERY CONTROL PLAN; CLAIMS FOR RELIEF

1. Discovery is being conducted under Level 3 of Rule 190.4, governing discovery control plans. *See* TEX. R. CIV. P. 190.4. A properly tailored Discovery Control Plan is appropriate to address the issues in dispute and has been entered herein.

2. Plaintiff seeks monetary relief in the form of damages, attorneys’ fees, costs, and expenses, which currently are over \$1,000,000. *See id.* R. 47(c). Plaintiff affirmatively pleads that this lawsuit is not governed by the expedited actions process set forth in Rule 169. *See id.* R. 169.

II. PARTIES

3. Plaintiff, Arnold Oil Company Fuels, LLC, is a Texas Limited Liability Company whose principal place of business is Travis County, Texas.

4. Defendant, Ryan Drilling, LLC, is a Texas Limited Liability Company that has appeared and answered herein, and Plaintiff accordingly serves this First Amended Petition on this Defendant’s attorney of record. *See id.* R. 21a.

¹ Ryan Drilling, LLC and d/b/a O’Ryan Drilling; O’Ryan Heavy Haul, LLC; O’Ryan Family Limited Partnership; Ryan C. Hoerauf, Inc. d/b/a/ O’Ryan Oil and Gas; Lease Supervisors, LLC; O’Ryan Production & Exploration, Ltd.; O’Ryan Oregon Ranches, LLC; O’Ryan Ranches, Ltd.; O’Ryan Ranches, LLC; Ryan Properties, Inc.; O’Ryan Mission, Ltd.; Ryan Mission, Inc.; Ryan E&P Management, Inc.; O’Ryan Ponderosa, LLC; EON Production, LLC; Scanrock Oil & Gas, Inc; Smackover Oil Treaters, Ltd.; and Sage Fountain Hills Partners, LLC shall collectively be referred to as the “Hoerauf Entity Defendants.”

5. Defendant O’Ryan Heavy Haul, LLC (“O’Ryan Heavy Haul”), is a Texas Limited Liability Company that has appeared and answered herein, and Plaintiff accordingly serves this First Amended Petition on this Defendant’s attorney of record. *See id.*

6. Defendant O’Ryan Family Limited Partnership (“O’Ryan FLP”) is a Texas Limited Partnership that has appeared and answered herein, and Plaintiff accordingly serves this First Amended Petition on this Defendant’s attorney of record. *See id.*

7. Defendant Ryan C. Hoerauf, Inc. d/b/a/ O’Ryan Oil & Gas (“O’Ryan Oil & Gas”) is a Texas corporation that has appeared and answered herein, and Plaintiff accordingly serves this First Amended Petition on this Defendant’s attorney of record. *See id.*

8. Defendant Ryan C. Hoerauf is an individual residing in the State of Texas who has appeared and answered herein, and Plaintiff accordingly serves this First Amended Petition on this Defendant’s attorney of record. *See id.* Hoerauf is also being sued and served in his capacity as trustee of the Amber Hoerauf Trust and the Mathew Hoerauf Trust. Hoerauf, individually and in such trustee capacities, along with Defendant Deanna K. Hoerauf and the Hoerauf Entity Defendants, are being sued in all the capacities and contexts referenced in this Petition.

9. Defendant Lease Supervisors, LLC (“Lease Supervisors”) is a Texas Limited Liability Company that may be served with process through its Registered Agent: Deanna Hoerauf, One Mission Blvd., Odessa, Texas 79765.

10. Defendant Deanna K. Hoerauf (“Deanna Hoerauf”) is an individual residing in the State of Texas and may be served with process at her residence of 18 La Paz Circle, Odessa, Texas 79765, or wherever she may be found.

11. Defendant O’Ryan Production & Exploration, Ltd. (“O’Ryan Production”) is a Texas Limited Partnership that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

12. Defendant O’Ryan Oregon Ranches, LLC is a Texas Limited Liability Company that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

13. Defendant O’Ryan Ranches, Ltd. is a Texas Limited Partnership that may be served with process through its registered agent: Ryan C. Hoerauf at One Mission Blvd., Odessa, Texas 79765.

14. Defendant O’Ryan Ranches, LLC is an Oregon Limited Liability Company, with its principal place of business at 8180 Lakeview Center in Odessa, Midland County, Texas, that may be served with process through its registered agent: Data Research, Inc., 7185 SW Sandburg Street, Suite 110, Portland, Oregon 97223.

15. Defendant Ryan Properties, Inc. is a Texas corporation that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

16. Defendant O’Ryan Mission, Ltd. is a Texas Limited Partnership that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

17. Defendant Ryan Mission, Inc. is a Texas corporation that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

18. Defendant Ryan E&P Management, Inc. is a Texas corporation that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

19. Defendant O’Ryan Ponderosa, LLC (“O’Ryan Ponderosa”) is a Texas Limited Liability Company that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

20. Defendant EON Production, LLC (“EON Production”) is a Texas Limited Liability Company that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

21. Defendant Scanrock Oil & Gas, Inc. (“Scanrock”) is a Texas corporation that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

22. Defendant Smackover Oil Treaters, Ltd. (“Smackover”) is a Texas Limited Partnership that may be served with process through its registered agent: Ryan C. Hoerauf, One Mission Blvd., Odessa, Texas 79765.

23. Defendant Sage Fountain Hills Partners, LLC (“Sage Fountain”) is a former Texas limited liability company. Sage Fountain may be served with process through its managing member and registered agent at the time of dissolution: Deanna K. Hoerauf, One Mission Blvd., Odessa, Texas 79765. *See id.* R. 29.

III. RULE 28

24. To the extent any Defendant conducted or currently conducts business pursuant to a trade name or assumed name other than as alleged herein, Plaintiff pleads that it brings suit against each such Defendant pursuant to Rule 28, TEX. R. CIV. P. Plaintiff hereby demands that upon answering, each Defendant answer in its correct legal name and assumed name.

IV. MISNOMER AND/OR MISIDENTIFICATION

25. In the event any Defendants are misnamed or are not included herein, Plaintiff contends that such was a “misidentification,” “misnomer,” and/or that such Defendants are/were “alter egos” of other Defendants named herein. Alternatively, Plaintiff contends that the proper “corporate veils” should be pierced to hold accountable all necessary Defendants in the interest of justice.

V. JURISDICTION & VENUE

26. The damages sought and requested relief are within the jurisdictional limits of this Court.

27. Personal jurisdiction exists over the Hoerauf Entity Defendants because: specific and general personal jurisdiction exists in Texas with respect to the Hoerauf Entity Defendants; the Hoerauf Entity Defendants are or were either Texas corporations, partnerships, or limited liability companies or have or had their principal offices in Texas; the Hoerauf Entity Defendants have had sufficient minimum jurisdictional contacts with the State of Texas to comport with due process; the Hoerauf Entity Defendants have conducted and/or conduct business in Texas; the contract in issue was performable in Texas; the causes of action accrued in Texas; and the events and omissions giving rise to Plaintiff’s claims occurred in Texas.

28. Personal jurisdiction exists over Hoerauf and Deanna Hoerauf because they are residents of the State of Texas.

29. The following parties to Cause No. CV57838 have consented in writing to venue in Midland County, Texas and accordingly this Court’s jurisdiction: Plaintiff and Defendants Ryan Drilling; O’Ryan Heavy Haul O’Ryan FLP; O’Ryan Oil & Gas; Hoerauf, individually, and as trustee of the Amber Hoerauf Trust and as trustee for the Mathew Hoerauf Trust. *See id.* R. 255.

30. Further, venue in Midland County, Texas is proper because a substantial part of the events and omissions giving rise to Plaintiff's claims occurred in Midland County, Texas; Hoerauf and Deanna Hoerauf reside in Midland County, Texas; the principal offices of at least the following Hoerauf Entity Defendants: Ryan Drilling, O'Ryan Heavy Haul, O'Ryan FLP, O'Ryan Ranches, LLC, O'Ryan Ranches, Ltd., O'Ryan Mission, Ltd., EON Production, O'Ryan Production, and Smackover are located in Midland County, Texas; and because venue in Midland County, Texas is proper as to Hoerauf, Deanna Hoerauf, and the Hoerauf Entity Defendants with principal offices in Midland County, venue is also proper as to all other Defendants because Plaintiff's claims against all Defendants arise out of the same transaction, occurrence, or series of transactions or occurrences. TEX. CIV. PRAC. & REM. CODE §§ 15.002, .005.

VI. FACTS

A. Summary

31. The genesis of this dispute is (i) Defendant Ryan Drilling's breaching payment obligations under a promissory note Ryan Drilling entered into with Plaintiff Arnold Oil; and (ii) all Defendants, individually or through Hoerauf, having committed fraud and other wrongful acts and omissions as to Plaintiff, causing Plaintiff over \$1,000,000 in damages. Hoerauf controls and orchestrates the conduct of Defendants. Arnold Oil is entitled to recover from *all Defendants* for its damages.

B. Hoerauf and His Relationships with the Other Defendants

1. Hoerauf, individually and through entities, artifices, fraud, schemes, defiance, and arrogance, reneged on major financial obligations, specifically including debts owed to Plaintiff. Hoerauf's spouse is Defendant Deanna Hoerauf.

2. Defendant Ryan Drilling is a Texas contract oil and gas drilling operator that provides services in both West and East Texas.

3. Defendant O’Ryan Heavy Haul, like Ryan Drilling, is another of Hoerauf’s entities. O’Ryan Heavy Haul is directly affiliated with Ryan Drilling. Primarily, O’Ryan Heavy Haul operated trucks for Ryan Drilling in assisting with the transportation of drilling rigs, et al. O’Ryan Heavy Haul was never a profitable endeavor, often requiring financial assistance from Ryan Drilling or other of Hoerauf’s entities. Indeed, O’Ryan Heavy Haul maintained a \$12-\$14 million balance owed to Ryan Drilling since at least 2013. Such substantial monies were never paid back by O’Ryan Heavy Haul to Ryan Drilling; nor did these Defendants expect that they would be paid back.

4. Defendant O’Ryan Oil & Gas is another of Hoerauf’s entities, which is used for the exploration and production of oil and gas in West Texas and East Texas.

5. Defendant Lease Supervisors is a closely held limited liability company founded and “operated” by Hoerauf’s wife, Defendant Deanna Hoerauf. On information and belief, Lease Supervisors’ “members” manage the day-to-day operations of oil wells and gas plants owned and/or operated by Defendant O’Ryan Oil & Gas. Lease Supervisors has received at least one sizeable transfer of monies from the O’Ryan Operating Companies (defined below) during the pendency of Plaintiff’s status as a creditor of Ryan Drilling.

6. Ryan Drilling, O’Ryan Heavy Haul, O’Ryan Oil & Gas, and Lease Supervisors are sometimes referred to herein as the “O’Ryan Operating Companies.” Regardless of ownership, titles, or management structures, on information, belief, and sworn testimony, Hoerauf exercises actual financial control and authority over the O’Ryan Operating Companies, having the final-say

regarding the inflow and outflow of money. Deanna Hoerauf also exercises certain authority and control over Lease Supervisors.

7. Defendant O’Ryan FLP is another of Hoerauf’s entities. O’Ryan FLP owns various oil and gas working interests and royalty interests. O’Ryan FLP’s assets and sums were often used by Hoerauf for investments and to fund or otherwise finance his other endeavors. O’Ryan FLP has ownership interests in at least Defendants Ryan Drilling; Smackover; O’Ryan Oregon Ranches, LLC; and O’Ryan Ranches, LLC. On further information and belief, Hoerauf exercises full control over the assets, liabilities, and management of O’Ryan FLP.

8. Defendant Amber Hoerauf Trust was created by Hoerauf. It is understood that Hoerauf, as trustee, has used this trust for personal or business investments and to fund or otherwise finance his other endeavors. The Amber Hoerauf Trust has ownership interests in at least Defendants Ryan Drilling; O’Ryan Ranches, Ltd.; and O’Ryan Mission, Ltd.

9. Defendant Mathew Hoerauf Trust was created by Hoerauf. It is understood that Hoerauf, as trustee, has used this trust for personal or business investments and to fund or otherwise finance his other endeavors. The Mathew Hoerauf Trust has ownership interests in at least Defendants Ryan Drilling; O’Ryan Ranches, Ltd.; O’Ryan Mission, Ltd.; and O’Ryan Production.

10. The Amber Hoerauf Trust and the Mathew Hoerauf Trust are sometimes referred to herein together as the “Hoerauf Trusts.” (Collectively, with O’Ryan FLP, the “Hoerauf Family Entities.”)

11. The Hoerauf Family Entities are ultimately just ownership vehicles for investments and expenditures made and controlled by Hoerauf. Regardless of ownership, titles, or management structures, Hoerauf exercises actual financial control and authority over each of the Hoerauf Family Entities, having the final-say regarding the inflow and outflow of money. According to

Hoerauf's sworn testimony, "most everything" in which Hoerauf invests or operates is owned 50% by O'Ryan FLP, 25% by the Amber Hoerauf Trust, and 25% by the Mathew Hoerauf Trust. On information and belief, Hoerauf was a settlor of and at all relevant times was, and remains, the trustee of the Hoerauf Trusts, exercising full control over them.

12. Defendants O'Ryan Production; O'Ryan Oregon Ranches, LLC; O'Ryan Ranches, Ltd.; O'Ryan Ranches, LLC; Ryan Properties, Inc.; O'Ryan Mission, Ltd.; Ryan Mission, Inc.; Ryan E&P Management, Inc.; O'Ryan Ponderosa; EON Production; Scanrock; Smackover; and Sage Fountain (collectively, the "Hoerauf Affiliated Entities") are all other entities used by Hoerauf, the O'Ryan Operating Companies, and the Hoerauf Family Entities to facilitate their operations, investments, expenses, funds and resources. Financial documents show transfers of money between these parties and other of the Defendants. Regardless of ownership, titles, or management structures, on information, belief, and sworn testimony, Hoerauf exercises actual financial control and authority over the Hoerauf Affiliated Entities, having final-say regarding the inflow and outflow of money.

13. As noted, on information and belief, Hoerauf controls and orchestrates the conduct of all the Hoerauf Entity Defendants. As to the Hoerauf Entity Defendants, according to documents currently on file with the Texas Secretary of State or the information otherwise obtained and perceived, Hoerauf is:

- a. the Manager and President of Defendant Ryan Drilling, as well as holding roles in all three of Ryan Drilling's members (O'Ryan FLP and the Hoerauf Trusts);
- b. the sole Manager and Member of Defendant O'Ryan Heavy Haul;
- c. the President and Director of Defendant Ryan Properties, Inc., which is the general partner of Defendant O'Ryan FLP and the general partner of Defendant O'Ryan Ranches, Ltd.;

- d. the President, Director, and sole shareholder of Defendant O’Ryan Oil & Gas;
- e. a Limited Partner holding 59% of Defendant O’Ryan FLP, which is one of the members of Defendant Ryan Drilling, the managing member of Defendant O’Ryan Oregon Ranches, LLC, and the manager of Defendant O’Ryan Ranches, LLC;
- f. the President and Director of Defendant Ryan E&P Management, Inc., which is the general partner of Defendant O’Ryan Production;
- g. the President and Director of Defendant Ryan Mission, Inc, which is the general partner of Defendant O’Ryan Mission, Ltd. and the general partner of Defendant Smackover;
- h. the Managing Member of Defendant O’Ryan Ponderosa;
- i. the Managing Member of Defendant EON Production;
- j. the President, Secretary, and Treasurer of Defendant Scanrock;
- k. one of two Members of Defendant Sage Fountain, along with his wife, Deanna Hoerauf.

14. As also noted, Hoerauf, as trustee, similarly controls and orchestrates the conduct of the Amber Hoerauf Trust and the Mathew Hoerauf Trust, which are the other two members of Ryan Drilling.

C. Plaintiff Arnold Oil Becomes Trapped in Defendants’ Schemes

15. Defendant Ryan Drilling began purchasing fuel and other products from Plaintiff and one of Plaintiff’s affiliates on credit, beginning in 2014. From July 2014 through August 2015, Ryan Drilling accumulated a total of \$671,583.03 in unpaid invoices.²

16. Plaintiff began communicating with Ryan Drilling concerning its accumulating debt, and on May 4, 2015, Ryan Drilling provided Plaintiff with a balance sheet for the year 2014,

² During this same general period, Defendant O’Ryan Heavy Haul also began purchasing products from and accumulating debt with Plaintiff and Arnold Oil Company of Austin, L.P. This particular debt was ultimately satisfied and is not part of the claims brought by Plaintiff against Defendants. A separate lawsuit (Cause No. CV54833) between O’Ryan Heavy Haul and Arnold Oil Company of Austin, L.P., regarding an entirely different loan transaction between these two entities, is consolidated in this matter.

showing Ryan Drilling had a book value of over \$14,000,000.00. Based on this and on other representations (and non-disclosures) by Ryan Drilling, on or about August 10, 2015, Plaintiff, as lender, with Ryan Drilling, as borrower, entered into a Promissory Note, consolidating this \$671,583.03 debt into a single loan owed to Plaintiff, with the first payment due on or about September 1, 2015 (“Note”). Ryan Drilling’s book value and other representations and non-disclosures turned out to be fraudulent.

17. Ryan Drilling breached its obligations under the Note by failing to make its first payment due thereunder to Plaintiff and continued to fail to perform its obligations and defaulted under the Note, despite receipt of notice. Plaintiff attempted, through the remainder of 2015, to obtain Ryan Drilling’s payments on the Note. Ryan Drilling represented to Plaintiff that it would make these payments. This representation turned out to be false.

18. After Ryan Drilling continued to fail to make payments on the Note and honor its representations, Plaintiff and other creditors of Ryan Drilling formed a committee (“Creditors Committee”). Plaintiff and other creditors in the Creditors Committee met with Ryan Drilling as of February 2016 to attempt to reach a resolution concerning Ryan Drilling’s payment of Ryan Drilling’s debts. Creditors Committee and Ryan Drilling communications and meetings continued during 2016 and into 2017, during which time Ryan Drilling provided Plaintiff and other creditors with financial documents that misrepresented the number of Ryan Drilling’s creditors, the amount of Ryan Drilling’s debt, and Ryan Drilling’s book value and solvency.

19. Eventually, Plaintiff and Ryan Drilling negotiated an agreed amount owed on the Note and a plan to enter into an Agreed Final Judgment on Ryan Drilling’s breach of the Note (“Agreed Judgment”). That Agreed Judgment was rendered on January 30, 2017, in Cause No. A-17-01-0070-CV, in the 70th Judicial District Court of Ector County, Texas, in the amount of

\$726,748.93 with post-judgment interest at 5.5% per annum from the date of judgment until paid. There were no other named parties to that breach of contract action or the Agreed Judgment, and the only claim at issue was Ryan Drilling's breach of the Note. To date, Ryan Drilling has not paid, nor have any Defendants paid, this Agreed Judgment.

20. As Plaintiff later discovered, however, during 2014 through 2017 Ryan Drilling, including its authorized representatives, principals, and agents, had knowingly, maliciously, and/or with gross negligence made false statements, promises, representations, and non-disclosures to induce Plaintiff to sell its products on credit and to complete the Note transaction and enter into the Agreed Judgment. Ryan Drilling, including its authorized representatives, principals, and agents, had also knowingly, maliciously, and/or with gross negligence made false statements, promises, representations, and non-disclosures concerning Ryan Drilling's making payments, as obligated, under the Note and pursuant to negotiations with the Creditors Committee, as more fully described herein.

21. Defendants further transferred assets or incurred obligations in violation of the Texas Uniform Fraudulent Transfer Act ("TUFTA"), depriving Arnold Oil of its funds loaned and consolidated under the Note to Ryan Drilling and later awarded to Arnold Oil in the Agreed Judgment.

22. Defendants similarly committed theft of Arnold Oil's funds loaned and consolidated under the Note, and awarded in the Agreed Judgment, to Ryan Drilling and is liable under the Texas Theft Liability Act ("TTLA").

23. Further, Hoerauf, acting individually and in his capacity as trustee of the Hoerauf Trusts, Deanna Hoerauf, and the Hoerauf Entity Defendants conspired to defraud, aided and

abetted in defrauding, and breached fiduciary duties owed to Plaintiff Arnold Oil as described herein.

D. Defendants' Schemes Are Revealed

24. Over time, the truth about Defendants' wrongful schemes and acts became evident. At all relevant times, Ryan Drilling was effectively insolvent, and Hoerauf and Deanna Hoerauf had been using various Hoerauf Entity Defendants to enrich themselves, as well as other Defendants, and live a lavish lifestyle, including using various Defendants to pay for a massive ranch in Oregon.

25. Defendants' scheme followed a pattern of wrongdoing that included Hoerauf's using Ryan Drilling to service and fund his other assets—operated and/or owned by the other O'Ryan Operating Companies, the Hoerauf Family Entities, and/or the Hoerauf Affiliated Entities—and forcing Ryan Drilling to take on worthless receivables instead of generating real revenue to pay legitimate creditors, including Plaintiff. This scheme resulted in a completely fraudulent book value for Ryan Drilling. Among knowing, malicious, and/or grossly negligent misrepresentations and omissions and intentionally wrongful acts, Ryan Drilling presented that fraudulent book value to Plaintiff and the Creditors Committee to induce them into forgoing formal collection efforts and instead “work with” Hoerauf in good faith. (These fraudulent financials are but one example of Hoerauf's and Ryan Drilling's misrepresentations and omissions to Plaintiff.) Plaintiff now knows this scheme constituted Hoerauf's bad faith attempt to delay collection so that funds could be funneled from or otherwise kept out of Ryan Drilling or so that Ryan Drilling's debt to Plaintiff could be avoided altogether.

26. By way of example of the foregoing, in January 2017, as part of their work with the Creditors Committee, Plaintiff and others received Ryan Drilling's 2016 year-end balance sheet.

This document included a \$1,735,600 receivable owed by O’Ryan Oil & Gas to Ryan Drilling. It also included a “Receivable from Affiliate – OHH,” an apparent reference to O’Ryan Heavy Haul, in the amount of \$13,077,707. These two receivables, totaling almost \$15 million, represented a staggering 91% of Ryan Drilling’s total current assets. When challenged regarding the quality of these receivable by members of the Creditors Committee, Hoerauf did not defend them and stated in an email that “[w]e left that A/R on the books so it looked like the company had some receivables.”

27. On information and belief, much of the work by Ryan Drilling that resulted in these still-unpaid receivables was performed on assets owned and/or operated by the other O’Ryan Operating Companies, the Hoerauf Family Entities, the Hoerauf Affiliated Entities, and/or Hoerauf personally. On further information and belief, Ryan Drilling provided services to the other O’Ryan Operating Companies, the Hoerauf Family Entities, the Hoerauf Affiliated Entities, and/or Hoerauf personally that were never accounted for and did not appear on the books of Ryan Drilling.

28. By way of additional example of Defendants’ schemes and Hoerauf’s control over the Hoerauf Entity Defendants, in the time since Ryan Drilling’s formation in 2006, Hoerauf purportedly orchestrated contributing approximately \$30 million to Ryan Drilling through O’Ryan FLP and the Hoerauf Trusts. This is according to Hoerauf’s sworn testimony in Cause No. CV54833, consolidated herein, and text messages sent by Hoerauf to Ryan Drilling’s then-president, Jeff Phillips. Hoerauf testified that he would “borrow the money” from O’Ryan FLP and the Hoerauf Trusts as it “was needed” by Ryan Drilling, which he had the “power” to do without permission as the trustee of the Hoerauf Trusts and “hold[ing] all the positions” in O’Ryan FLP. Once in Ryan Drilling, this money was transferred to other of the Hoerauf Entity Defendants, such as described previously as to O’Ryan Heavy Haul and O’Ryan Oil & Gas.

29. On information and belief, Hoerauf also forced Ryan Drilling to enter into equity-to-debt swaps, or other “creative accounting,” that purportedly converted some portion of his capital contributions (via O’Ryan FLP and the Hoerauf Trusts) into debt, repositioning Hoerauf’s personal family interests for higher-priority repayment.

30. By way of further example, documents produced by non-party Lone Star State Bank of West Texas (the “Bank”) establish that in December 2015, Defendants O’Ryan FLP, the Hoerauf Trusts, O’Ryan Production, Smackover, and Scanrock, as borrowers, entered into a restated loan/revolving line of credit agreement with the Bank in the face amount of \$51,500,000, secured under a deed of trust in various property interests of Defendants O’Ryan FLP, O’Ryan Production, and Smackover as grantors and apparently by the guaranties of, among others, Defendants Hoerauf, O’Ryan Oil & Gas, Ryan Properties, Inc., and O’Ryan Ranches, Ltd. This agreement with the Bank has been renewed several times, and Hoerauf has had these entities timely pay the Bank while continuing to allow Ryan Drilling to default on its obligations to Plaintiff and other creditors.³

31. Additionally, in or around April of 2017, Ryan Drilling was approached by Dean Global Industries, Inc. (“DGI”). DGI proposed to acquire Ryan Drilling and the assets of O’Ryan Heavy Haul for an amount that could settle debts of Ryan Drilling, including the amount awarded to Plaintiff in the Agreed Judgment. Hoerauf, however, abandoned and sabotaged the transaction by requiring that DGI make some payment to O’Ryan FLP and/or the Hoerauf Trusts as part of the sale. Hoerauf expressed in communications that he needed to be personally compensated as

³ The Ector County, Texas real property records show that a Thirteenth Amendment to Deed of Trust was recorded on August 13, 2023, at Instrument No. 2023-00013945, reflecting that as of April 1, 2023, Defendants O’Ryan FLP, O’Ryan Production, Smackover, the Hoerauf Trusts, Scanrock, O’Ryan Oil & Gas, O’Ryan Ranches, LLC, EON Production, O’Ryan Ponderosa, Ryan Properties, Inc., and Hoerauf individually, as borrowers, entered into a restated loan/revolving line of credit agreement in the face amount of \$48,973,536.40 with the Bank, secured under the deed of trust in various property interests of, among others, Defendants O’Ryan FLP, O’Ryan Production, Smackover, Scanrock, EON Production, O’Ryan Oil & Gas, and O’Ryan Ponderosa as grantors.

part of the sale. This demand thwarted an otherwise achievable transaction, to the detriment of Plaintiff and other Ryan Drilling creditors.

E. Plaintiff's Damages as a Result of Defendants' Malfeasance

32. On numerous occasions over the course of 2014 through 2017, Plaintiff relied upon material misrepresentations and/or omissions, made knowingly, maliciously, and/or with gross negligence by Defendants, through Hoerauf and/or his authorized agents, regarding the financial status of Ryan Drilling, the nature and conduct of the other Hoerauf Entity Defendants, and Ryan Drilling's willingness and ability to pay for products purchased from Plaintiff and ability to pay the Note.

33. These misrepresentations and omissions, relied on by Plaintiff and other Ryan Drilling creditors, occurred while Hoerauf was depleting or destroying the assets and revenue-generating capability of Ryan Drilling—simultaneously benefitting the other O'Ryan Operating Companies, the Hoerauf Family Entities, the Hoerauf Affiliated Entities, and/or Hoerauf and Deanna Hoerauf individually. As a result, Plaintiff now holds debt (in the form of the Agreed Judgment) and has incurred and suffered additional damages that, practically speaking, can only be recovered from Defendants other than Ryan Drilling. Plaintiff is entitled to recover from all Defendants for their combined efforts to hinder, delay, avoid, and/or defraud creditors, including Plaintiff.

VII. CAUSES OF ACTION

COUNT 1: Fraud (Defendants)

34. The preceding paragraphs are incorporated herein by reference.

35. Hoerauf, individually and as Trustee of the Amber Hoerauf Trust and as Trustee of the Matthew Hoerauf Trust, as agent and principal of Ryan Drilling and O'Ryan FLP, and as the

orchestrator and controller, particularly financially, of all Defendants knowingly, maliciously, and/or with gross negligence made material misrepresentations of fact to Arnold Oil concerning the accumulated debt and the Note, regarding Ryan Drilling's financial condition, and regarding Ryan Drilling's payment of obligations under the Note, in each of the transactions involving Arnold Oil, including to obtain the products and funds/credit provided by Arnold Oil. Hoerauf (in the same capacities as above) likewise knowingly, maliciously, and/or with gross negligence made material misrepresentations of fact to Arnold Oil as part of the Creditors Committee, regarding payment to the creditors and Ryan Drilling's financial condition.

36. Such representations were false, and Hoerauf, in all capacities identified above, including his authorized principals, representatives, and agents, made them with knowledge of their falsity, with specific intent to cause substantial injury or harm to Arnold Oil, and/or with reckless disregard for the truth of such statements. Hoerauf, in all capacities identified above, including his authorized representatives, principals, and agents, made such misrepresentations with the intent that Arnold Oil would rely upon them.

37. Arnold Oil justifiably relied upon these misrepresentations to its detriment.

38. Because of the improper relationships, structures, operations, and/or management of the O'Ryan Operating Companies, the Hoerauf Affiliated Entities, the Hoerauf Family Entities, Hoerauf, and Deanna Hoerauf, Arnold Oil seeks recovery of all damages available to it under applicable law from all Defendants, including actual damages, interest, attorneys' fees, and costs of court and litigation, as well as exemplary damages as allowed under applicable law.

39. Arnold Oil further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of fraud to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil's funds or used those funds to acquire some other property.

COUNT 2: Fraud by Non-Disclosure/Omission (Defendants)

40. The preceding paragraphs are incorporated herein by reference.

41. All Defendants herein, at various times, failed to disclose to Plaintiff material facts and their fraud when a duty to Arnold Oil existed. Defendants had a duty to disclose these improper acts/omissions to Arnold Oil through their common-management, orchestrator/controller, and representative, Hoerauf, and their failure to do so was material.

42. Defendants knew Arnold Oil was ignorant of the facts and transactions they hid, and that Arnold Oil did not have an equal opportunity to discover them, based in part on their efforts (especially those of Hoerauf) to actively conceal the facts from Arnold Oil. Hoerauf, and all other Defendants, were deliberately silent when they had a duty to disclose certain financial information and numerous fraudulent transactions to Arnold Oil. By failing to disclose these facts, Hoerauf sought to stave-off or altogether avoid payments to Arnold Oil, and other creditors, and instead Hoerauf sought to maintain the high-end lifestyle, and intended to induce Arnold Oil into unwittingly providing Hoerauf and Ryan Drilling with money, property, services, and benefits, including forbearance on collection of funds owed to Arnold Oil, to which Deanna Hoerauf and he had become accustomed due to his fraudulent activities. The other Defendants, by failing to disclose the fraud that had occurred, sought to maintain benefits from Hoerauf's and Ryan Drilling's (and other Defendants') willingness to fraudulently incur debt, avoid creditors, and make preferential payments for their own benefit.

43. These non-disclosures/omissions have proximately caused Arnold Oil damages. Arnold Oil accordingly seeks recovery of all damages available to it under applicable law from all Defendants, including actual damages, interest, attorneys' fees, and costs of court and litigation, as well as exemplary damages as allowed under applicable law. Because of the improper

relationships, structures, operations, and/or management of the O’Ryan Operating Companies, the Hoerauf Affiliated Entities, the Hoerauf Family Entities, Hoerauf, and Deanna Hoerauf, Arnold Oil seeks recovery from all Defendants.

44. Arnold Oil further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of fraud to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil’s funds or used those funds to acquire some other property.

COUNT 3: Breach of Fiduciary Duties (Defendants)

45. The preceding paragraphs are incorporated herein by reference.

46. Arnold Oil had a fiduciary relationship with Hoerauf through (i) the trust and confidence established through Hoerauf’s (and his authorized agents’) financial and other representations and omissions to Arnold Oil and/or the Creditor’s Committee, (ii) the general duties owed to Ryan Drilling’s creditors, like Arnold Oil, while Ryan Drilling was insolvent,⁴ and (iii) as a result of the trust and confidence that arose from the relationship between Arnold Oil’s principal, Jim Arnold, and Hoerauf, specifically including the negotiations with the Creditors Committee. Further, Hoerauf has owed Arnold Oil these fiduciary duties from 2014, when Ryan Drilling began purchasing products on credit from Plaintiff, to the present, because Ryan Drilling was at all relevant times insolvent.

47. Through his misrepresentations and/or omissions and other efforts to defraud Arnold Oil and/or avoid making payments, Hoerauf breached the following fiduciary duties:

- Duty of Loyalty and Utmost Good Faith;
- Duty of Candor;
- Duty to Refrain from Self-Dealing;
- Duty to Act with Integrity;
- Duty of Fair, Honest Dealing; and

⁴ When an entity is insolvent, its principals owe fiduciary duties in their individual capacities to the entity’s creditors.

- Duty of Full Disclosure.

48. Hoerauf's breaches of these fiduciary duties injured Arnold Oil, and benefited Hoerauf and/or the other Defendants, as such breaches delayed Arnold Oil's efforts to collect the substantial debt it was owed, and otherwise deprived Arnold Oil of the contemplated use of such funds. On information and belief, these delays allowed Hoerauf and/or the other Defendants to shuffle monies and assets between and among them in an effort to avoid, at least for a time, the creditors entitled to recourse, including Plaintiff.

49. Parties that (i) knowingly induce a fiduciary to breach a duty, and/or (ii) participate in or aid and abet in the breach of such duty, are jointly liable. Therefore, because of the improper relationships, structures, operations, and/or management of Hoerauf, Deanna Hoerauf, the O'Ryan Operating Companies, the Hoerauf Affiliated Entities, and the Hoerauf Family Entities, Arnold Oil seeks damages within the jurisdictional limits of this Court from all Defendants, including the recovery of exemplary damages resulting from Hoerauf's malice, fraud, and/or gross negligence. Alternatively, Arnold Oil seeks the equitable remedy of disgorgement of Defendants' ill-gotten gains or profits derived from the fiduciary breaches described herein, to prevent unjust enrichment of the wrongdoers and restore the status quo.

COUNT 4: Violation of Texas Uniform Fraudulent Transfers Act (Defendants)

50. The preceding paragraphs are incorporated herein by reference.

51. Defendants violated TUFTA. *See* TEX. BUS. & COM. CODE § 24.001 *et seq.* On information and belief, Hoerauf, both individually and as trustee of the Hoerauf Trusts, O'Ryan FLP, the other O'Ryan Operating Companies, the Hoerauf Affiliated Entities, and Deanna Hoerauf are affiliates and/or insiders of Ryan Drilling. *See id.* § 24.002(1), (7).

52. Arnold Oil is a creditor of and has claims against Defendants, debtors.

53. Defendants improperly transferred assets and/or improperly incurred obligations, including as to affiliates and/or insiders and in cooperation with and with the participation of the other Defendants, before or within a reasonable time after Arnold Oil's and other Ryan Drilling creditors' claims arose. Defendants made such transfers or incurred such obligations with actual intent to hinder, delay, or defraud Arnold Oil and other Ryan Drilling creditors. *See id.* § 24.005.

54. Additionally, or in the alternative, Ryan Drilling made transfers and incurred obligations that were fraudulent as to Arnold Oil because Ryan Drilling, in cooperation with and with the participation of the other Defendants, made those transfers and incurred those obligations without receiving a reasonably equivalent value in exchange for the transfer or obligation, and Ryan Drilling was insolvent at the time and/or became insolvent as a result of the transfers or obligations. *Id.* § 24.006(a).

55. Further, or in the alternative, certain transfers made by Ryan Drilling, in cooperation with and with the participation of the other Defendants, were fraudulent as to Arnold Oil because Arnold Oil's claims arose before the transfers were made, and such transfers were made to Hoerauf and/or to the other Defendants for an antecedent debt, at a time when Ryan Drilling was insolvent and Hoerauf and/or the other Defendants had reasonable cause to believe that Ryan Drilling was insolvent. *Id.* § 24.006(b).

56. Arnold Oil seeks all remedies from all Defendants, as allowed by law for Defendants' violations of TUFTA. *Id.* § 24.013.

COUNT 5: Texas Theft Liability Act (Defendants)

57. The preceding paragraphs are incorporated herein by reference.

58. Defendants are liable to Arnold Oil under the TTLA for unlawfully appropriating Arnold Oil's personal property in violation of Texas Penal Code section 31.03. *See* TEX. CIV. PRAC. & REM. CODE § 134.001 *et seq.*; TEX. PENAL CODE §31.03.

59. Defendants unlawfully appropriated Arnold Oil's funds loaned as consolidated under the Note (and later awarded in the Agreed Judgment), without Arnold Oil's effective consent, which consent was induced by fraudulent, malicious, and/or grossly negligent deception or coercion.

60. Defendants' unlawful appropriation was made with the intent to deprive Arnold Oil of the funds.

61. Defendants' wrongful conduct caused Arnold Oil damages. Arnold Oil accordingly seeks recovery of all recourse available to it under the TTLA, including actual damages, additional statutory recovery of up to \$1,000, interest, attorneys' fees, and court costs, as well as exemplary damages as allowed under applicable law.

62. Arnold Oil further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of committing theft to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil's funds or used those funds to acquire some other property.

COUNT 6: Money Had and Received (Defendants)

63. The preceding paragraphs are incorporated herein by reference.

64. On information and belief, Defendants hold funds that belong to Arnold Oil, through the wrongful acts and omissions described above. These funds belong to Arnold Oil in equity.

65. Arnold Oil is entitled to actual damages, exemplary damages, and pre- and post-judgment interest from Defendants as allowed under applicable law.

COUNT 7: Unjust Enrichment (Defendants) (In the Alternative, as Necessary)

66. The preceding paragraphs are incorporated herein by reference.

67. Defendants have wrongfully obtained a benefit from Plaintiff that it would be unconscionable to retain. They have been unjustly enriched by obtaining a benefit from Plaintiff by fraud and/or the taking of an undue advantage.

68. Under applicable law, Arnold Oil seeks disgorgement of the benefits that it would be unjust for Defendants to retain.

COUNT 8: Civil Conspiracy (Defendants)

69. The preceding paragraphs are incorporated herein by reference.

70. Two or more Defendants conspired to avoid paying Arnold Oil amounts owed under and consolidated in the Note (and later awarded in the Agreed Judgment) and to engage in other unlawful acts set forth above (*e.g.*, fraud, fraudulent transfers, breaches of fiduciary duties, and theft). Defendants had a meeting of the minds concerning the object of the conspiracy and the required course of action to execute the conspiracy, and they committed unlawful acts as described above, either overtly or by providing assistance, to further the object and purpose of the conspiracy.

71. As a proximate result of Defendants' wrongful acts, Arnold Oil has suffered and continues to suffer damages, including actual damages and exemplary damages. Each Defendant is jointly and severally liable for all damages caused by such wrongful acts and/or omissions. Further, Arnold Oil seeks a constructive trust on the proceeds, funds, or property obtained as a result of the conspiracy to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil's funds or used those funds to acquire some other property.

COUNT 9: Aiding & Abetting (Defendants)

72. The preceding paragraphs are incorporated herein by reference.

73. Defendants and their agents, at various times and in numerous transactions, conspired with Ryan Drilling, Hoerauf, and his agents in their conduct, either overtly or by providing assistance, causing damage to Arnold Oil. There was a meeting of the minds among Defendants regarding the unlawful actions they were taking, including, and resulting in, breaches of fiduciary duties, fraud, fraudulent transfers, and theft, as described above.

74. Accordingly, each Defendant is jointly and severally liable for all damages caused to Arnold Oil by such efforts. Arnold Oil is also entitled to exemplary damages and attorney's fees as set forth elsewhere herein, as such efforts were taken fraudulently, maliciously and/or with gross negligence.

COUNT 10: Joint Venture (Defendants)

75. The preceding paragraphs are incorporated herein by reference.

76. Defendants had an express or implied agreement to engage in a joint venture to misappropriate Arnold Oil's funds loaned and consolidated under the Note (and later awarded in the Agreed Judgment), a community of interest in the venture, an agreement to share profits and losses from the venture, and a mutual right of control or management of the enterprise.

77. At the time Defendants committed fraud, breached fiduciary duties, violated TUFTA, committed theft in violation of the TTLA, and committed any other wrongful acts identified herein, they were acting within the scope of the joint venture.

78. Each party to the joint venture is an agent of the other venturers and is responsible for the wrongful acts of the others in pursuance of the venture.

79. The joint venture caused damages to Arnold Oil. Accordingly, Arnold Oil seeks all damages, interest, and recourse to which it is legally entitled, including attorneys' fees.

COUNT 11: Joint Enterprise (Defendants)

80. The preceding paragraphs are incorporated herein by reference.

81. Defendants had an express or implied agreement among the group to misappropriate Arnold Oil's funds loaned and consolidated under the Note (and later awarded in the Agreed Judgment), coupled with a common purpose, a community of pecuniary interest in the purpose among the members, and a right of control of the enterprise.

82. Each party to the joint enterprise is an agent of the others and is responsible for the wrongful conduct of the others.

83. The joint enterprise caused damages to Arnold Oil. Accordingly, Arnold Oil seeks all damages, interest, and recourse to which it is legally entitled, including attorneys' fees.

COUNT 12: Alter Ego/Vicarious Liability by Piercing the Corporate Veil (Defendants)

84. The preceding paragraphs are incorporated herein by reference.

85. The Hoerauf Entity Defendants' organizational forms should be disregarded because, on present information and belief: Hoerauf used the Hoerauf Entity Defendants for the purpose of perpetrating an actual fraud and did perpetrate an actual fraud on Arnold Oil for Hoerauf's direct personal benefit, *see* TEX. BUS. ORGS. CODE § 101.002, and the Hoerauf Entity Defendants were organized and operated as a mere tool or business conduit of Hoerauf. Deanna Hoerauf similarly used Defendants Lease Supervisors and Sage Fountain to perpetrate an actual fraud and did perpetrate an actual fraud on Arnold Oil for her direct personal benefit.

86. As a result, Arnold Oil is entitled to pierce the Hoerauf Entity Defendants' veils to hold Hoerauf personally liable and to hold all Defendants liable, and is entitled to all other applicable equitable remedies, including a constructive trust on any proceeds, funds, or property in the possession of any Defendant obtained as a result of the unlawful conduct described above

to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil's funds or used those funds to acquire some other property.

87. As described above, Defendants conspired to commit, aided and abetted, and committed actual fraud through, at a minimum, material misrepresentations and/or omissions and violations of TUFTA and the TTLA that were committed knowingly, maliciously, and/or with gross negligence.

88. Hoerauf has received financial interest from, is an agent of, and respectively controls the Hoerauf Entity Defendants for all material purposes. There is such unity between the Hoerauf Entity Defendants and Hoerauf that the separateness of the Hoerauf Entity Defendants and Hoerauf has ceased to exist, and all Defendants are accordingly liable for the wrongful conduct alleged herein. The same is true of Deanna Hoerauf as to Lease Supervisors and Sage Fountain. Holding only Ryan Drilling responsible for the wrongful acts and omissions at issue would result in injustice.

COUNT 12: Exemplary Damages

89. The preceding paragraphs are incorporated herein by reference.

90. The harm for which Arnold Oil seeks recovery resulted from Defendants' conduct described above that was fraudulent, malicious, and/or grossly negligent. Accordingly, Arnold Oil seeks recovery of exemplary damages. *See* TEX. CIV. PRAC. & REM. CODE § 41.003.

COUNT 13: Claim for Attorneys' Fees

91. The preceding paragraphs are incorporated herein by reference.

92. Arnold Oil seeks recovery of its reasonable attorneys' fees, together with all expenses of collection and litigation and costs of court, as allowed under applicable law, including

under Texas Civil Practice and Remedies Code § 134.005 and Texas Business and Commerce Code § 24.013.

VIII. CONDITIONS PRECEDENT & DISCOVERY RULE

93. All conditions precedent to Arnold Oil's claims for relief have been performed or have occurred or are legally excused.

94. To the extent necessary, Arnold Oil relies on and pleads the discovery rule to limitations and laches defenses asserted by Defendants, including fraudulent concealment. Additionally, the relation back rule applies. *See* TEX. CIV. PRAC. & REM. CODE § 16.068.

IX. RIGHT TO AMEND AND ASSERT ADDITIONAL CLAIMS

95. Arnold Oil reserves the right to amend this Petition and assert additional claims.

X. INITIAL DISCLOSURES

96. Because the Defendants newly added in this First Amended Petition have been brought into the lawsuit after the 2021 changes to the Texas Rules of Civil Procedure, Arnold Oil requests that those Defendants make Initial Disclosures as required under the current Rule 194, Texas Rules of Civil Procedure, within 30 days of service of citation and this First Amended Petition.

XI. DEMAND FOR JURY TRIAL

97. Arnold Oil demands a trial by jury and will tender the requisite jury fee.

PRAYER

Plaintiff asks that the newly-added Defendants be cited to appear and answer herein. Plaintiff further asks that upon final trial, Plaintiff obtain a judgment against all Defendants, jointly and severally, for: (1) actual damages; (2) additional statutory damages; (3) exemplary damages, as pled; (4) constructive trust; (5) disgorgement; (6) prejudgment and post-judgment interest, at

the maximum level legally allowed; (7) attorneys' fees; (8) expenses of collection and litigation and costs of Court; and (9) such other and further relief to which Plaintiff may be justly entitled.

Respectfully submitted,

ENOCH KEVER PLLC

By: /s/ Gary E. Zausmer

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Shelby O'Brien
State Bar No. 24037203
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**ATTORNEYS FOR PLAINTIFF ARNOLD OIL
COMPANY FUELS, LLC**

CERTIFICATE OF SERVICE

I hereby certify that, on the 18th day of January 2024, a true and correct copy of Plaintiff's First Amended Petition has been served electronically via E-File Texas on all current counsel of record in these consolidated proceedings:

/s/ Gary E. Zausmer

Gary E. Zausmer

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Judy Curbow on behalf of Gary Zausmer

Bar No. 22251350

jcurbow@enochkever.com

Envelope ID: 83558602

Filing Code Description: Amended Filing

Filing Description: Plaintiff's First Amended Petition (Cause No. CV57838)

Status as of 1/19/2024 9:40 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Walter A. (Gus)Locker, III		glocker@brockettmcneel.net	1/18/2024 4:49:22 PM	SENT
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Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Judy Curbow on behalf of Gary Zausmer

Bar No. 22251350

jcurbow@enochkever.com

Envelope ID: 83558602

Filing Code Description: Amended Filing

Filing Description: Plaintiff's First Amended Petition (Cause No. CV57838)

Status as of 1/19/2024 9:40 AM CST

Case Contacts

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Efiling Regsfirm		efiling@regsfirm.com	1/18/2024 4:49:22 PM	SENT

CAUSE NO. CV55526

WELL CASTLE LIMITED	§	IN THE DISTRICT COURT
<i>Plaintiff</i>	§	
	§	
v.	§	385 TH JUDICIAL DISTRICT
	§	
RYAN DRILLING, LLC,	§	
INDIVIDUALLY AND <i>d/b/a</i>	§	
O'RYAN DRILLING; O'RYAN	§	
HEAVY HAUL, LLC; O'RYAN	§	
FAMILY LIMITED PARTNERSHIP;	§	
RYAN C. HOERAUF, INC. <i>d/b/a</i>	§	
O'RYAN OIL & GAS; and RYAN C.	§	
HOERAUF INDIVIDUALLY, AND AS	§	
TRUSTEE OF THE AMBER	§	
HOERAUF TRUST AND THE	§	
MATHEW HOERAUF TRUST,	§	
LEASE SUPERVISORS, LLC;	§	
DEANNA K. HOERAUF; O'RYAN	§	
PRODUCTION & EXPLORATION, LTD.;	§	
O'RYAN OREGON RANCHES, LLC;	§	
O'RYAN RANCHES, LTD.; O'RYAN	§	
RANCHES, LLC; RYAN PROPERTIES,	§	
INC.; O'RYAN MISSION, LTD.; RYAN	§	
MISSION, INC.; RYAN E&P	§	
MANAGEMENT, INC.; O'RYAN	§	
PONDEROSA, LLC; EON PRODUCTION,	§	
LLC; SCANROCK OIL & GAS, INC;	§	
SMACKOVER OIL TREATERS, LTD.;	§	
SAGE FOUNTAIN HILLS PARTNERS, LLC	§	
<i>Defendants</i>	§	MIDLAND COUNTY, TEXAS

CONSOLIDATED WITH

CAUSE NO. CV57838

ARNOLD OIL COMPANY FUELS, LLC	§	IN THE DISTRICT COURT
<i>Plaintiff</i>	§	
	§	
v.	§	385 TH JUDICIAL DISTRICT
	§	
RYAN DRILLING, LLC; O'RYAN HEAVY	§	
HAUL, LLC; O'RYAN FAMILY LIMITED	§	
PARTNERSHIP; RYAN C. HOERAUF, INC.	§	
D/B/A O'RYAN OIL & GAS; and RYAN C.	§	

HOERAUF INDIVIDUALLY AND AS	§	
TRUSTEE OF THE AMBER HOERAUF	§	
TRUST AND THE MATHEW HOERAUF	§	
TRUST, LEASE SUPERVISORS, LLC;	§	
DEANNA K. HOERAUF; O'RYAN	§	
PRODUCTION & EXPLORATION, LTD.;	§	
O'RYAN OREGON RANCHES, LLC;	§	
O'RYAN RANCHES, LTD.; O'RYAN	§	
RANCHES, LLC; RYAN PROPERTIES,	§	
INC.; O'RYAN MISSION, LTD.; RYAN	§	
MISSION, INC.; RYAN E&P	§	
MANAGEMENT, INC.; O'RYAN	§	
PONDEROSA, LLC; EON PRODUCTION,	§	
LLC; SCANROCK OIL & GAS, INC;	§	
SMACKOVER OIL TREATERS, LTD.;	§	
SAGE FOUNTAIN HILLS PARTNERS, LLC	§	
<i>Defendants</i>	§	MIDLAND COUNTY, TEXAS

CONSOLIDATED WITH

CAUSE NO. CV54833

O'RYAN HEAVY HAUL, LLC	§	IN THE DISTRICT COURT OF
<i>Plaintiff</i>	§	
v.	§	385 TH JUDICIAL DISTRICT
	§	
ARNOLD OIL COMPANY OF AUSTIN,	§	
L.P. AND IRONPLANET, INC.	§	
<i>Defendants</i>	§	MIDLAND COUNTY, TEXAS

WELL CASTLE LIMITED'S SECOND AMENDED PETITION
[Cause No. CV55526]

TO THE HONORABLE JUDGE OF SAID COURT:

NOW COMES, Plaintiff, Well Castle Limited (“***Plaintiff***” and/or “***Well Castle***”), which files this, its Second Amended Petition against Defendants, Ryan Drilling, LLC (individually and d/b/a O’Ryan Drilling); O’Ryan Heavy Haul, LLC; O’Ryan Family Limited Partnership; Ryan C. Hoerauf, Inc. (d/b/a O’Ryan Oil & Gas); Ryan C. Hoerauf (individually, and as trustee of the Amber Hoerauf Trust and the Matthew Hoerauf Trust); Lease Supervisors, LLC; Deanna K. Hoerauf (individually); O’Ryan Production & Exploration, Ltd.; O’Ryan Oregon Ranches, LLC;

O’Ryan Ranches, Ltd.; Ryan Properties, Inc.; O’Ryan Ranches, LLC; O’Ryan Mission, Ltd.; Ryan Mission, Inc.; Ryan E&P Management, Inc.; O’Ryan Ponderosa, LLC; Eon Production, LLC; Scanrock Oil & Gas, Inc; Smackover Oil Treaters, Ltd.; and Sage Fountain Hills Partners, LLC (collectively, the “**Defendants**”), and in support thereof respectfully shows the Court as follows:

I. DISCOVERY CONTROL LEVEL & RULE 47 COMPLIANCE

1. Plaintiff requests that all discovery be conducted under a Level 3 discovery control plan, pursuant to Rule 190.4 of the TEXAS RULES OF CIVIL PROCEDURE.

2. Pursuant to Rule 47 of the TEXAS RULES OF CIVIL PROCEDURE, Plaintiff seeks monetary relief from Defendants in an amount over \$1,000,000.00, plus equitable relief.

II. PARTIES

3. Plaintiff, Well Castle Limited (“**Well Castle**”), is a British Virgin Islands Company that may be served with papers regarding this lawsuit or otherwise contacted through its undersigned attorneys at BROCKETT, MCNEEL & POCSIK, LLP.

4. Defendant, Ryan Drilling, LLC, is a Texas limited liability company doing business as O’Ryan Drilling (hereafter referred to as “**O’Ryan Drilling**”). O’Ryan Drilling has already appeared herein and may be served with papers regarding this lawsuit or otherwise contacted through its attorneys of record at RICHARDS, ELDER, GIBSON & SHEEN, PLLC.

5. Defendant O’Ryan Heavy Haul, LLC, is a Texas limited liability company (hereinafter referred to as “**O’Ryan Heavy Haul**”). O’Ryan Heavy Haul has already appeared herein and may be served with papers regarding this lawsuit or otherwise contacted through its attorneys of record at RICHARDS, ELDER, GIBSON & SHEEN, PLLC.

6. Defendant O’Ryan Family Limited Partnership is a Texas limited partnership (hereinafter referred to as the “**O’Ryan FLP**”). O’Ryan FLP has already appeared herein and may

be served with papers regarding this lawsuit or otherwise contacted through its attorneys of record at RICHARDS, ELDER, GIBSON & SHEEN, PLLC.

7. Defendant, Ryan C. Hoerauf, Inc. (d/b/a O’Ryan Oil & Gas) is a Texas corporation (hereinafter referred to as “**O’Ryan Oil & Gas**”). O’Ryan Oil & Gas has already appeared herein and may be served with papers regarding this lawsuit or otherwise contacted through its attorneys of record at RICHARDS, ELDER, GIBSON & SHEEN, PLLC.

8. Defendant, Ryan C. Hoerauf (“**Hoerauf**”), is an individual residing in the State of Texas. Hoerauf has already appeared herein and may be served with papers regarding this lawsuit or otherwise contacted through his attorneys of record at RICHARDS, ELDER, GIBSON & SHEEN, PLLC.

9. Defendant, Lease Supervisors, LLC, is a Texas limited liability company with its principal place of business in Odessa, Texas (hereinafter referred to as “**Lease Supervisors**”). Lease Supervisors may be served with process through its registered agent, Deanna K. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else she may be found.

10. Defendant, Deanna K. Hoerauf (“**D. Hoerauf**”), is an individual residing in the State of Texas. D. Hoerauf may be served with process at her residence of 18 La Paz Circle, Odessa, Texas 79765, or wherever else she may be found.

11. Defendant, O’Ryan Production & Exploration, Ltd., is a Texas Limited Partnership with its principal place of business in Odessa, Texas (hereinafter referred to as “**O’Ryan Prod. & Expl.**”). O’Ryan Prod. & Expl. May be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

12. Defendant, O’Ryan Oregon Ranches, LLC, is a Texas limited liability company with its principal place of business in Odessa, Texas (hereinafter referred to as “**O’Ryan Oregon**”).

Ranches”). O’Ryan Oregon Ranches may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

13. Defendant, O’Ryan Ranches, Ltd., is a Texas limited partnership with its principal place of business in Odessa, Texas (hereinafter referred to as “**O’Ryan Ranches**”). O’Ryan Ranches may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

14. Defendant, Ryan Properties, Inc., is a Texas for-profit corporation with its principal place of business in Odessa, Texas (hereinafter referred to as “**Ryan Properties**”). Ryan Properties is O’Ryan Ranches’ General Partner. Ryan Properties may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

15. O’Ryan Ranches, LLC is an Oregon limited liability company, with its principal place of business in Odessa, Texas (hereinafter referred to as “**O’Ryan Ranches 2**”). O’Ryan Ranches 2 may be served with process through its registered agent, Data Research, Inc., at 7185 SW Sandburg Street, Suite 110, Portland, Oregon 97223.

16. Defendant, O’Ryan Mission, Ltd., is a Texas limited partnership with its principal place of business in Odessa, Texas (hereinafter referred to as “**O’Ryan Mission**”). O’Ryan Mission may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

17. Defendant, Ryan Mission, Inc., is a Texas for-profit corporation with its principal place of business in Odessa, Texas (hereinafter referred to as “**Ryan Mission**”). Ryan Mission is O’Ryan Mission’s and Smackover’s (*see below*) General Partner. Ryan Mission may be served

with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

18. Defendant, Ryan E&P Management, Inc., is a Texas for-profit corporation with its principal place of business in Odessa, Texas (hereinafter referred to as “**Ryan E&P**”). Ryan E&P is O’Ryan Prod. & Expl.’s General Partner. Ryan E&P may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

19. Defendant, O’Ryan Ponderosa, LLC, is a Texas limited liability company with its principal place of business in Odessa, Texas (hereinafter referred to as “**O’Ryan Ponderosa**”). O’Ryan Ponderosa may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

20. Defendant, Eon Production, LLC, is a Texas limited liability company with its principal place of business in Odessa, Texas (hereinafter referred to as “**Eon Production**”). Eon Production may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

21. Defendant, Scanrock Oil & Gas, Inc., is a Texas for-profit corporation with its principal place of business in Odessa, Texas (hereinafter referred to as “**Scanrock**”). Scanrock may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

22. Defendant, Smackover Oil Treaters, Ltd, is a Texas limited partnership with its principal place of business in Odessa, Texas (hereinafter referred to as “**Smackover**”). Smackover may be served with process through its registered agent, Ryan C. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else he may be found.

23. Defendant, Sage Fountain Hills Partners, LLC, is Texas limited liability company that used to have its principal place of business in Odessa, Texas (hereinafter referred to as “**Sage**”) – it is understood that Sage is no longer an operating entity, having recently forfeited its existence. Sage may be served with process through its registered agent, Deanna K. Hoerauf, at 1 Mission Blvd., Odessa, Texas 79765, or wherever else she may be found.

III. RULE 28

24. To the extent a Defendant conducted or currently conducts business pursuant to a trade name or assumed name other than as alleged herein, Plaintiff pleads that it brings suit against them pursuant to TEXAS RULE OF CIVIL PROCEDURE 28. Plaintiff hereby demands that upon answering, Defendants answer in their correct legal name and assumed name.

IV. MISNOMER AND/OR MISIDENTIFICATION

25. In the event any parties are misnamed or are not included herein, Plaintiff contends that such was a “misidentification,” “misnomer,” and/or that such parties are/were “alter egos” of parties named herein. Alternatively, Plaintiff contends that the proper “corporate veils” should be pierced to hold accountable all necessary parties in the interest of justice.

V. JURISDICTION & VENUE

26. ***Subject-Matter Jurisdiction.*** The damages sought and requested relief are within the jurisdictional limits of this Court.

27. ***Personal Jurisdiction.*** Personal jurisdiction exists over the entity Defendants because (i) they are all Texas corporations, partnerships, or limited liability companies; (ii) they have had sufficient minimum jurisdictional contacts with the State of Texas to comport with due process; (iii) they have conducted and/or conduct business in Texas; (iv) the Lease Documents and transaction(s) at issue were performed/performable in Texas; (v) the causes of action accrued in

Texas; and/or (iv) all of the events and omissions giving rise to Plaintiff's claims occurred in Texas.

28. Personal jurisdiction exists over Ryan C. Hoerauf and Deanna K. Hoerauf because they are residents of the State of Texas.

29. **Venue.** Venue is proper in Midland County, Texas (i) because the parties agreed or otherwise consented to venue being in Midland County, Texas, and/or (ii) pursuant to TEXAS CIVIL PRACTICE AND REMEDIES CODE §15.002(a) and §15.005, because all or a substantial part of the alleged events or omissions giving rise to Plaintiff's claims occurred in this county, and Plaintiff's claims against all Defendants arise out of the same transaction, occurrence, or series of transactions or occurrences.

VI. FACTS

A. SUMMARY

30. This dispute began because Defendant O'Ryan Drilling breached a contract with Well Castle for the purchase of several drilling rigs. O'Ryan Drilling's breach caused Well Castle over \$20 million in damages. Because of fraud and other malfeasance by Ryan C. Hoerauf—who controls and orchestrates the conduct of *all Defendants* named in this suit—Well Castle can and should be entitled to recover from *all Defendants* for these damages.

B. DESCRIPTION OF THE PARTIES

Plaintiff

31. Plaintiff, Well Castle, is a manufacturer of upstream oil and gas drilling equipment. Well Castle sells this equipment to oil and gas companies worldwide, including to companies in the Permian Basin. Well Castle is managed by its principal Jerry Fletcher.

Hoerauf & His Operating Companies

32. Defendant, Hoerauf, presents as a well-heeled West Texas oil and gas driller, operator, engineer, and entrepreneur. In reality, Hoerauf has, through his entities, artifices, fraud, schemes, defiance, and arrogance, reneged on major financial obligations, specifically including debts owed to Well Castle.

33. Defendant, O’Ryan Drilling, is a Texas contract drilling operator that provides services in both West and East Texas. It was founded in April of 2006 by Ryan C. Hoerauf and Jeff Phillips.

34. Defendant, O’Ryan Heavy Haul, is another of Hoerauf’s entities, and is directly affiliated with O’Ryan Drilling. Primarily, O’Ryan Heavy Haul operated trucks for O’Ryan Drilling, assisting with the transportation of drilling rigs, etc. O’Ryan Heavy Haul was never a profitable endeavor, often requiring financial assistance from O’Ryan Drilling or other of Hoerauf’s entities. Indeed, O’Ryan Heavy Haul maintained a \$12-\$14 million balance with O’Ryan Drilling—such monies were never paid back to O’Ryan Drilling, nor were they expected to be paid.

35. Defendant, O’Ryan Oil & Gas, is another of Hoerauf’s entities, used for the exploration and production of oil and gas in West Texas and East Texas.

36. Defendant, Lease Supervisors, is a closely-held limited liability company founded and “operated” by Ryan C. Hoerauf’s wife, Deanna K. Hoerauf. On good information and belief, its “members” manage the day-to-day operations of oil wells and gas plants owned and/or operated by O’Ryan Oil & Gas, and it has received at least one sizeable transfer of monies from certain of the other O’Ryan Operating Companies [defined below] during the pendency of Well Castle’s status as a secured creditor.

37. O’Ryan Drilling, O’Ryan Heavy Haul, O’Ryan Oil & Gas, and Lease Supervisors shall sometimes be referred to herein as the “***O’Ryan Operating Companies***”. Regardless of titles or management structures, on good information and belief, Ryan C. Hoerauf exercises actual financial control and authority over the O’Ryan Operating Companies, having final-say in all matters regarding the inflow and outflow of money.

Hoerauf’s Investment Vehicles

38. Defendant, O’Ryan FLP, is another of Hoerauf’s entities, which owns various oil and gas working interests and royalty interests. O’Ryan FLP’s assets/monies were often used by Hoerauf for investments and to fund or otherwise finance his other businesses/endeavors. Specifically, O’Ryan FLP has ownership interests in at least O’Ryan Drilling; Smackover; O’Ryan Oregon Ranches, LLC; and O’Ryan Ranches, LLC. On further information and belief, Hoerauf exercises full control over the assets, liabilities, and management of O’Ryan FLP.

39. The Amber Hoerauf Trust was created by Ryan Hoerauf for the benefit of his daughter, Amber. It is understood that Hoerauf, as Trustee, uses this trust for investments and to fund or otherwise finance his other businesses/endeavors. The Amber Hoerauf Trust has ownership interests in at least O’Ryan Drilling; O’Ryan Ranches, Ltd.; and O’Ryan Mission, Ltd.

40. The Matthew Hoerauf Trust was created by Ryan Hoerauf for the benefit of his son, Matthew. It is understood that Hoerauf, as Trustee, uses this trust for investments and to fund or otherwise finance his other businesses/endeavors. The Mathew Hoerauf Trust has ownership interests in at least O’Ryan Drilling; O’Ryan Ranches, Ltd.; O’Ryan Mission, Ltd.; and O’Ryan Prod. & Expl.

41. The Amber Hoerauf Trust and the Matthew Hoerauf Trust are sometimes referred to herein together as the “**Hoerauf Trusts.**”

42. The O’Ryan FLP, the Amber Hoerauf Trust, and the Matthew Hoerauf Trust are ultimately just ownership vehicles for investments made and controlled by Ryan Hoerauf. For the benefit of himself and/or members of his family. Regardless of titles or management structures, Ryan Hoerauf exercises actual financial control and authority over each of these various entities, having final-say in all matters regarding the inflow and outflow of money and/or assets. According to the sworn testimony of Ryan Hoerauf, “most everything” in which he invests or operates is owned 50% by the O’Ryan FLP, 25% by the Amber Hoerauf Trust, and 25% by the Matthew Hoerauf Trust. On good information and belief, Ryan Hoerauf was the settlor of the Hoerauf Trusts and remains the trustee of the Hoerauf Trusts, exercising full control over the Hoerauf Trusts. On further good information and belief, Hoerauf exercises full control over the assets and management of the O’Ryan FLP.

Hoerauf’s Other Affiliated Entities

43. O’Ryan Prod. & Expl., O’Ryan Oregon Ranches, O’Ryan Ranches, Ryan Properties, O’Ryan Ranches 2, O’Ryan Mission, Ryan Mission, Ryan E&P, O’Ryan Ponderosa, Eon Production, Scanrock, Smackover, and Sage (collectively, the “***Affiliate Entities***”) are all other entities used by Hoerauf, his wife, and/or the O’Ryan Operating Companies to facilitate their operations and/or investments. Regardless of titles or management structures, on good information and belief, Ryan C. Hoerauf exercises actual financial control and authority over the Affiliate Companies, having final-say in all matters regarding the inflow and outflow of money.

Summary of Hoerauf’s Use of the Corporate Form

44. As noted, on information and belief, Hoerauf controls and orchestrates the conduct of all Defendants, and according to documents currently on file with the Texas Secretary of State, or the information otherwise obtained and perceived, Hoerauf is:

- the Manager and President of O’Ryan Drilling, as well as holding roles in all three of O’Ryan Drilling’s members;
- the sole Manager and Member of O’Ryan Heavy Haul;
- the President and Director of Ryan Properties, Inc., which is the general partner of O’Ryan Family Limited Partnership and the general partner of O’Ryan Ranches, Ltd.;
- the President, Director, and sole Shareholder of Ryan C. Hoerauf, Inc. (d/b/a O’Ryan Oil & Gas);
- a Limited Partner holding 59% of O’Ryan Family Limited Partnership, which is one of the members of O’Ryan Drilling, the managing member of O’Ryan Oregon Ranches, LLC, and the manager of O’Ryan Ranches, LLC;
- the President and Director of Ryan E&P Management, Inc., which is the general partner of O’Ryan Production & Exploration;
- the President and Director of Ryan Mission, Inc., which is the general partner of O’Ryan Mission, Ltd. And the general partner of Smackover Oil Treaters, Ltd.;
- the Managing Member of O’Ryan Ponderosa, LLC;
- the Managing Member of Eon Production, LLC;
- the President, Secretary, and Treasurer of Scanrock Oil & Gas, Inc.;
- one of two Members of Sage Fountain Hills Partners, LLC, along with his wife, Deanna K. Hoerauf; and
- the Trustee of the Amber Hoerauf Trust and Matthew Hoerauf Trust, which are the other two members of O’Ryan Drilling.

C. WELL CASTLE’S LOAN TO O’RYAN DRILLING AND THE RIG PURCHASE

45. On or about June 11, 2013, Well Castle, as Lender, and O’Ryan Drilling, as Maker, entered into that certain Promissory Note (the “**Note**”) in the original principal amount of \$10,750,000, a true and correct copy of which is attached hereto as **Exhibit “A”** and is incorporated herein by reference.

46. A majority of the Note proceeds were applied toward O’Ryan Drilling’s purchase of those certain oil and gas drilling rigs and other equipment from Well Castle, commonly known as Rig 8 and Rig 9. The remaining proceeds of the Note were used to refinance a previous indebtedness (that originated in or around 2008) owed by O’Ryan Drilling to Well Castle related to the purchase of another oil and gas drilling rig and associated equipment, commonly known as Rig 7.

47. The Note was secured by that certain June 11, 2013 Security Agreement, a true and correct copy of which is attached hereto as **Exhibit “B”** and is incorporated herein by reference. Under the Security Agreement, Rig 7, Rig 8 and Rig 9, and all respective associated equipment (collectively the “**Collateral**”), were pledged to secure the Note. The Note and Security Agreement are hereinafter referred to collectively as the “**Loan Documents**”.

D. O’RYAN DRILLING’S DEFAULT UNDER THE LOAN DOCUMENTS

48. After execution and delivery of the Loan Documents, O’Ryan Drilling subsequently ceased making the payments required under the Note, and thus was in default under the terms and conditions of the Loan Documents. On or about January 27, 2017, after demand from Well Castle, O’Ryan Drilling acknowledged and agreed that it was in default under the Loan Documents and that amounts remained due and owing under the Note. As such, O’Ryan Drilling agreed that Well Castle was entitled to immediately take possession of Rig 8 and Rig 9 pursuant to its rights under the Loan Documents. Ryan C. Hoerauf, however, disputed Well Castle’s right to take possession of Rig 7, because in his words, he “had to do something for [his] trusts.”

49. On or about February 7, 2017, Well Castle provided O’Ryan Drilling with formal notice of its continuing default under the Loan Documents and an opportunity to cure the default prior to the acceleration of the indebtedness. O’Ryan Drilling wholly failed to cure the default,

much less respond to Well Castle's demand, and as such, Well Castle accelerated the indebtedness on or about February 17, 2017.

E. WELL CASTLE'S REPOSSESSION AND NOTICE(S) OF PUBLIC DISPOSITION

50. After Well Castle's 2017 repossession of the Rigs, on or about June 21, 2018 and July 13, 2018, Well Castle gave O'Ryan Drilling two separate notices (the "**Notices**") of its intent to dispose of Rig 8 and Rig 9 and the other associated equipment through a public disposition in accordance with TEXAS BUSINESS AND COMMERCE CODE § 9.610 and § 9.611. Specifically, the Notices described the parties and Rig 8 and Rig 9, and set forth Well Castle's intention to dispose of Rig 8 and Rig 9 by public sale at 10008 West County Road 150, Midland, Texas 79706 on August 22, 2018.

F. WELL CASTLE'S PUBLIC SALE OF RIG 8 AND RIG 9

51. After conducting a wide-reaching advertising campaign during the summer months of 2018, on August 22, 2018 Rig 8 and Rig 9 became the subject of a public sale at 10008 West County Road 150, Midland, Texas 79706. At this public sale, bids from third parties as well as from Well Castle itself were placed on Rig 8 and Rig 9, and Well Castle ended up with the largest and winning bids, generating a total sum of \$159,000.00 (the "**credit-bid**").

52. In accordance with Texas Business and Commerce Code §9.615(a)(1), Well Castle first applied this credit-bid toward the \$40,851.34 in legal fees and expenses that Well Castle incurred in connection with exercising its rights under the Loan Documents and the TEXAS BUSINESS AND COMMERCE CODE. The balance of the credit-bid in the amount of \$118,148.66 was then applied toward the remaining indebtedness owed to Well Castle in accordance with the terms and conditions set forth in the Loan Documents. Therefore, as a result of Well Castle's credit-bid at the public sale and the application of such proceeds in accordance with the Loan Documents

and Texas law, as of April 1, 2019, a remaining balance in the total amount of \$18,704,954.24 remains due and owing under the Loan Documents.

G. WELL CASTLE’S DAMAGES UNDER THE LOAN DOCUMENTS

53. Well Castle seeks to enforce its rights under the Loan Documents, whereunder (1) O’Ryan Drilling promised to make payments on the Note, including payments toward the principal amount of \$10,750,000 and all accrued interest, and (2) O’Ryan Drilling has failed to make the required payments, resulting in a default and current deficiency after the disposition of the Collateral in the amount of \$18,704,954.24, for which Well Castle originally filed this suit. *Note: On or about March 30, 2023, the Court entered the parties’ Agreed Partial Summary Judgment in the principal amount of \$22,072,337.70 – such judgment pertains only to O’Ryan Drilling’s breach of the Loan Documents.*

H. HOERAUF’S ABUSE OF O’RYAN DRILLING’S CORPORATE FORM & SELF DEALINGS

54. Over the course of 2016, 2017, and 2018, Well Castle discovered that O’Ryan Drilling’s financial troubles extended far-beyond the debt owed to Well Castle under the Loan Documents. By January 2016, O’Ryan Drilling was effectively insolvent, and in February of 2016, to avoid a bankruptcy, counsel for several creditors (other than Well Castle) formed a committee (the “**Creditors Committee**”) to work with O’Ryan Drilling, its management team, and Ryan C. Hoerauf to pay outstanding debts.

55. In April of 2016, Well Castle’s principal, Jerry Fletcher—as the representative of the largest, and only secured creditor of O’Ryan Drilling—was invited to participate in the Creditors’ Committee, and for over two years, virtually worked for O’Ryan Drilling, without compensation, in the hope of obtaining some payment of the debt owed to Well Castle and to the unsecured creditors.

56. However, it has since become apparent that O’Ryan Drilling’s woes (and supposed inability to pay Well Castle) were not, as Ryan C. Hoerauf claimed, the result of the 2015-16 downturn in the crude oil markets. Rather, the root cause was Ryan C. Hoerauf’s use of the O’Ryan Operating Companies to enrich himself, the O’Ryan Operating Companies, the Hoerauf Trusts, the Affiliate Companies, and the O’Ryan FLP. Indeed, through the course of this lawsuit, the truth about Defendants’ wrongful schemes and acts has become evident: Plainly, at all relevant times, O’Ryan Drilling was effectively insolvent, and Ryan Hoerauf and Deanna Hoerauf had been using the corporate form to enrich themselves, as well as other Defendants, and live a lavish lifestyle, including using various Defendants to pay for a massive ranch in Oregon.

57. Ryan C. Hoerauf’s scheme followed a common oilfield pattern of malfeasance that included Hoerauf’s using O’Ryan Drilling to service his other assets—operated and/or owned by O’Ryan Oil & Gas, the O’Ryan FLP, the Hoerauf Trusts, Lease Supervisors, and/or the Affiliate Companies—and forcing O’Ryan Drilling to take on worthless receivables instead of generating real revenue to pay legitimate creditors like Well Castle. This resulted in a completely fraudulent book value for O’Ryan Drilling. O’Ryan Drilling, through Ryan Hoerauf, presented its fraudulent book value to Well Castle, Jerry Fletcher, and other members of the Creditors’ Committee to induce them into forgoing formal collection efforts, and instead “work with” Ryan C. Hoerauf in good faith. (These fraudulent financials are but one example of Hoerauf and O’Ryan Drilling’s misrepresentations to Well Castle.) Well Castle now knows this was nothing more than Hoerauf’s bad faith attempt to delay collection so that funds could be funneled out of O’Ryan Drilling, or so the debt could be avoided altogether.

58. By way of example of the foregoing, in January 2017, as part of his work with the Creditor’s Committee, Well Castle and others received O’Ryan Drilling’s 2016 year-end balance

sheet. This document included a \$1,735,600 receivable owed by O’Ryan Oil & Gas to O’Ryan Drilling. It also included a “Receivable from Affiliate – OHH,” an apparent reference to O’Ryan Heavy Haul, in the amount of \$13,077,707. These two receivables, totaling almost \$15 million, represented a staggering 91% of O’Ryan Drilling’s total current assets. When challenged regarding the quality of these receivable by Jerry Fletcher and O’Ryan Drilling’s then-president, Jeff Phillips, Hoerauf did not defend the values and stated that “[w]e left that A/R on the books so it looked like the company had some receivables.”

59. On good information and belief, much of the work by O’Ryan Drilling that resulted in these still-unpaid receivables was performed on assets owned and/or operated by the O’Ryan Operating Companies, the O’Ryan FLP, the Hoerauf Trusts, the Affiliate Companies, and/or Ryan C. Hoerauf personally. On further good information and belief, O’Ryan Drilling provided services to the other O’Ryan Operating Companies, the O’Ryan FLP, the Hoerauf Trusts, the Affiliate Companies, and/or Ryan C. Hoerauf personally that were never accounted for and did not appear on the books of O’Ryan Drilling.

60. By way of additional example of Defendants’ schemes and Hoerauf’s control over the Defendants, in the time since O’Ryan Drilling’s formation in 2006, Hoerauf purportedly orchestrated contributing approximately \$30 million to O’Ryan Drilling through O’Ryan FLP and the Hoerauf Trusts. This is according to Hoerauf’s sworn testimony in Cause No. CV54833, consolidated herein, and text messages sent by Hoerauf to O’Ryan Drilling’s then-president, Jeff Phillips. Hoerauf testified that he would “borrow the money” from O’Ryan FLP and the Hoerauf Trusts as it “was needed” by O’Ryan Drilling, which he had the “power” to do without permission as the trustee of the Hoerauf Trusts and “hold[ing] all the positions” in O’Ryan FLP. Once in

O’Ryan Drilling, this money was transferred to other of the Hoerauf’s entities, such as described previously as to O’Ryan Heavy Haul and O’Ryan Oil & Gas.

61. On information and belief, Hoerauf also forced O’Ryan Drilling to enter into equity-to-debt swaps, or other “creative accounting,” that purportedly converted some portion of his capital contributions (via O’Ryan FLP and the Hoerauf Trusts) into debt, repositioning Hoerauf’s personal family interests for higher-priority repayment in the event of a Ryan Drilling bankruptcy.

62. In addition, documents produced by non-party Lone Star State Bank of West Texas (the “**Bank**”) establish that in December 2015, Defendants O’Ryan FLP, the Hoerauf Trusts, O’Ryan Prod. & Expl., Smackover, and Scanrock, as borrowers, entered into a restated loan/revolving line of credit agreement with the Bank in the face amount of \$51,500,000, secured under a deed of trust in various property interests of Defendants O’Ryan FLP, O’Ryan Prod. & Expl., and Smackover, as grantor, and apparently by the guaranties of, among others, Defendants Hoerauf, O’Ryan Oil & Gas, Ryan Properties, Inc., and O’Ryan Ranches, Ltd. This agreement with the Bank has been renewed several times, and Hoerauf has had these entities timely pay the Bank while continuing to allow O’Ryan Drilling to default on its obligations to Well Castle and other creditors.

63. What’s more, in or around April of 2017, O’Ryan Drilling was approached by Dean Global Industries, Inc. (“**DGI**”). DGI proposed to acquire O’Ryan Drilling for an amount that could settle the debts of O’Ryan Drilling.

64. Well Castle’s principal, Jerry Fletcher, incurred over \$20,000.00 in out-of-pocket expenses associated with trips to Midland and negotiations with DGI’s principal George McGuirt, based upon O’Ryan Drilling’s and Ryan C. Hoerauf’s representations made in the course of the

Creditors' Committee's efforts. In Well Castle's view, based on information provided by O'Ryan Drilling and Ryan C. Hoerauf, O'Ryan Drilling was a viable acquisition target for DGI, and the transaction could result in some compensation to Well Castle and the other creditors.

65. Ryan C. Hoerauf, however, abandoned and sabotaged the transaction by requiring that some payment be made to the O'Ryan FLP and/or the Hoerauf Trusts as part of the sale to DGI. Rather than accept that his investment was gone, Ryan C. Hoerauf made clear in calls, texts, and at least one email, that he needed to be compensated as part of the sale. This thwarted an otherwise achievable transaction, to the detriment of Well Castle and the other creditors.

I. WELL CASTLE'S DAMAGES AS A RESULT OF RYAN C. HOERAUF'S MALFEASANCE

66. On numerous occasions over the course of 2016, 2017, and 2018, Well Castle relied upon material misrepresentations or omissions made knowingly, maliciously, and/or with gross negligence by Defendants, through Hoerauf and/or his authorized agents, regarding the financial status of O'Ryan Drilling, the nature and conduct of Hoerauf's other businesses, and Hoerauf's willingness to reach resolution of O'Ryan Drilling's breach under the Loan Documents (i.e. Hoerauf's representations that he would make good on the monies owed).

67. These representations led Well Castle to spend time working with Ryan C. Hoerauf and his agents to reach resolution, while Hoerauf was depleting or destroying the assets and revenue-generating capability of O'Ryan Drilling—simultaneously benefitting the other O'Ryan Operating Companies, the Hoerauf Trusts, the Affiliate Companies, and/or Ryan C. Hoerauf individually. As a result, Well Castle now holds debt that, practically speaking, can only be recovered from those entities and trusts other than O'Ryan Drilling. Well Castle therefore can and should recover from not only O'Ryan Drilling, but also, the O'Ryan Operating Companies, the O'Ryan FLP, the Hoerauf Trusts, the Affiliate Companies, and/or Ryan C. Hoerauf (individually),

and Deanna K. Hoerauf (individually) for their combined efforts to hinder, delay, avoid, and/or defraud creditors, including Well Castle.

VII. CAUSES OF ACTION

A. BREACH OF CONTRACT¹

O’Ryan Drilling

68. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

69. The Note is a valid and enforceable contract between Well Castle and O’Ryan Drilling. Under the terms of the Note, Well Castle agreed to loan O’Ryan Drilling \$10,750,000, the proceeds of which were used to purchase certain oil and gas drilling rigs and other equipment. Well Castle has fully performed its obligations under the Note. In exchange for Well Castle’s performance under the Note, O’Ryan Drilling granted Well Castle a security interest in the purchased oil and gas drilling rigs and other equipment and promised to repay the Note with interest. O’Ryan Drilling is now in breach of the Note because it has failed to fulfill its obligation to make the required payments to Well Castle.

70. As a proximate result of O’Ryan Drilling’s failure to pay under the terms of the Note, Well Castle has suffered damages. Well Castle’s damages were and are the natural, probable, and foreseeable consequence of O’Ryan Drilling’s breach, thereby entitling Well Castle to recover actual damages, consequential damages, if any, and reasonable and necessary attorney’s fees as described herein above and below.

¹ The Court has already entered an *Agreed Partial Summary Judgment* in the principal amount of \$22,072,337.70 regarding this claim.

B. BREACH OF FIDUCIARY DUTIES

All Defendants

71. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

72. Well Castle had a fiduciary relationship with Ryan C. Hoerauf through (i) the trust and confidence established through Ryan C. Hoerauf's financial and other representations to Well Castle and/or the Creditor's Committee, and/or (ii) the general duties owed to O'Ryan Drilling's creditors, like Well Castle, while O'Ryan Drilling was insolvent,² and (iii) as a result of the trust and confidence that arose as a result of the close working relationship between Jerry Fletcher, Well Castle's principal, and Ryan Hoerauf in the course of their long-standing business relationship, including the negotiations with DGI and O'Ryan Drilling's creditors.

73. Through his misrepresentations and other efforts to defraud Well Castle and/or avoid making payments thereto, Ryan C. Hoerauf breached the following fiduciary duties:

- Duty of Loyalty and Utmost Good Faith
- Duty of Candor
- Duty to Refrain from Self-Dealing
- Duty to Act with Integrity
- Duty of Fair, Honest Dealing
- Duty of Full Disclosure

74. Ryan C. Hoerauf's breaches of these fiduciary duties injured Well Castle, and benefited Ryan C. Hoerauf, his wife, and his entities, as such breaches delayed Well Castle's efforts to collect the substantial balance it was owed, and otherwise deprived Well Castle of the contemplated use of such funds. On good information and belief, these delays allowed Ryan C.

² When an entity is insolvent, its principals owe a fiduciary duty in their individual capacity to the entity's creditors. Accordingly, because O'Ryan Drilling was insolvent at the time the Loan Documents were entered into (being June 13, 2013), and because O'Ryan Drilling remains insolvent today, Ryan C. Hoerauf owed (owes) fiduciary duties to Well Castle, its primary creditor during this period.

Hoerauf and/or his entities and/or other affiliates to shuffle monies and assets between and among them in an effort to entirely avoid the litany of creditors knocking on the door—at least for a time.

75. Parties that (i) knowingly induce a fiduciary to breach a duty, and/or (ii) participate in the breach, can be held liable as a joint tortfeasor. Therefore, due to the incestuous structures, operations, and/or management of the O’Ryan Operating Companies, the Affiliate Companies, the Hoerauf Trusts, and O’Ryan FLP, Well Castle seeks damages within the jurisdictional limits of this Court from *all Defendants*, including the recovery of exemplary damages resulting from Ryan C. Hoerauf’s malice, fraud, and/or gross negligence. In addition to or in the alternative to the foregoing, Well Castle seeks the equitable remedy of disgorgement of Defendants’ ill-gotten gains or profits derived from the fiduciary breaches described herein, to prevent unjust enrichment of the wrongdoers and restore the status quo.

C. FRAUD

All Defendants

76. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

77. Ryan C. Hoerauf, individually and as Trustee of the Amber Hoerauf Trust and as Trustee of the Matthew Hoerauf Trust, and in his agency as a principal of O’Ryan Drilling and the financial controller of all of his companies made material misrepresentations to Well Castle in each of the transactions in which they received money, property, services or benefits from Well Castle. Ryan C. Hoerauf and O’Ryan Drilling knew such representations were false, or made the statements as positive assertions recklessly without any knowledge of their truth. They continue to maintain these material misrepresentations until the present date. They intended for Well Castle to rely upon them, or intended to induce Well Castle to act upon those misrepresentations. Well

Castle actually and justifiably relied on their misrepresentations and thereby suffered irreparable harm and injury in monetary and personal property losses herein.

78. Due to the incestuous structures, operations, and/or management of the O’Ryan Operating Companies, the Affiliate Companies, the Hoerauf Trusts, and O’Ryan FLP, Well Castle seeks damages within the jurisdictional limits of this Court from *all Defendants*, including the recovery of exemplary damages.

79. Well Castle further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of fraud to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Well Castle’s funds or used those funds to acquire some other property.

D. VIOLATIONS OF THE TEXAS UNIFORM FRAUDULENT TRANSFER ACT (“TUFTA”)

All Defendants

80. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

81. Well Castle is a creditor of O’Ryan Drilling.

82. On information and belief, O’Ryan Operating Companies, the Affiliate Companies, the O’Ryan FLP, the Hoerauf Trusts, Ryan C. Hoerauf (individually), and Deanna K. Hoerauf (individually) are affiliates of O’Ryan Drilling. TEX. BUS. & COM. CODE §24.002(1).

Transfers in Violation of Tex. Bus. & Com. Code §24.005

83. O’Ryan Drilling made transfers and/or incurred obligations that were fraudulent as to Well Castle because O’Ryan Drilling, in cooperation and with the participation of the other Defendants, made those transfers and incurred those obligations with actual intent to hinder, delay, or defraud Well Castle. TEX. BUS. & COM. CODE §24.005(a)(1).

84. In addition, or in the alternative to the violation(s) described above, O’Ryan Drilling made transfers and/or incurred obligations that were fraudulent as to Well Castle because O’Ryan Drilling, in cooperation and with the participation of the other Defendants, made those transfers and incurred those obligations without receiving a reasonably equivalent value in exchange for the transfer or obligation, and either (i) was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction, or intended to incur, or (ii) believed or reasonably should have believed that it would incur, debts beyond the its ability to pay as they became due. TEX. BUS. & COM. CODE §24.005(a)(2).

Transfers in Violation of Tex. Bus. & Com. Code §24.006

85. O’Ryan Drilling made transfers and incurred obligations that were fraudulent as to Well Castle because O’Ryan Drilling, in cooperation and with the participation of the other Defendants, made those transfers and incurred those obligations (i) without receiving a reasonably equivalent value in exchange for the transfer or obligation, (ii) while O’Ryan Drilling was insolvent, and/or (iii) where O’Ryan Drilling became insolvent as a result of the transfers or obligations. TEX. BUS. & COM. CODE §24.006(a).

86. In addition, or in the alternative to the violation(s) described above, certain transfers made by O’Ryan Drilling were fraudulent as to Well Castle because Well Castle’s claims arose before the transfers were made, and such transfers were made to Ryan C. Hoerauf, and/or to the other Defendants, for an antecedent debt, at a time when O’Ryan Drilling was insolvent and Ryan C. Hoerauf had reasonable cause to believe that O’Ryan Drilling was insolvent. TEX. BUS. & COM. CODE §24.006(b).

87. Due to the incestuous structures, operations, and/or management of the O’Ryan Operating Companies, the Affiliate Companies, the Hoerauf Trusts, and O’Ryan FLP, Well Castle seeks all remedies available under TUFTA from all Defendants, including the recovery of costs and attorneys’ fees, pursuant to TEX. BUS. & COM. CODE §24.013.

E. FRAUD BY NON-DISCLOSURE/OMISSION

All Defendants

88. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

89. All Defendants herein, at various times, made false or reckless representations, through Ryan C. Hoerauf or his agents, to Well Castle, or failed to disclose fraud to Well Castle when a duty to Well Castle existed. Defendants had a duty to disclose these improper acts/omissions to Well Castle through their common-management and representative, Ryan C. Hoerauf, and their failure to do so was material.

90. Defendants knew Well Castle was ignorant of the facts and transactions they hid, and that Well Castle did not have an equal opportunity to discover them, based in part on their efforts (especially those of Ryan C. Hoerauf) to actively conceal the facts from Well Castle. Ryan C. Hoerauf, and all other Defendants, were deliberately silent when they had a duty to disclose certain financial information and numerous fraudulent transactions to Well Castle. By failing to disclose these facts, Ryan C. Hoerauf sought to stave-off or altogether avoid payments to Well Castle, and other creditors, and instead, Ryan C. Hoerauf sought to maintain his high-end lifestyle, and intended to induce Well Castle into unwittingly providing Ryan C. Hoerauf and O’Ryan Drilling with money, property, services, and benefits, including forbearance on collection, to which Ryan C. Hoerauf had become accustomed due to his fraudulent activities. The other

Defendants, by failing to disclose the fraud that had occurred, sought to maintain benefits from O’Ryan Drilling’s willingness to fraudulently incur debt, avoid creditors, and make preferential payments for their benefit.

91. Due to the incestuous structures, operations, and/or management of the O’Ryan Operating Companies, the Affiliate Companies, the Hoerauf Trusts, and O’Ryan FLP, Well Castle seeks damages within the jurisdictional limits of this Court from all *Defendants*, including the recovery of exemplary damages.

92. Well Castle further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of fraud to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Well Castle’s funds or used those funds to acquire some other property.

F. VIOLATIONS OF THE TEXAS THEFT LIABILITY ACT (“TTLA”)

All Defendants

93. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

94. Defendants are liable to Well Castle under the Texas Theft Liability Act for unlawfully appropriating Well Castle’s personal property in violation of TEXAS PENAL CODE §31.03. *See* TEX. CIV. PRAC. & REM. CODE §134.001 et seq.; TEX. PEN. CODE §31.03.

95. Defendants unlawfully appropriated Well Castle’s funds loaned under the Loan Documents, without Well Castle’s effective consent, which consent was induced by deception or coercion.

96. Defendants’ unlawful appropriation was made with the intent to deprive Well Castle of the funds.

97. Defendants' wrongful conduct caused Well Castle damages. Well Castle accordingly seeks recovery of all recourse available to it under the TTLA, including actual damages, additional statutory recovery of up to \$1,000, interest, attorneys' fees, and court costs, as well as exemplary damages as allowed under applicable law.

98. Further, to prevent unjust enrichment of the wrongdoers, Well Castle seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of committing theft.

G. MONEY HAD AND RECEIVED

All Defendants

99. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

100. On good information and belief, Defendants hold funds that belong to Well Castle, through the acts/omissions described above. These funds belong to Well Castle in equity and in good conscience.

101. Well Castle is entitled to actual damages, exemplary damages, and pre and post-judgment interest.

H. Unjust Enrichment

All Defendants

102. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

103. Defendants have wrongfully obtained a benefit from Plaintiff that it would be unconscionable to retain. They have been unjustly enriched by obtaining a benefit from Plaintiff by fraud and/or the taking of an undue advantage.

104. Under applicable law, Well Castle seeks disgorgement of the benefits that it would be unjust for Defendants to retain.

I. CIVIL CONSPIRACY

All Defendants

105. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

106. Two or more Defendants conspired to avoid paying Well Castle amounts owed under the Loan Documents. Defendants had a meeting of the minds concerning the object of the conspiracy and the required course of action to execute the conspiracy, and they committed unlawful acts as described above, either overtly or by providing assistance, to further the object and purpose of the conspiracy.

107. As a proximate result of Defendants' wrongful acts, Well Castle has suffered and continues to suffer damages, including actual damages and exemplary damages. Each Defendant is jointly and severally liable for all damages caused by such wrongful acts and/or omissions. Further, Well Castle seeks a constructive trust on the proceeds, funds, or property obtained as a result of the conspiracy to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Well Castle's funds or used those funds to acquire some other rights, assets, and/or property.

J. AIDING & ABETTING

All Defendants

108. Well Castle incorporates by reference each of the paragraphs above as if fully set forth herein.

109. Defendants and their agents, at various times and in numerous transactions, conspired with Ryan C. Hoerauf and his agents in their conduct, either overtly or by providing assistance, causing damage to Well Castle. There was a meeting of the minds amongst the Defendants regarding the unlawful actions they were taking, which resulted in breaches of fiduciary duties, fraud, fraudulent transfers, and theft, as described above.

110. Accordingly, each Defendant is jointly and severally liable for all damages caused by such efforts to aid Ryan C. Hoerauf's and O'Ryan Drilling's acts and/or omissions. Well Castle is also entitled to exemplary damages and attorney's fees as set forth elsewhere herein, as such efforts were taken were taken fraudulently, maliciously, and/or with gross negligence.

VIII. REMEDIES & DAMAGES

111. ***Constructive Trust.*** A constructive trust may be imposed upon the proceeds, funds, or property of any parties or third parties who knowingly participate in fraudulent activities designed to deprive the claimant of funds that are rightfully his, and may be placed on proceeds, funds, or property obtained as a result of fraud. Ryan C. Hoerauf, the other Defendants, and their agents all deprived Well Castle of its funds because of their fraudulent activity and scheme as more fully described above. As a result, Well Castle is entitled to a constructive trust to be placed of each of these Defendants' accounts, interests, and assets, up to the amounts of O'Ryan's indebtedness to Well Castle.

112. ***Disgorgement.*** In addition to or in the alternative to the other relief requested herein, Well Castle seeks the equitable remedy of disgorgement of Defendants' ill-gotten gains or profits derived from the fiduciary breaches described herein, to prevent unjust enrichment of the wrongdoers and restore the status quo.

113. **Damages.** Because of the conduct of Defendants as alleged above, Plaintiff Well Castle has incurred actual damages for the deficiency owed under the Loan Documents in the amount as alleged above, plus interest for the loss of use or detention of those funds from the date said sums became payable through the present date, and continuing until such time as said sums are paid. Furthermore, due to the acts, omissions, and other misconduct of Defendants or their agents, as alleged above, Well Castle has incurred damages including reputational damage, loss of business opportunity, lost future profits, attorney's fees as damages, and other forms of damages, general and special, including but not limited to damages for the loss of use or detention of funds.

114. **Exemplary Damages.** Well Castle's injuries resulted from Defendants' malice, fraud, and/or gross negligence, which entitles Well Castle to exemplary damages under TEXAS CIVIL PRACTICE & REMEDIES CODE §41.003. Further, Defendant Ryan C. Hoerauf, individually and in his capacity as an owner, officer, trustee, fiduciary, or agent for the other Defendants, has acted intentionally or recklessly by converting, diverting, and/or fraudulently misdirecting the various assets of the other Defendants.

115. **Attorneys' Fees, Costs, & Expenses.** At the time of filing this Second Amended Petition, payment for the just amount owed to Well Castle has not been tendered. As a result of O'Ryan Drilling's failure to pay the deficiency, Well Castle has been forced to retain the undersigned counsel to institute and prosecute this action. Because of this, under Texas law, Well Castle's retained counsel is entitled to recover its reasonable and necessary attorney's fees in seeking the deficiency described hereinabove, and Well Castle is further entitled to recover any and all continuing and necessary costs and expenses incurred by Well Castle in seeking enforcement of the Loan Documents and the collection of monies owed thereunder.

IX. ALLOCATION OF FAULT (PIERCING THE CORPORATE VEIL)

116. ***Individual and Alter Ego Liability.*** Ryan C. Hoerauf used the corporate form of O’Ryan Drilling as a sham, along with the other Defendants, to perpetrate an actual fraud upon Well Castle. Among other things, Ryan C. Hoerauf used the other Defendants’ monies and/or assets for personal use, fraudulent transfers, and preferential payments in avoidance their legal obligations and/or creditors. This allowed Defendants, generally, and Ryan C. Hoerauf, in particular, to reap personal benefit by incurring or (re)negotiating liabilities in the name of O’Ryan Drilling with the intent to either immediately default on those liabilities, or at the very least, give preference to repayment of monies to the other Defendants before, or instead of, paying the *legitimate* liabilities of O’Ryan Drilling.

117. Accordingly, O’Ryan Drilling’s corporate form should be disregarded, as holding it solely responsible for the acts/omissions at issue would result in injustice. Therefore, the appropriate corporate veil(s) should be pierced, and O’Ryan Heavy Haul, the O’Ryan FLP, O’Ryan Oil & Gas, Ryan C. Hoerauf (individually, and as trustee of the Amber Hoerauf Trust and the Matthew Hoerauf Trust), Lease Supervisors, Deanna K. Hoerauf (individually), O’Ryan Prod. & Expl., O’Ryan Oregon Ranches, O’Ryan Ranches, Ryan Properties, O’Ryan Ranches 2, O’Ryan Mission, Ryan Mission, Ryan E&P, O’Ryan Ponderosa, Eon Production, Scanrock, Smackover, and Sage should be held liable.

118. ***Joint Venture.*** Defendants had an express or implied agreement to engage in a joint venture to misappropriate Well Castle’s funds loaned under the Loan Documents, and Defendants had a community of interest in the venture, an agreement to share profits and losses from the venture, and a mutual right of control or management of the enterprise. At the time Defendants committed fraud, violated TUFTA, and committed theft in violation of the TTLA, they were acting

within the scope of the joint venture. Each party to the joint venture is an agent of the other venturers and is responsible for the wrongful acts of the others in pursuance of the venture. The joint venture caused damages to Well Castle. Accordingly, Well Castle seeks all damages, interest, and recourse to which it is legally entitled, including attorneys' fees.

119. ***Joint Enterprise.*** Defendants had an express or implied agreement among them to misappropriate Well Castle's funds loaned under the Loan Documents, coupled with a common purpose (a pecuniary interest) among the members, and a right of control of the enterprise. Each party to the joint enterprise is an agent of the others and is responsible for the wrongful conduct of the others. The joint enterprise caused damages to Well Castle. Accordingly, Well Castle seeks all damages, interest, and recourse to which it is legally entitled, including attorneys' fees.

X. CONDITIONS PRECEDENT & DISCOVERY RULE

120. All conditions precedent to Plaintiff Well Castle's recovery as alleged have been performed or have occurred.

121. To the extent necessary, Well Castle relies on and pleads the discovery rule to the limitations and laches defense asserted by Defendants, including fraudulent concealment. Additionally, the relation back and continuing tort rules apply.

XI. REQUEST FOR DISCLOSURE

122. Well Castle hereby requests that the Defendants added herein promptly provide the information and material described in Rule 194.2(a)-(i) of the TEXAS RULES OF CIVIL PROCEDURE.

XII. PRAYER

WHEREFORE, PREMISES CONSIDERED, Well Castle requests that all Defendants be cited to appear and answer, and that on final trial or Order, Well Castle have Judgment against all Defendants, jointly and severally, for:

- i. Actual damages, including, but not limited to, (i) all unpaid principal and accrued interest under the Loan Documents, and (ii) Well Castle's out-of-pocket expenses;
- ii. Consequential damages resulting from Well Castle's inability to access or use monies withheld by Defendants;
- iii. Exemplary damages as determined by the trier of fact;
- iv. A constructive trust of Defendants' assets, interest, and accounts up to the amount of the indebtedness of O'Ryan Drilling to Well Castle;
- v. Disgorgement;
- vi. Pre-judgment interest as provided by law;
- vii. Post-judgment interest as provided by law from the date of judgment until paid;
- viii. Attorney's fees and expenses;
- ix. Costs of suit; and/or
- x. Such other and further relief to which Well Castle shows itself justly entitled, in law or in equity, from each Defendant as set forth herein.

Respectfully submitted,

BROCKETT, MCNEEL & POCSIK, LLP

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Attorneys for Plaintiff Well Castle Limited

CERTIFICATE OF SERVICE

I certify that on January 18, 2024, a true and correct copy of the foregoing instrument was served via electronic service.



BROCKETT, MCNEEL & POCSIK, LLP

CAUSE NO. CV55526

WELL CASTLE LIMITED	§	IN THE DISTRICT COURT
<i>Plaintiff</i>	§	
	§	
v.	§	385 TH JUDICIAL DISTRICT
	§	
RYAN DRILLING, LLC,	§	
INDIVIDUALLY AND <i>d/b/a</i>	§	
O'RYAN DRILLING; O'RYAN	§	
HEAVY HAUL, LLC; O'RYAN	§	
FAMILY LIMITED PARTNERSHIP;	§	
RYAN C. HOERAUF, INC. <i>d/b/a</i>	§	
O'RYAN OIL & GAS; RYAN C.	§	
HOERAUF INDIVIDUALLY, AND AS	§	
TRUSTEE OF THE AMBER	§	
HOERAUF TRUST AND THE	§	
MATHEW HOERAUF TRUST;	§	
LEASE SUPERVISORS, LLC;	§	
DEANNA K. HOERAUF; O'RYAN	§	
PRODUCTION & EXPLORATION, LTD.;	§	
O'RYAN OREGON RANCHES, LLC;	§	
O'RYAN RANCHES, LTD.; O'RYAN	§	
RANCHES, LLC; RYAN PROPERTIES,	§	
INC.; O'RYAN MISSION, LTD.; RYAN	§	
MISSION, INC.; RYAN E&P	§	
MANAGEMENT, INC.; O'RYAN	§	
PONDEROSA, LLC; EON PRODUCTION,	§	
LLC; SCANROCK OIL & GAS, INC;	§	
SMACKOVER OIL TREATERS, LTD.; AND	§	
SAGE FOUNTAIN HILLS PARTNERS, LLC	§	
<i>Defendants</i>	§	MIDLAND COUNTY, TEXAS

CONSOLIDATED WITH

CAUSE NO. CV57838

ARNOLD OIL COMPANY FUELS, LLC	§	IN THE DISTRICT COURT
<i>Plaintiff</i>	§	
	§	
v.	§	MIDLAND COUNTY, TEXAS
	§	
RYAN DRILLING, LLC; O'RYAN HEAVY	§	
HAUL, LLC; O'RYAN FAMILY LIMITED	§	
PARTNERSHIP; RYAN C. HOERAUF, INC.	§	
D/B/A O'RYAN OIL & GAS; RYAN C.	§	
HOERAUF INDIVIDUALLY AND AS	§	
TRUSTEE OF THE AMBER HOERAUF	§	
TRUST AND THE MATHEW HOERAUF	§	
TRUST; LEASE SUPERVISORS, LLC;	§	

§ § § § § § § § § §

§§§§§

§§§

Request for Disclosures. Plaintiff reserves the right to amend and supplement these Responses, pursuant to the Texas Rules of Civil Procedure and applicable law.

Respectfully submitted,

ENOCH KEVER PLLC

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COUNSEL FOR PLAINTIFF
ARNOLD OIL COMPANY FUELS, LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 18th day of January 2024, a true and correct copy of the foregoing was served via the Court's e-file notification system on all counsel of record in this consolidated proceeding.

/s/ Gary E. Zausmer
Gary E. Zausmer

SUPPLEMENTAL RESPONSES TO REQUEST FOR DISCLOSURES

- a. the correct names of the parties to the lawsuit;

RESPONSE: To the best of Plaintiff's present knowledge, the parties to this litigation are correctly named in Plaintiff's First Amended Petition.

- b. the name, address, and telephone number of any potential parties;

RESPONSE: None known at this time.

- c. the legal theories and, in general, the factual basis for your claims or defenses;

RESPONSE: The genesis of this dispute is (i) Defendant Ryan Drilling, LLC's breaching payment obligations under a promissory note Ryan Drilling, LLC entered into with Plaintiff Arnold Oil; and (ii) all Defendants, individually or through Defendant Ryan C. Hoerauf, having committed fraud and other wrongful acts and omissions as to Plaintiff, causing Plaintiff over \$1,000,000 in damages. Hoerauf controls and orchestrates the conduct of Defendants. Arnold Oil is entitled to recover from all Defendants for its damages.

Defendant Ryan C. Hoerauf (Hoerauf), individually and through entities, artifices, fraud, schemes, defiance, and arrogance, reneged on major financial obligations, specifically including debts owed to Plaintiff. Defendant Ryan Drilling, LLC and d/b/a O'Ryan Drilling ("Ryan Drilling") began purchasing fuel and other products from Plaintiff and one of Plaintiff's affiliates on credit, beginning in 2014. From July 2014 through August 2015, Ryan Drilling accumulated a total of \$671,583.03 in unpaid invoices. Plaintiff began communicating with Ryan Drilling concerning its accumulating debt, and on May 4, 2015, Ryan Drilling provided Plaintiff with a balance sheet for the year 2014, showing Ryan Drilling had a book value of over \$14,000,000.00. Based on this and on other representations (and non-disclosures) by Ryan Drilling, on or about August 10, 2015, Plaintiff, as lender, with Ryan Drilling, as borrower, entered into a Promissory Note, consolidating this \$671,583.03 debt into a single loan owed to Plaintiff, with the first payment due on or about September 1, 2015 ("Note"). Ryan Drilling's book value and other representations and non-disclosures turned out to be fraudulent. Ryan Drilling breached its obligations under the Note by failing to make its first payment due thereunder to Plaintiff and continued to fail to perform its obligations and defaulted under the Note, despite receipt of notice. Plaintiff attempted, through the remainder of 2015, to obtain Ryan Drilling's payments on the Note. Ryan Drilling represented to Plaintiff that it would make these payments. This representation turned out to be false.

After Ryan Drilling continued to fail to make payments on the Note and honor its representations, Plaintiff and other creditors of Ryan Drilling formed a committee ("Creditors Committee"). Plaintiff and other creditors in the Creditors Committee met with Ryan Drilling as of February 2016 to attempt to reach a resolution concerning Ryan Drilling's payment of Ryan Drilling's debts. Creditors Committee and Ryan Drilling communications and meetings continued during

2016 and into 2017, during which time Ryan Drilling provided Plaintiff and other creditors with financial documents that misrepresented the number of Ryan Drilling's creditors, the amount of Ryan Drilling's debt, and Ryan Drilling's book value and solvency.

Eventually, Plaintiff and Ryan Drilling negotiated an agreed amount owed on the Note and a plan to enter into an Agreed Final Judgment on Ryan Drilling's breach of the Note ("Agreed Judgment"). That Agreed Judgment was rendered on January 30, 2017, in Cause No. A-17-01-0070-CV, in the 70th Judicial District Court of Ector County, Texas, in the amount of \$726,748.93 with post-judgment interest at 5.5% per annum from the date of judgment until paid. There were no other named parties to that breach of contract action or the Agreed Judgment, and the only claim at issue was Ryan Drilling's breach of the Note. To date, Ryan Drilling has not paid, nor have any Defendants paid, this Agreed Judgment.

Over time, the truth about Defendants' wrongful schemes and acts became evident. At all relevant times, Ryan Drilling was effectively insolvent, and Hoerauf and Deanna Hoerauf had been using various Hoerauf Entity Defendants¹ to enrich themselves, as well as other Defendants, and live a lavish lifestyle, including using various Defendants to pay for a massive ranch in Oregon. Defendants' scheme followed a pattern of wrongdoing that included Hoerauf's using Ryan Drilling to service and fund his other assets—operated and/or owned by other of the Defendants—and forcing Ryan Drilling to take on worthless receivables instead of generating real revenue to pay legitimate creditors, including Plaintiff. As described in greater detail in Plaintiff's First Amended Petition, Defendants engaged in other wrongful acts. This scheme resulted in a completely fraudulent book value for Ryan Drilling. Among knowing, malicious, and/or grossly negligent misrepresentations and omissions and intentionally wrongful acts, Ryan Drilling presented that fraudulent book value to Plaintiff and the Creditors Committee to induce them into forgoing formal collection efforts and instead "work with" Hoerauf in good faith. (These fraudulent financials are but one example of Hoerauf's and Ryan Drilling's misrepresentations and omissions to Plaintiff.) Plaintiff now knows this scheme constituted Hoerauf's bad faith attempt to delay collection so that funds could be funneled from or otherwise kept out of Ryan Drilling or so that Ryan Drilling's debt to Plaintiff could be avoided altogether.

More details on evidence supporting this scheme are contained in Plaintiff's live pleading.

Fraud. As Plaintiff discovered, during 2014 through 2017, Hoerauf, individually and as Trustee of the Amber Hoerauf Trust and as Trustee of the Matthew Hoerauf Trust, as agent and principal of Ryan Drilling and O'Ryan FLP, and as the orchestrator and controller, particularly financially, of all Defendants, including his authorized principals, representatives, and agents, knowingly, maliciously, and/or with gross negligence made material misrepresentations of fact to Arnold Oil concerning the accumulated debt and the Note, regarding Ryan Drilling's financial condition, and regarding Ryan Drilling's payment of obligations under the Note, in each of the transactions

¹ Ryan Drilling, LLC and d/b/a O'Ryan Drilling; O'Ryan Heavy Haul, LLC; O'Ryan Family Limited Partnership; Ryan C. Hoerauf, Inc. d/b/a/ O'Ryan Oil and Gas; Lease Supervisors, LLC; O'Ryan Production & Exploration, Ltd.; O'Ryan Oregon Ranches, LLC; O'Ryan Ranches, Ltd.; O'Ryan Ranches, LLC; Ryan Properties, Inc.; O'Ryan Mission, Ltd.; Ryan Mission, Inc.; Ryan E&P Management, Inc.; O'Ryan Ponderosa, LLC; EON Production, LLC; Scanrock Oil & Gas, Inc; Smackover Oil Treaters, Ltd., and Sage Fountain Hill Partners, LLC shall collectively be referred to herein as the "Hoerauf Entity Defendants."

involving Arnold Oil, including to obtain the products and funds/credit provided by Arnold Oil. Hoerauf (in the same capacities as above) likewise knowingly, maliciously, and/or with gross negligence made material misrepresentations of fact to Arnold Oil as part of the Creditors Committee, regarding payment to the creditors and Ryan Drilling's financial condition. Such representations were false, and Hoerauf, in all capacities identified above, including his authorized principals, representatives, and agents, made them with knowledge of their falsity, with specific intent to cause substantial injury or harm to Arnold Oil, and/or with reckless disregard for the truth of such statements. Hoerauf, in all capacities identified above, including his authorized representatives, principals, and agents, made such misrepresentations with the intent that Arnold Oil would rely upon them. Arnold Oil justifiably relied upon these misrepresentations to its detriment.

As a result, Plaintiff now holds debt (in the form of the Agreed Judgment) and has incurred and suffered additional damages that, practically speaking, can only be recovered from Defendants other than Ryan Drilling. Plaintiff is entitled to recover from all Defendants for their combined efforts to hinder, delay, avoid, and/or defraud creditors, including Plaintiff. Because of the improper relationships, structures, operations, and/or management of Defendants, Arnold Oil seeks recovery of all damages available to it under applicable law from all Defendants, including actual damages, interest, attorneys' fees, and costs of court and litigation, as well as exemplary damages as allowed under applicable law. Arnold Oil further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of fraud to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil's funds or used those funds to acquire some other property.

Fraud by Omission. Additionally, Plaintiff discovered that all Defendants herein, at various times, failed to disclose to Plaintiff material facts and their fraud when a duty to Arnold Oil existed. Defendants had a duty to disclose these improper acts/omissions to Arnold Oil through their common-management, orchestrator/controller, and representative, Hoerauf, and their failure to do so was material. Defendants knew Arnold Oil was ignorant of the facts and transactions they hid, and that Arnold Oil did not have an equal opportunity to discover them, based in part on their efforts (especially those of Hoerauf) to actively conceal the facts from Arnold Oil. Hoerauf, and all other Defendants, were deliberately silent when they had a duty to disclose certain financial information and numerous fraudulent transactions to Arnold Oil. By failing to disclose these facts, Hoerauf sought to stave-off or altogether avoid payments to Arnold Oil, and other creditors, and instead Hoerauf sought to maintain the high-end lifestyle, and intended to induce Arnold Oil into unwittingly providing Hoerauf and Ryan Drilling with money, property, services, and benefits, including forbearance on collection of funds owed to Arnold Oil, to which Deanna Hoerauf and he had become accustomed due to his fraudulent activities. The other Defendants, by failing to disclose the fraud that had occurred, sought to maintain benefits from Hoerauf's and Ryan Drilling's (and other Defendants') willingness to fraudulently incur debt, avoid creditors, and make preferential payments for their own benefit.

These non-disclosures/omissions have proximately caused Arnold Oil damages. Arnold Oil accordingly seeks recovery of all damages available to it under applicable law from all Defendants, including actual damages, interest, attorneys' fees, and costs of court and litigation,

as well as exemplary damages as allowed under applicable law. Because of the improper relationships, structures, operations, and/or management of Defendants, Arnold Oil seeks recovery from all Defendants. Arnold Oil further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of fraud to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil's funds or used those funds to acquire some other property.

TUFTA Violations. Plaintiff also discovered that all Defendants had improperly transferred assets and/or improperly incurred obligations, including on information and belief as to insiders and relatives and in cooperation with and with the participation of the other Defendants, before or within a reasonable time after Arnold Oil's and other Ryan Drilling creditors' claims arose, in violation of the Texas Uniform Fraudulent Transfer Act ("TUFTA"). Arnold Oil is a creditor of and has claims against Defendants, debtors. Defendants made such transfers or incurred such obligations with actual intent to hinder, delay, or defraud Arnold Oil and other Ryan Drilling creditors. Additionally, or in the alternative, Ryan Drilling made transfers and incurred obligations that were fraudulent as to Arnold Oil because Ryan Drilling, in cooperation with and with the participation of the other Defendants, made those transfers and incurred those obligations without receiving a reasonably equivalent value in exchange for the transfer or obligation, and Ryan Drilling was insolvent at the time and/or became insolvent as a result of the transfers or obligations. Further, or in the alternative, certain transfers made by Ryan Drilling, in cooperation with and with the participation of the other Defendants, were fraudulent as to Arnold Oil because Arnold Oil's claims arose before the transfers were made, and such transfers were made to Hoerauf and/or to the other Defendants for an antecedent debt, at a time when Ryan Drilling was insolvent and Hoerauf and/or the other Defendants had reasonable cause to believe that Ryan Drilling was insolvent. Arnold Oil seeks all remedies from all Defendants, as allowed by law for Defendants' violations of TUFTA.

TTLA Violations. Plaintiff discovered that Defendants similarly committed theft of/unlawfully appropriated Arnold Oil's personal property in violation of Texas Penal Code section 31.03. Defendants unlawfully appropriated Arnold Oil's funds loaned as consolidated under the Note (and later awarded in the Agreed Judgment), without Arnold Oil's effective consent, which consent was induced by fraudulent, malicious, and/or grossly negligent deception or coercion. Defendants' unlawful appropriation was made with the intent to deprive Arnold Oil of the funds. Defendants' wrongful conduct caused Arnold Oil damages. Arnold Oil accordingly seeks recovery of all recourse available to it under the TTLA, including actual damages, additional statutory recovery, interest, attorneys' fees, and court costs, as well as exemplary damages as allowed under applicable law. Arnold Oil further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of committing theft to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil's funds or used those funds to acquire some other property.

Breach of Fiduciary Duties. Further, Plaintiff had a fiduciary relationship with Hoerauf through (i) the trust and confidence established through Hoerauf's (and his authorized agents') financial and other representations to Plaintiff and/or the Creditors Committee, (ii) the general duties owed

to Ryan Drilling's creditors, like Plaintiff, while Ryan Drilling was insolvent,² and (iii) as a result of the trust and confidence that arose from the relationship between Arnold Oil's principal, Jim Arnold, and Hoerauf, specifically including the negotiations with the Creditors Committee. Hoerauf has owed Arnold Oil these fiduciary duties from 2014, when Ryan Drilling began purchasing products on credit from Plaintiff, to the present, because Ryan Drilling was at all relevant times insolvent. Through his malicious, fraudulent and/or grossly negligent conduct, misrepresentations, and other efforts to defraud Plaintiff and/or avoid making payments thereto, Hoerauf breached the following fiduciary duties owed to Plaintiff:

- Duty of Loyalty and Utmost Good Faith;
- Duty of Candor;
- Duty to Refrain from Self-Dealing;
- Duty to Act with Integrity;
- Duty of Fair, Honest Dealing; and
- Duty of Full Disclosure.

Hoerauf's breaches of these fiduciary duties injured Arnold Oil, and benefited Hoerauf and/or the other Defendants, as such breaches delayed Arnold Oil's efforts to collect the substantial debt it was owed, and otherwise deprived Arnold Oil of the contemplated use of such funds. On information and belief, these delays allowed Hoerauf and/or the other Defendants to shuffle monies and assets between and among them in an effort to avoid, at least for a time, the creditors entitled to recourse, including Plaintiff.

Parties that (i) knowingly induce a fiduciary to breach a duty, and/or (ii) participate in or aid and abet in the breach of such duty, are jointly liable. Therefore, because of the improper relationships, structures, operations, and/or management of Defendants, Arnold Oil seeks damages within the jurisdictional limits of this Court from all Defendants, including the recovery of exemplary damages resulting from Hoerauf's malice, fraud, and/or gross negligence. Alternatively, Arnold Oil seeks the equitable remedy of disgorgement of Defendants' ill-gotten gains or profits derived from the fiduciary breaches described herein, to prevent unjust enrichment of the wrongdoers and restore the status quo.

Money Had & Received. On information and belief, Defendants hold funds that belong to Arnold Oil, through the wrongful acts and omissions described above. These funds belong to Plaintiff in equity. Arnold Oil seeks recovery of all damages allowed under applicable law, including exemplary damages.

Unjust Enrichment (In the Alternative, As Necessary). Defendants have wrongfully obtained a benefit from Plaintiff that it would be unconscionable to retain. They have been unjustly enriched by obtaining a benefit from Plaintiff by fraud and/or the taking of an undue advantage. Under applicable law, Arnold Oil seeks disgorgement of the benefits that it would be unjust for Defendants to retain.

² When an entity is insolvent, its principals owe fiduciary duties in their individual capacities to the entity's creditors.

Civil Conspiracy. Two or more Defendants conspired to avoid paying Arnold Oil amounts owed under and consolidated in the Note (and later awarded in the Agreed Judgment) and to engage in other unlawful acts set forth above (*e.g.*, fraud, fraudulent transfers, breaches of fiduciary duties, and theft). Defendants had a meeting of the minds concerning the object of the conspiracy and the required course of action to execute the conspiracy, and they committed unlawful acts as described above, either overtly or by providing assistance, to further the object and purpose of the conspiracy. As a proximate result of Defendants' wrongful acts, Arnold Oil has suffered and continues to suffer damages, including actual damages and exemplary damages. Each Defendant is jointly and severally liable for all damages caused by such wrongful acts and/or omissions. Further, Arnold Oil seeks a constructive trust on the proceeds, funds, or property obtained as a result of the conspiracy to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil's funds or used those funds to acquire some other property.

Aiding & Abetting. Defendants and their agents, at various times and in numerous transactions, conspired with Ryan Drilling, Hoerauf, and his agents in their wrongful conduct, either overtly or by providing assistance, causing damage to Arnold Oil. There was a meeting of the minds among Defendants regarding the unlawful actions they were taking, including, and resulting in, fraud, fraudulent transfers, breaches of fiduciary duties, and theft, as described above. Accordingly, each Defendant is jointly and severally liable for all damages caused to Arnold Oil by such efforts, including exemplary damages and attorneys' fees as set forth elsewhere herein, as such efforts were taken fraudulently, maliciously and/or with gross negligence.

Joint Venture. Defendants had an express or implied agreement to engage in a joint venture to misappropriate Arnold Oil's funds loaned and consolidated under the Note (and later awarded in the Agreed Judgment), a community of interest in the venture, an agreement to share profits and losses from the venture, and a mutual right of control or management of the enterprise. At the time Defendants committed fraud, breached fiduciary duties, violated TUFTA, committed theft in violation of the TTLA, or assisted in these wrongful acts, they were acting within the scope of the joint venture. Each party to the joint venture is an agent of the other venturers and is responsible for the wrongful acts of the others in pursuance of the venture. The joint venture caused damages to Arnold Oil. Accordingly, Arnold Oil seeks all damages, interest, and recourse to which it is legally entitled, including attorneys' fees.

Joint Enterprise. Defendants had an express or implied among-the-group agreement to misappropriate Arnold Oil's funds loaned and consolidated under the Note (and later awarded in the Agreed Judgment), coupled with a common purpose, a community of pecuniary interest in the purpose among the members, and a right of control of the enterprise. Each party to the joint enterprise is an agent of the others and is responsible for the wrongful conduct of the others. The joint enterprise caused damages to Arnold Oil. Accordingly, Arnold Oil seeks all damages, interest, and recourse to which it is legally entitled, including attorneys' fees.

Alter Ego/Vicarious Liability by Piercing the Corporate Veil. Hoerauf and Deanna Hoerauf had been using various of the Hoerauf Entity Defendants to enrich themselves, as well as other of the Defendants, and live a lavish lifestyle. Hoerauf, at the times material to this lawsuit, controlled and orchestrated the conduct of, and exercised actual financial control and authority over, all the

Hoerauf Entity Defendants, as well as the two Trusts referenced. Deanna Hoerauf additionally did so as to Defendant Lease Supervisors, LLC (“Lease Supervisors”) and Defendant Sage Fountain Hills Partners, LLC (“Sage Fountain”), including by participating in transfers of money at relevant times.

The Hoerauf Entity Defendants’ organizational forms should be disregarded because, on present information and belief: Hoerauf used the Hoerauf Entity Defendants for the purpose of perpetrating an actual fraud and did perpetrate an actual fraud on Arnold Oil for Hoerauf’s direct personal benefit, and the Hoerauf Entity Defendants were organized and operated as a mere tool or business conduit of Hoerauf. Deanna Hoerauf similarly used Defendants Lease Supervisors and Sage Fountain to perpetrate an actual fraud and did perpetrate an actual fraud on Arnold Oil for her direct personal benefit. As a result, Arnold Oil is entitled to pierce the Hoerauf Entity Defendants’ veils to hold Hoerauf personally liable and to hold all Defendants liable, and is entitled to all other applicable equitable remedies, including a constructive trust on any proceeds, funds, or property in the possession of any Defendant obtained as a result of the unlawful conduct described above to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Arnold Oil’s funds or used those funds to acquire some other property.

As described above, Defendants conspired to commit, aided and abetted, and committed actual fraud through, at a minimum, material misrepresentations and/or omissions and violations of TUFTA and the TTLA that were committed knowingly, maliciously, and/or with gross negligence. Hoerauf has received financial interest from, is an agent of, and respectively controls the Hoerauf Entity Defendants for all material purposes. There is such unity between the Hoerauf Entity Defendants and Hoerauf that the separateness of the Hoerauf Entity Defendants and Hoerauf has ceased to exist, and all Defendants are accordingly liable for the wrongful conduct alleged herein. The same is true of Deanna Hoerauf as to Lease Supervisors and Sage Fountain. Holding only Ryan Drilling responsible for the wrongful acts and omissions at issue would result in injustice.

As to these Hoerauf Entity Defendants, according to documents currently on file with the Texas Secretary of State or the information otherwise understood by Arnold Oil, Hoerauf is:

- a. the Manager and President of Defendant Ryan Drilling, as well as holding roles in all three of Ryan Drilling’s members (O’Ryan Family Limited Partnership and the Trusts);
- b. the sole Manager and Member of Defendant O’Ryan Heavy Haul, LLC;
- c. the President and Director of Defendant Ryan Properties, Inc., which is the general partner of Defendant O’Ryan Family Limited Partnership and the general partner of Defendant O’Ryan Ranches, Ltd.;
- d. the President, Director, and sole shareholder of Defendant Ryan C. Hoerauf, Inc. d/b/a O’Ryan Oil & Gas;

- e. a Limited Partner holding 59% of Defendant O’Ryan Family Limited Partnership, which is one of the members of Defendant Ryan Drilling, the managing member of Defendant O’Ryan Oregon Ranches, LLC, and the manager of Defendant O’Ryan Ranches, LLC;
- f. the President and Director of Defendant Ryan E&P Management, Inc., which is the general partner of Defendant O’Ryan Production & Exploration, Ltd.;
- g. the President and Director of Defendant Ryan Mission, Inc, which is the general partner of Defendant O’Ryan Mission, Ltd. and the general partner of Defendant Smackover Oil Treaters, Ltd.;
- h. the Managing Member of Defendant O’Ryan Ponderosa, LLC;
- i. the Managing Member of Defendant EON Production, LLC;
- j. the President, Secretary, and Treasurer of Defendant Scanrock Oil & Gas, Inc.; and
- k. one of two Members of Defendant Sage Fountain, along with his wife, Deanna Hoerauf.

Defendant Hoerauf, as trustee, at all relevant times similarly controlled and orchestrated the conduct of the Amber Hoerauf Trust and the Mathew Hoerauf Trust, which are the other two members of Ryan Drilling.

All of the wrongful conduct described above has proximately caused Plaintiff to incur and suffer damages, including actual damages and statutory damages, for which Plaintiff seeks recovery. Plaintiff also seeks to recover exemplary damages as the harm to it resulted from conduct described above that was fraudulent, malicious, and/or grossly negligent. Arnold Oil further seeks a constructive trust on the proceeds, funds, or property Defendants obtained as a result of the wrongful conduct described above to prevent unjust enrichment of the wrongdoers, who have wrongfully retained Plaintiff’s funds or used those funds to acquire some other property, and disgorgement.

Plaintiff also seeks recovery of its reasonable attorneys’ fees, together with all expenses of collection and litigation and costs of court, and pre- and post-judgment interest, as allowed under applicable law.

Please refer to Plaintiff’s pleadings and other submissions on file, as well as supplemental and amended pleadings and submissions that are filed herein by Plaintiff.

Given that discovery and investigation are ongoing, Plaintiff reserves the right to amend and supplement its Response to this item as warranted.

- d. the amount of your economic damages, and the method by which you calculate your economic damages;

RESPONSE: Plaintiff's economic damages (*e.g.*, apart from attorneys' fees, disgorgement, and other damages, including exemplary damages, sought herein) are the funds owed to it by Ryan Drilling, LLC and that were fraudulently transferred by the Defendants, which include at least the amounts awarded in the Agreed Judgment (\$726, 748.93 in damages, post-judgment interest at 5.5% per annum from the date of judgment until paid, and attorneys' fees referenced in the Judgment), statutory damages, plus interest and other fees and charges allowed under applicable law.

Given that discovery and investigation are ongoing, Plaintiff reserves the right to amend and supplement its Response to this item as warranted.

- e. name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the case;

RESPONSE:

Arnold Oil Company Fuels, LLC

c/o Gary E. Zausmer
Enoch Kever PLLC
7600 N. Capital of Texas Highway
Building B, Suite 200
Austin, Texas 78731
512-615-1200

and

c/o Aaron Dorfner
Cotton Bledsoe, Tighe & Dawson, PC
500 West Illinois Ave., Suite 300
Midland, Texas 79701
866-721-6665

Connection to Case: Plaintiff in this lawsuit.

Jim Arnold, CEO - Arnold Oil Company Fuels, LLC

c/o Gary E. Zausmer
Enoch Kever PLLC
7600 N. Capital of Texas Highway
Building B, Suite 200
Austin, Texas 78731
512-615-1200

and

c/o Aaron Dorfner
Cotton Bledsoe, Tighe & Dawson, PC
500 West Illinois Ave., Suite 300
Midland, Texas 79701
866-721-6665

Connection to Case: CEO of Plaintiff in this lawsuit.

Jayson Arnold, President – Arnold Oil Company Fuels, LLC

c/o Gary E. Zausmer
Enoch Kever PLLC
7600 N. Capital of Texas Highway
Building B, Suite 200
Austin, Texas 78731
512-615-1200

and

c/o Aaron Dorfner
Cotton Bledsoe, Tighe & Dawson, PC
500 West Illinois Ave., Suite 300
Midland, Texas 79701
866-721-6665

Connection to Case: President of Plaintiff in this lawsuit.

**Ryan Drilling, LLC; O’Ryan Heavy Haul, LLC; O’Ryan Family Limited Partnership;
Ryan C. Hoerauf, Inc. d/b/a O’Ryan Oil & Gas and their principals, officers, managers,
members, partners, limited partners, and records custodians**

c/o Tommy D. Sheen
Richards, Elder, Gibson & Sheen, PLLC
12223 Quaker Avenue
Lubbock, Texas 79424
806-696-3302

Connection to Case: Defendants in this lawsuit, all controlled by Hoerauf.

**Ryan C. Hoerauf, Individually and as Trustee of the Amber Hoerauf Trust and the
Matthew Hoerauf Trust**

c/o Tommy D. Sheen
Richards, Elder, Gibson & Sheen, PLLC
12223 Quaker Avenue
Lubbock, Texas 79424
806-696-3302

Connection to Case: Defendant in this lawsuit, holds interests in/controls the other Defendants in this lawsuit, and spouse of Defendant Deanna Hoerauf.

O’Ryan Production & Exploration, Ltd.; O’Ryan Oregon Ranches, LLC; O’Ryan Ranches, Ltd.; Ryan Properties, Inc.; O’Ryan Mission, Ltd.; Ryan Mission, Inc.; Ryan E&P Management, Inc.; O’Ryan Ponderosa, LLC; EON Production, LLC; Scanrock Oil & Gas, Inc; and Smackover Oil Treaters, Ltd. and their principals, officers, managers, members, partners, limited partners, and records custodians
c/o Ryan C. Hoerauf, Registered Agent
One Mission Boulevard
Odessa, Texas 79765

Connection to Case: Defendants in this lawsuit, all controlled by Defendant Hoerauf.

O’Ryan Ranches, LLC and its principals, officers, managers, members, and records custodians
c/o Data Research, Inc., Registered Agent
7185 SW Sandburg Street, Suite 110
Portland, Oregon 97223

Connection to Case: Defendant in this lawsuit, controlled by Defendant Hoerauf.

Deanna K. Hoerauf
18 La Paz Circle
Odessa, Texas 79765

Connection to Case: Defendant in this lawsuit, spouse of Defendant Ryan Hoerauf, and members of and assists in controlling Defendants Lease Supervisors, LLC and Sage Fountain Hills Partners, LLC.

Lease Supervisors, LLC and Sage Fountain Hills Partners, LLC and their principals, officers, managers, members, partners, limited partners, and records custodians
c/o Deanna Hoerauf, Registered Agent
One Mission Boulevard
Odessa, Texas 79765

Connection to Case: Defendants in this lawsuit, controlled by Hoerauf and Deanna Hoerauf.

Defendants’ Financial Institutions where accounts have been maintained and transactions occurred, including, but not necessarily limited to, Lone Star State Bank of West Texas, and their corporate representatives and records custodians
Lone Star State Bank of West Texas
6220 Milwaukee Avenue
Lubbock, Texas 79424
806-771-7717

Connection to Case: Financial institutions aware of transactions and conduct involving Defendants.

Defendants' accounting firms that have been involved with Defendants' accounting, including, but not necessarily limited to, Whitley Penn LLP (F/K/A Johnson, Miller & Co., Certified Public Accountant D/B/A Johnson Miller & Co.), and their corporate representative and records custodians

Whitley Penn LLP
550 W. Texas Ave., Suite 1000
Midland, Texas 79701
432-683-1835

Connection to Case: Accounting firms aware of financial and other transactions, tax and other filings, records, and conduct involving Defendants.

Jeff Phillips

c/o JD Benton
French Benton, PPLC
415 West Wall Street, Suite 1505
Midland, Texas 79701
432-888-8996

Connection to Case: Signatory on Note on behalf of Ryan Drilling; former employee, officer, and/or member Defendants Ryan Drilling and O'Ryan Heave Haul, LLC and knowledge of Hoerauf's control of them; familiarity with potential sale of Ryan Drilling; familiarity with some of the other Defendants.

Amber Hoerauf Gill

Honolulu Dermatology
1953 S. Beretania Street, Suite 3C
Honolulu, HI 96826

Connection to Case: Beneficiary of the Amber Hoerauf Trust who is aware of transactions and conduct involving Defendants.

Mathew R. Hoerauf

3 Moon Chase
Odessa, Texas 79762

Connection to Case: Beneficiary of the Mathew Hoerauf Trust who is aware of transactions and conduct involving Defendants.

Shad Gill

Honolulu Dermatology
1953 S. Beretania Street, Suite 3C
Honolulu, HI 96826

Connection to Case: Spouse of Amber Hoerauf Gill, beneficiary of the Amber Hoerauf Trust.

George Willis McGuirt

188 Bristol Bend Circle
The Woodlands, Texas 77382
gmcguirt@gmail.com

Connection to Case: Partner in Dean Global Industries, LLC (“DGI”) that tried to purchase, in 2017, Defendant Ryan Drilling for \$8,850,000 and the assets of Defendant O’Ryan Heavy Haul for an additional \$650,000; knowledge of the corresponding negotiations and of Hoerauf’s unreasonable requirements to complete that sale; knowledge of Ryan Drilling financial statements provided to DGI during those negotiations.

Tami D. Spencer

5710 4th Street, apt. 1704
Lubbock, Texas 79416
432-218-8444

Connection to Case: Former bookkeeper for one or more of Defendants who has knowledge of transactions and conduct involving Defendants.

Lloyd Eugene Sanders, Jr.

1836 Cody Place
Odessa, Texas 79762
432-559-7336

Connection to Case: Certified Public Account formerly employed by Johnson, Miller & Co., Certified Public Accountant D/B/A Johnson Miller & Co. (that later became Whitley Penn) and formerly employed as a personal contractor by Hoerauf to perform various accounting and bookkeeping services, including maintaining the general ledgers and assisting/interfaces with Whitley Penn in preparing tax returns for Defendants Ryan Drilling; O’Ryan Heavy Haul, LLC; Ryan C. Hoerauf, Inc. d/b/a O’Ryan Oil & Gas; the Amber Hoerauf Trust; the Mathew Hoerauf Trust, O’Ryan Production & Exploration, Ltd.; and Smackover Oil Treaters, Ltd.

Linda Benham

c/o Tommy D. Sheen
Richards, Elder, Gibson & Sheen, PLLC
12223 Quaker Avenue
Lubbock, Texas 79424
806-696-3302

Connection to Case: Current or former accountant or bookkeeper for one or more of Defendants who has knowledge of transactions and conduct involving Defendants and has knowledge of Defendants and Hoerauf’s (and Deanna Hoerauf’s) control of and final say relating to financial matters of Defendants.

Cynthia Rebber

c/o James D. Bradbury
James D. Bradbury, PLLC
9111 Jollyville Road, Suite 220
Austin, Texas 78759
512-953-5801

Connection to Case: Certified Public Accountant who formerly worked at Whitley Penn LLP (F/K/A Johnson, Miller & Co., Certified Public Accountant D/B/A Johnson Miller & Co.) and prepared and/or assisted in preparing tax-related work papers, financial documents, and tax returns for one or more of Defendants and who is aware of transactions and conduct involving Defendants and Hoerauf's control over Defendants' financial matters.

All persons referenced in Plaintiff's Discovery Responses and documents produced.

All persons properly identified by Defendants in their Discovery Responses and documents produced.

All persons identified by Plaintiff Well Castle Limited and Plaintiff Arnold Oil Company of Austin, L.P. in their Discovery Responses and documents produced.

Given that discovery and investigation are ongoing, Plaintiff reserves the right to amend and supplement its Response to this item as warranted.

f. for each testifying expert:

1. the expert's name, address, and telephone number;
2. the subject matter on which the expert will testify;
3. the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to your control, documents reflecting such information;
4. if the expert is retained by, employed by, or otherwise subject to your control;
 - (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
 - (B) the expert's current resume and bibliography;

RESPONSE:

Experts Retained By, Employed By, or Subject to Plaintiff's Respective Control

Gary E. Zausmer

gzausmer@enochkever.com

Shelby O'Brien

sobrien@enochkever.com

ENOCH KEVER PLLC

7600 N. Capital of Texas Highway

Building B, Suite 200

Austin, Texas 78731

512-615-1200

Mr. Zausmer and Ms. O'Brien will testify with respect to the entitlement, reasonableness, and necessity of attorneys' fees and costs incurred by Plaintiff, and may testify with respect to the entitlement, reasonableness, and necessity of attorneys' fees and costs claimed by other parties. They have special knowledge and expertise in these areas, and their qualifications and backgrounds are contained in their resumes. Their opinions are expected to be that the fees and expenses sought by Plaintiff are reasonable and necessary, based upon a review of the facts and legal issues in this case applying the Lodestar analysis and other applicable Texas law.

Enoch Kever PLLC attorneys' fees and expenses incurred in connection with this lawsuit will be properly furnished at the appropriate stage and in a proper manner.

Mr. Zausmer's resume and Ms. O'Brien's resume are available at: <https://enochkever.com/attorneys/gary-e-zausmer/> and <https://enochkever.com/attorneys/shelby-l-obrien/>.

Aaron Dorfner

COTTON BLEDSOE, TIGHE & DAWSON, PC

500 West Illinois Ave., Suite 300

Midland, Texas 79701

866-721-6665

Mr. Dorfner will testify with respect to the entitlement, reasonableness, and necessity of attorneys' fees and costs incurred by Plaintiff, and may testify with respect to the entitlement, reasonableness, and necessity of attorneys' fees and costs claimed by other parties. He has special knowledge and expertise in these areas, and his qualifications and backgrounds are contained in his resume. His opinions are expected to be that the fees and expenses sought by Plaintiff are reasonable and necessary, based upon a review of the facts and legal issues in this case applying the Lodestar analysis and other applicable Texas law.

Cotton Bledsoe, Tighe & Dawson, PC attorneys' fees and expenses incurred in connection with this lawsuit will be properly furnished at the appropriate stage and in a proper manner.

Mr. Dorfner's resume is available at: <https://www.cottonbledsoe.com/attorney/aaron-m-dorfner/>.

Michael Cook, Partner

Cook Brooks Johnson PLLC
7800 N. Mopac Expressway, Suite 215
Austin, Texas 78759
512-381-3000

Mr. Cook is expected to testify regarding his analyses of certain of Defendants' books, records, tax returns, documents, and financial data; improprieties in Defendants' failure to follow the corporate formalities of various entities controlled by Ryan C. Hoerauf; improprieties regarding the intermingling of assets and liabilities between and among Defendants; and improprieties in how Defendants' tax work papers and obligations were prepared and handled, which were designed to benefit individual principals of Ryan Drilling LLC—specifically including Ryan C. Hoerauf. Mr. Cook's testimony will include, among other things, his opinions regarding (1) certain Defendants' company formation, company structure, company separateness, and certain Defendants' failure to follow requisite formalities, practices, protocols and separateness (including alter ego, joint venture, joint enterprise, and company veil piercing implications of these improper practices); (2) the improper handling, recording, and reporting of various Defendants' assets, liabilities, obligations, financial affairs, and transactions; (3) improprieties regarding the manner in which debt obligations owed to Ryan Drilling, LLC by other Defendants were never paid and were designed to benefit individual principals of Ryan Drilling, LLC, specifically including Ryan C. Hoerauf, to the detriment of Ryan Drilling, LLC's creditors, specifically including Arnold Oil; (4) representations to the Internal Revenue Service in Ryan Drilling, LLC federal tax returns signed by Ryan C. Hoerauf under penalty of perjury concerning Ryan C. Hoerauf's guaranty of certain Ryan Drilling, LLC debt; (5) a response to testimony from other witnesses in this lawsuit who testify about subjects within the scope of the matters referenced in this Response; and (6) any points in rebuttal to analyses made or conclusions reached by any of Defendants' experts and witnesses. Mr. Cook was provided with and reviewed various financial documents produced by Defendants in this lawsuit and the Griffin Investigation Services expert report served in the Well Castle lawsuit.

Mr. Cook may also testify with respect to the entitlement, reasonableness, and necessity of attorneys' fees and costs incurred by Plaintiff, and may testify with respect to the entitlement, reasonableness, and necessity of attorneys' fees and costs claimed by other parties. His opinion is expected to be that the fees and expenses sought by Plaintiff are reasonable and necessary, based upon a review of the facts and legal issues in this case, applying the Lodestar analysis and other applicable Texas law.

He has special knowledge and expertise in these areas, and his qualifications and background are contained in his resume. Mr. Cook's resume is available at: <https://www.cbjlawfirm.com/attorneys/michael-l-cook>.

This specific Response will be supplemented, as warranted, following ongoing depositions and responses to discovery requests in this case.

Brendan Griffin, CFE

Griffin Investigative Service, LLC
110 W. Louisiana Ave., Ste. 310
Midland, Texas 79701
(432) 234-4392
brendan@griffininvestigativeservices.com

Mr. Griffin will testify regarding his analyses of Defendants' books, records, and financial data as a certified fraud examiner. Mr. Griffin is expected, among other things, to testify to the following: (1) the organizational structure of various Ryan C. Hoerauf and Deanna Hoerauf entities to determine transfers of funds to an affiliate, insider, or relative as those terms are defined by TUFTA, Texas Business & Commerce Code §§ 24.002(1), 24.002(7), and 24.002(11), respectively; (2) Ryan Drilling LLC's "solvency" at all relevant times, as defined by Texas Business & Commerce Code § 24.003; (3) transactions made to affiliates, insiders, or relatives from Ryan Drilling, LLC (and/or transactions between such entities and/or persons) which could be violations of TUFTA; and (4) any points in rebuttal to analyses made or conclusions reached by Defendants' experts.

Mr. Griffin's opinions are based on his skills, knowledge, experience, education, and training developed over 14 years of work as an agent with the Federal Bureau of Investigation, on his 19 years of work as an accountant, on his 18 years of work as a certified fraud examiner, and on the actual work performed in this litigation. Plaintiff incorporates herein Mr. Griffin's resume and report, which are attached as Exhibit "A-1" to Plaintiff Well Castle Limited's Expert Designations in Cause No. CV55526, consolidated herein. Plaintiff will supplement this designation with a rebuttal report and other information as needed or required in response to Defendants' designations and/or under the rules and orders of this Court.

Steve Dawson, CPA, CFE

Dawson Forensic Analytics, PLLC d/b/a Dawson Forensic Group
P.O. Box 54462
Lubbock, Texas 79453
(806) 368-5779

Mr. Dawson will testify regarding his analyses of Defendants' books, records, and financial data as a certified public accountant and certified fraud examiner. Mr. Dawson is expected, among other things, to testify to the following: (1) the organizational structure of various Ryan C. Hoerauf and Deanna Hoerauf entities to determine transfers of funds to an affiliate, insider, or relative as those terms are defined by TUFTA, Texas Business & Commerce Code §§ 24.002(1), 24.002(7), and 24.002(11), respectively; (2) Ryan Drilling LLC's "solvency" at all relevant times, as defined by Texas Business & Commerce Code § 24.003; (3) transactions made to affiliates, insiders, or relatives from Ryan Drilling, LLC (and/or transactions between such entities and/or persons) which could be

violations of TUFTA; and (4) any points in rebuttal to analyses made or conclusions reached by Defendants' experts.

Mr. Dawson's opinions are based on his skills, knowledge, experience, education, and training developed over a 34-year career as a certified public accountant, on his 20 years of work as a certified fraud examiner, and on the actual work performed in this litigation. Plaintiff incorporates herein Mr. Dawson's resume, which is attached as Exhibit "A-2" to Plaintiff Well Castle Limited's Expert Designations in Cause No. CV55526, consolidated herein, and Mr. Dawson joins in the analysis and conclusions set forth in the report by Mr. Griffin of Griffin Investigative Services, which as noted above has also been incorporated herein. Plaintiff will supplement this designation with a rebuttal report and other information as needed or required in response to Defendants' designations and/or under the rules and orders of this Court.

Bill Patterson, CTP, CIRA, CPA, Executive Vice President
Erik White, CIRA, Managing Director

Harney Partners
Westech 360
8911 Capital of Texas Highway
Suite 2120
Austin, Texas 78759
512-892-0803

Mr. Patterson and Mr. White are expected to testify regarding their analyses of Defendants' books, records, and financial data and about the financial affairs and transactions of Defendants, including improper intermingling of assets and liabilities between and among Defendants. Mr. Patterson's and Mr. White's testimony will include, among other things, their opinions regarding (1) the transfers of funds between and among Defendants and by Ryan Drilling to an affiliate, insider, or relative as those terms are defined in TUFTA; (2) Ryan Drilling LLC's solvency before, at, and after the time of the transactions and transfers in question, as defined in TUFTA, and Ryan Drilling's insolvency as defined in TUFTA; (3) improprieties in transactions made to affiliates, insiders, or relatives from Ryan Drilling, LLC, as governed by and relating to TUFTA; (4) improper transfers and misappropriation of funds made for the purpose of defrauding Ryan Drilling LLC's creditors, specifically including as to Arnold Oil; (5) improprieties in how Defendants' financial assets, liabilities, and obligations were treated and carried in Defendants' financial books and records; and (6) any points in rebuttal to analyses made or conclusions reached by any of Defendants' experts.

Mr. Patterson's and Mr. White's opinions are based on their skills, knowledge, experience, education, and training developed over their decades of experience as, in the case of Mr. Patterson, a certified public account, a certified turnaround professional, and a certified insolvency and restructuring advisor, and, in the case of Mr. White, a certified insolvency and restructuring advisor. Mr. Patterson and Mr. White were provided with and reviewed financial and other documents produced by Defendants and non-parties (such as Lone Star Bank) in this case, Defendants' written discovery responses, deposition transcripts, certain court filings, and the Griffin Investigative Services expert report served in the Well Castle lawsuit.

Mr. Patterson's and Mr. White's resumes are available at: <https://harneypartners.com/team-member/bill-patterson-ctp-cira-cpa/> and <https://harneypartners.com/team-member/erik-white-cira/>.

This specific Response will be supplemented, as warranted, following Mr. Patterson's and Mr. White's complete review of review of the financial records of Defendants, that Defendants were late, to provide and ongoing depositions and responses to discovery requests in this case.

Non-Retained Experts

The following Non-Retained Experts may be called to testify at trial regarding their mental impressions and opinions of the issues in this lawsuit.

- Any and all expert witnesses designated by all parties in this lawsuit and in supplementation thereof. In so doing, Plaintiff does not vouch for or adopt the qualifications or opinions of those experts.
- Any and all rebuttal witnesses designated by all other parties in this lawsuit and in supplementation thereof.
- Any and all persons listed as persons with knowledge of relevant facts in this lawsuit who are qualified by their training, experience and/or education to offer opinion testimony, as well as their custodian of records, if any.
- Any and all persons identified during depositions or whose name appears on the transcript of any deposition taken in this case.
- Any and all persons whose statements may have been taken regarding the transactions, occurrences, or incidents made the basis of this suit.
- Any and all persons referred to and/or identified in any document which has been or will be produced in response to any Request for Production by all parties in this lawsuit and in supplementation thereof.
- Any and all persons referred to and/or identified in any answer to any Interrogatory by all parties in this lawsuit and in supplementation thereof.
- Any and all persons whose name is reflected in any document which has been or will be submitted to the Court by affidavit.
- Any and all persons whose name is reflected in any document which has been or will be subpoenaed from anyone by any party.

By this designation, Plaintiff does not necessarily vouch for the degree or extent to each individual's expertise, nor does Plaintiff necessarily adopt, vouch for, or support all of the opinions, or the factual

basis thereof, with respect to these individuals. Many of the individuals are probably adverse to the positions taken by Plaintiff. Thus, the purpose of this designation is to permit Plaintiff to examine and cross-examine the individuals to elicit testimony in the form of “expert” testimony, as that term is defined and applied under the laws and statutes of the State of Texas.

The subject matter of each of the non-retained experts are also contained within their respective records pertaining to this case, and in the case where a non-retained expert gives a deposition in this lawsuit, the subject matter of their testimony will also be included in each of their respective depositions.

Other Designations

Plaintiff also cross-designates any expert witnesses designated by any of the other parties, including Defendants.

Plaintiff lists any and all individuals designated as rebuttal witnesses by all other parties in this lawsuit and in supplementation thereof.

Plaintiff lists any and all persons identified during depositions or whose name appears on the transcript of any deposition taken in this case.

Plaintiff lists any and all persons whose statements may have been taken regarding the incidents, transactions, and occurrences made the basis of this suit.

Plaintiff lists any and all persons referred to and/or identified in any document which has been or will be produced in response to any request for production, interrogatories and/or requests for/initial disclosure by all parties in this lawsuit and in supplementation thereof.

Plaintiff lists any and all persons whose name is reflected in any document which has been or will be submitted to the Court by affidavit.

Plaintiff lists any and all persons whose name is reflected in any document which has been or will be subpoenaed from anyone by any party.

Plaintiff lists any other persons or entities named by any party as fact witnesses.

Plaintiff reserves the right to elicit and use expert opinion testimony expressed live or in deposition testimony taken prior to trial or contained in affidavits on file in this case.

Plaintiff reserves the right to withdraw the designation of expert witness and to re-designate the witness as a consulting witness who cannot be called by opposing counsel.

Plaintiff reserves the right to call undesignated expert witnesses in rebuttal, whose identities and testimony cannot reasonably be foreseen until Plaintiff has presented its evidence at trial.

Plaintiff reserves the right to elicit by cross-examination the opinion testimony of expert witnesses designated and called by other parties to this suit.

It is the intention of Plaintiff to present at trial of this matter and introduce as evidence the testimony of relevant fact witnesses who, during the course of their deposition testimony or their trial testimony, or both, may provide opinions that might be considered expert opinions. Plaintiff expressly reserves the right to present such testimony as expert witness testimony by said witnesses, whether or not said witnesses are known to Plaintiff as of the date of this designation, or become known hereinafter, such as is necessary for Plaintiff to present its case to the jury in this matter and obtain a fair and just trial on the merits.

Plaintiff reserves the right to withdraw its designation of any expert witness and to aver positively that such designated expert witness will not be called as a witness at trial and to re-designate same, who can be called by opposing counsel.

The Response to this item (f) will be supplemented, as required, in connection with the August 21, 2023 Agreed Scheduling Order (Level 3) and Discovery Control Plan entered in this lawsuit (and any amendments thereto). Given that discovery and investigation are ongoing, Plaintiff reserves the right to amend and supplement its Response to this item as warranted.

- g. any discoverable indemnity and insuring agreements;

RESPONSE: No known discoverable indemnity and insuring agreements pertaining to this lawsuit.

- h. any discoverable settlement agreements;

RESPONSE: No discoverable Settlement Agreements, as such, governing all claims and parties in this litigation.

- i. any discoverable witness statements;

RESPONSE: No known discoverable witness statements at this time, other than to the extent that discovery responses, documents, and testimony provided and to be provided may constitute discoverable witness statements.

- j. all medical records and bills that are reasonably related to the injuries or damages asserted and an authorization permitting the disclosure of such medical records and bills;

RESPONSE: Not applicable.

- k. all medical records and bills obtained by the responding party by virtue of an authorization furnished by the requesting party;

RESPONSE: Not applicable.

- l. name, address, and telephone number of any person who may be designated as a responsible third party.

RESPONSE: None known at this time.

Given that discovery and investigation are ongoing, Plaintiff reserves the right to amend and supplement its Response to this item as warranted.

CAUSE NO. CV55526

WELL CASTLE LIMITED	§	IN THE DISTRICT COURT
<i>Plaintiff</i>	§	
	§	
v.	§	385 TH JUDICIAL DISTRICT
	§	
RYAN DRILLING, LLC,	§	
INDIVIDUALLY AND <i>d/b/a</i>	§	
O'RYAN DRILLING; O'RYAN	§	
HEAVY HAUL, LLC; O'RYAN	§	
FAMILY LIMITED PARTNERSHIP;	§	
RYAN C. HOERAUF, INC. <i>d/b/a</i>	§	
O'RYAN OIL & GAS; and RYAN C.	§	
HOERAUF INDIVIDUALLY, AND AS	§	
TRUSTEE OF THE AMBER	§	
HOERAUF TRUST AND THE	§	
MATHEW HOERAUF TRUST,	§	
LEASE SUPERVISORS, LLC;	§	
DEANNA K. HOERAUF; O'RYAN	§	
PRODUCTION & EXPLORATION, LTD.;	§	
O'RYAN OREGON RANCHES, LLC;	§	
O'RYAN RANCHES, LTD.; O'RYAN	§	
RANCHES, LLC; RYAN PROPERTIES,	§	
INC.; O'RYAN MISSION, LTD.; RYAN	§	
MISSION, INC.; RYAN E&P	§	
MANAGEMENT, INC.; O'RYAN	§	
PONDEROSA, LLC; EON PRODUCTION,	§	
LLC; SCANROCK OIL & GAS, INC;	§	
SMACKOVER OIL TREATERS, LTD.;	§	
SAGE FOUNTAIN HILLS PARTNERS, LLC	§	
<i>Defendants</i>	§	MIDLAND COUNTY, TEXAS

CONSOLIDATED WITH

CAUSE NO. CV57838

ARNOLD OIL COMPANY FUELS, LLC	§	IN THE DISTRICT COURT
<i>Plaintiff</i>	§	
	§	
v.	§	385 TH JUDICIAL DISTRICT
	§	
RYAN DRILLING, LLC; O'RYAN HEAVY	§	
HAUL, LLC; O'RYAN FAMILY LIMITED	§	
PARTNERSHIP; RYAN C. HOERAUF, INC.	§	
D/B/A O'RYAN OIL & GAS; and RYAN C.	§	

HOERAUF INDIVIDUALLY AND AS §
TRUSTEE OF THE AMBER HOERAUF §
TRUST AND THE MATHEW HOERAUF §
TRUST, LEASE SUPERVISORS, LLC; §
DEANNA K. HOERAUF; O'RYAN §
PRODUCTION & EXPLORATION, LTD.; §
O'RYAN OREGON RANCHES, LLC; §
O'RYAN RANCHES, LTD.; O'RYAN §
RANCHES, LLC; RYAN PROPERTIES, §
INC.; O'RYAN MISSION, LTD.; RYAN §
MISSION, INC.; RYAN E&P §
MANAGEMENT, INC.; O'RYAN §
PONDEROSA, LLC; EON PRODUCTION, §
LLC; SCANROCK OIL & GAS, INC; §
SMACKOVER OIL TREATERS, LTD.; §
SAGE FOUNTAIN HILLS PARTNERS, LLC §
Defendants § MIDLAND COUNTY, TEXAS

CONSOLIDATED WITH

CAUSE NO. CV54833

O'RYAN HEAVY HAUL, LLC § IN THE DISTRICT COURT OF
Plaintiff §
v. § 385TH JUDICIAL DISTRICT
§
ARNOLD OIL COMPANY OF AUSTIN, §
L.P. AND IRONPLANET, INC. §
Defendants § MIDLAND COUNTY, TEXAS

WELL CASTLE'S SECOND SUPPLEMENTAL
DESIGNATION OF EXPERT WITNESSES
[Cause No. CV55526]

NOW COMES, Well Castle Limited ("***Plaintiff***" or "***Well Castle***"), which files this, its Second Supplemental Designation of Expert Witnesses, which is attached as **Exhibit "A"** hereto, and which is fully incorporated herein by reference.

With this Supplemental Designation, it is the specific intention of Plaintiff to supplement each and every response to each and every disclosure or discovery request propounded to Plaintiff by any party which pertains to expert witnesses. To that extent, Plaintiff relies on and incorporates this designation as its supplemental response to disclosure responses or discovery requests propounded by any of the Defendants.

Plaintiff reserves the right to amend and/or further supplement such disclosures in accordance with the TEXAS RULES OF CIVIL PROCEDURE and/or the controlling docket control order entered by the Court. Particularly, due to ongoing discovery in this case, and Defendants' collective failure and/or refusal to produce all documents and/or information responsive to Well Castle's written and other discovery efforts to date, Well Castle reserves the right to (and shall) supplement this designation and any attendant reports.

It is also the specific intention of Plaintiff to clarify by this supplement that when references are made herein to experts' opinions regarding "Defendants" that the term "Defendants" includes *all* of the named Defendants in this case, to wit: Ryan Drilling, LLC (individually, and d/b/a O'Ryan Drilling); O'Ryan Heavy Haul, LLC; O'Ryan Family Limited Partnership; Ryan C. Hoerauf, Inc. (d/b/a O'Ryan Oil & Gas); Ryan C. Hoerauf (individually, and as Trustee for the Amber Hoerauf Trust and the Mathew Hoerauf Trust); Lease Supervisors, LLC; Deanna K. Hoerauf (individually); O'Ryan Production & Exploration, Ltd.; O'Ryan Oregon Ranches, LLC; O'Ryan Ranches, Ltd.; Ryan Properties, Inc.; O'Ryan Ranches, LLC; O'Ryan Mission, Ltd.; Ryan Mission, Inc.; Ryan E&P Management, Inc.; O'Ryan Ponderosa, LLC; Eon Production, LLC; Scanrock Oil & Gas, Inc; Smackover Oil Treaters, Ltd.; and Sage Fountain Hills Partners, LLC.

Respectfully submitted,

BROCKETT, MCNEEL & POCSIK, LLP
TGAAR TOWER
24 Smith Road, Suite 400
Midland, Texas 79705
Telephone: (432) 686-7743
Facsimile: (432) 683-6229

By: 

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kcolpoys@brockettmcneel.net

*Attorneys for Plaintiff,
Well Castle Limited*

CERTIFICATE OF SERVICE

On July 19, 2024, a true and correct copy of this Supplemental Designation was provided to opposing counsel via electronic service.

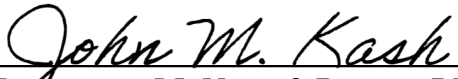

BROCKETT, MCNEEL & POCSIK, LLP

EXHIBIT “A”

SECOND SUPPLEMENTAL DESIGNATION OF EXPERT WITNESSES

Plaintiff's Second Supplemental Expert Designations are here being made pursuant to the Court's May 22, 2024 *Second Amended Pretrial Scheduling Order and Discovery Control Plan* in this consolidated litigation. Plaintiff's Second Supplemental Expert Designations are being submitted with the caveat that the designations cannot be fully or properly made at this time given the failure of all Defendants to timely and properly comply with discovery obligations, including producing documents relevant, if not critical, to Plaintiff's claims.

Plaintiff expressly reserves the right to further supplement its Second Supplemental Expert Designations given the foregoing and the discovery history in connection with this litigation. By serving its Second Supplemental Expert Witness Designations, Plaintiff is not waiving, and is expressly reserving, its right to further supplement and amend its Second Supplemental Expert Witness Designations.

Further, Plaintiff's description below of the subject matter on which each designated expert will testify and the general substance of such expert's mental impressions and opinions and a brief summary of the basis for them is intended to provide a basic summary that Plaintiff anticipates such designated expert witnesses will offer. The information provided is not intended to be and does not constitute an exhaustive or complete recitation of each and every mental impression or opinion or specific detailed subject matter applicable to each such designated expert. Many mental impressions and opinions and related testimony may be offered by such designated expert witnesses in response to questions posed by counsel, including counsel for any of the parties, and cannot reasonably be anticipated until such time as each such expert is deposed or questioned at the time of trial. Pursuant to the May 22, 2024 *Second Amended Pretrial Scheduling Order and Discovery Control Plan*, Plaintiff below provides the subject matters on which the designated expert witnesses will testify and the additional related information as set forth.

Further, in accordance with the May 22, 2024 *Second Amended Pretrial Scheduling Order and Discovery Control Plan* and consistent with the Texas Rules of Civil Procedure, Plaintiff offers a reasonable opportunity for Plaintiff's designated expert witnesses to be deposed, provided that the requested depositions of Defendants and Defendants' representatives are completed first.

RETAINED TESTIFYING EXPERTS

1) Brendan Griffin, CFE

Griffin Investigative Service, LLC
110 W. Louisiana Ave., Ste. 310
Midland, Texas 79701
(432) 234-4392
brendan@griffininvestigativeservices.com

Mr. Griffin will testify regarding his analyses of Defendants' books, records, and financial data as a certified fraud examiner. Mr. Griffin is expected, among other things, to testify to the following:

- The organizational structure of various Ryan C. Hoerauf and/or Deanna K. Hoerauf entities to determine transfers of funds to an affiliate, insider, or relative as those terms are defined by Texas Business & Commerce Code §§ 24.002(1), 24.002(7), and 24.002(11), respectively;
- Ryan Drilling LLC's "solvency" at the time of the Well Castle Limited loan agreement, as defined by Texas Business & Commerce Code § 24.003;
- Transactions made to affiliates, insiders, or relatives from Ryan Drilling, LLC (and/or transaction between such entities and/or persons) which could be violations of the Texas Uniform Fraudulent Transfer Act ("**TUFTA**"); and
- Any points in rebuttal to analyses made or conclusions reached by Defendants' experts.

Mr. Griffin's opinions are based on his skills, knowledge, experience, education, and training developed over 14 years of work as an agent with the Federal Bureau of Investigation, on his 19 years of work as an accountant, on his 18 years of work as a certified fraud examiner, and on the actual work performed in this lawsuit. His resume is attached hereto, along with his report as **Exhibit "A-1"**. Plaintiff will supplement this designation with a rebuttal report and other information as needed or required in response to Defendants' designations and/or under the rules and orders of this Court.

2) Steve Dawson, CPA, CFE

Dawson Forensic Analytics, PLLC d/b/a Dawson Forensic Group
P.O. Box 54462
Lubbock, Texas 79453
(806) 368-5779

Mr. Dawson will testify regarding his analyses of Defendants' books, records, and financial data as a certified public accountant and certified fraud examiner. Mr. Dawson is expected, among other things, to testify to the following:

- The organizational structure of various Ryan C. Hoerauf and/or Deanna K. Hoerauf entities to determine transfers of funds to an affiliate, insider, or relative as those terms are defined by Texas Business & Commerce Code §§ 24.002(1), 24.002(7), and 24.002(11), respectively;
- Ryan Drilling LLC's "solvency" at the time of the Well Castle Limited loan agreement, as defined by Texas Business & Commerce Code § 24.003;
- Transactions made to affiliates, insiders, or relatives from Ryan Drilling, LLC (and/or transaction between such entities and/or persons) which could be violations of the Texas Uniform Fraudulent Transfer Act ("**TUFTA**"); and
- Any points in rebuttal to analyses made or conclusions reached by Defendants' experts.

Mr. Dawson's opinions are based on his skills, knowledge, experience, education, and training developed over a 34 year career as a certified public accountant, on his 20 years of work as a certified fraud examiner, and on the actual work performed in this lawsuit. His resume is attached hereto **Exhibit "A-2"** and he joins in the analysis and conclusions set forth in **Exhibit "A-1"** (report by Griffin Investigative Services). Plaintiff will supplement this designation with a rebuttal report and other information as needed or required in response to Defendants' designations and/or under the rules and orders of this Court.

3) Michael Cook, Partner

Cook Brooks Johnson PLLC
7800 N. Mopac Expressway, Suite 215
Austin, Texas 78759
512-381-3000

Mr. Cook is expected to testify regarding his analyses of certain of Defendants' books, records, tax returns, documents, and financial data; improprieties in Defendants' failure to follow the corporate formalities of various entities controlled by Ryan C. Hoerauf; improprieties regarding the intermingling of assets and liabilities between and among Defendants; and improprieties in how Defendants' tax work papers and obligations were prepared and handled, which were designed to benefit individual principals of Ryan Drilling LLC—specifically including Ryan C. Hoerauf. Mr. Cook's testimony will include, among other things, his opinions regarding (1) certain Defendants' company formation, company structure, company separateness, and certain Defendants' failure to follow requisite formalities, practices, protocols and separateness (including alter ego, joint venture, joint enterprise, and company veil piercing implications of these improper practices); (2) the improper handling, recording, and reporting of various Defendants' assets, liabilities, obligations, financial affairs, and transactions; (3) improprieties regarding the manner in which debt obligations owed to Ryan Drilling, LLC by other Defendants were never paid and were designed to benefit individual principals of Ryan Drilling, LLC, specifically including Ryan C. Hoerauf, to the detriment of Ryan Drilling, LLC's creditors, specifically including Arnold Oil; (4) representations to the Internal Revenue Service in Ryan Drilling, LLC federal tax returns signed by Ryan C. Hoerauf under penalty of perjury concerning Ryan C. Hoerauf's guaranty of certain Ryan Drilling, LLC debts; (5) a response to

testimony from other witnesses in this lawsuit who testify about subjects within the scope of the matters referenced in this Response; and (6) any points in rebuttal to analyses made or conclusions reached by any of Defendants' experts and witnesses. Mr. Cook was provided with and reviewed various financial documents produced by Defendants in this lawsuit.

Mr. Cook may also testify with respect to the entitlement, reasonableness, and necessity of attorney's fees and costs incurred by Plaintiff, and may testify with respect to the entitlement, reasonableness, and necessity of attorney's fees and costs claimed by other parties. His opinion is expected to be that the fees and expenses sought by Plaintiff are reasonable and necessary, based upon a review of the facts and legal issues in this case, applying the Lodestar analysis and other applicable Texas law.

He has special knowledge and expertise in these areas, and his qualifications and background are contained in his resume. Mr. Cook's resume is available at: <https://www.cbjlawfirm.com/attorneys/michael-l-cook>.

This specific Response will be supplemented, as warranted, following ongoing depositions and responses to discovery requests in this case.

NON-RETAINED TESTIFYING EXPERTS

1) C.H. (Hal) Brockett, Jr.

Ryan J. McNeel

Stephen M. Pocsik

Brockett & McNeel, LLP

24 Smith Road, Suite 400

Midland, Texas 79705

(432) 686-7743

Mr. Brockett, Mr. McNeel, and Mr. Pocsik are Plaintiff's lead attorneys, and may testify as expert witnesses regarding the attorneys' fees and expenses that Plaintiff has incurred with this law firm in this lawsuit. Specifically, Mr. Brockett, Mr. McNeel, and Mr. Pocsik may testify regarding the necessity and reasonableness of the attorneys' fees and expenses incurred by Plaintiff in the prosecution of this lawsuit, based upon their experience and knowledge. CVs for Mr. Brockett, Mr. McNeel, and Mr. Pocsik are available at www.brockettmcneel.com. More extensive CVs for Mr. Brockett, Mr. McNeel, and Mr. Pocsik are available on request by opposing counsel.

2) Bill Patterson, CTP, CIRA, CPA, Executive Vice President

Erik White, CIRA, Managing Director

Harney Partners

Westech 360

8911 Capital of Texas Highway

Suite 2120

Austin, Texas 78759

512-892-0803

Mr. Patterson and Mr. White are expected to testify regarding their analyses of Defendants' books, records, and financial data and about the financial affairs and transactions of Defendants, including improper intermingling of assets and liabilities between and among Defendants. Mr. Patterson's and Mr. White's testimony will include, among other things, their opinions regarding (1) the transfers of funds between and among Defendants and by Ryan Drilling to an affiliate, insider, or relative as those terms are defined in TUFTA; (2) Ryan Drilling LLC's solvency before, at, and after the time of the transactions and transfers in question, as defined in TUFTA, and Ryan Drilling's insolvency as defined in TUFTA; (3) improprieties in transactions made to affiliates, insiders, or relatives from Ryan Drilling, LLC, as governed by and relating to TUFTA; (4) improper transfers and misappropriation of funds made for the purpose of defrauding Ryan Drilling LLC's creditors, specifically including as to Arnold Oil; (5) improprieties in how Defendants' financial assets, liabilities, and obligations were treated and carried in Defendants' financial books and records; and (6) any points in rebuttal to analyses made or conclusions reached by any of Defendants' experts.

Mr. Patterson's and Mr. White's opinions are based on their skills, knowledge, experience, education, and training developed over their decades of experience as, in the case of Mr. Patterson, a certified public account, a certified turnaround professional, and a certified

insolvency and restructuring advisor, and, in the case of Mr. White, a certified insolvency and restructuring advisor. Mr. Patterson and Mr. White were provided with and reviewed financial and other documents produced by Defendants and non-parties (such as Lone Star Bank) in this case, Defendants' written discovery responses, deposition transcripts, certain court filings, and the Griffin Investigative Services expert report served in the Well Castle lawsuit.

Mr. Patterson's and Mr. White's resumes are available at:

<https://harneypartners.com/team-member/bill-patterson-ctp-cira-cpa/>

and

<https://harneypartners.com/team-member/erik-white-cira/>

This specific Response will be supplemented, as warranted, following Mr. Patterson's and Mr. White's complete review of review of the financial records of Defendants, that Defendants were late, to provide and ongoing depositions and responses to discovery requests in this case.

3) Other Non-Retained Experts

The following Non-Retained Experts may be called to testify at trial regarding their mental impressions and opinions of the issues in this lawsuit.

- Any and all persons listed as persons with knowledge of relevant facts in this lawsuit who are qualified by their training, experience and/or education to offer opinion testimony, as well as their custodian of records, if any.
- Any and all persons identified during depositions or whose name appears on the transcript of any deposition taken in this case.
- Any and all persons whose statements may have been taken regarding the transactions, occurrences, or incidents made the basis of this suit.
- Any and all persons referred to and/or identified in any document which has been or will be produced in response to any Request for Production by all parties in this lawsuit and in supplementation thereof.
- Any and all persons referred to and/or identified in any answer to an interrogatory by all parties in this lawsuit and in supplementation thereof.
- Any and all persons whose name is reflected in any document which has been or will be submitted to the Court by affidavit.
- Any and all persons whose name is reflected in any document which has been or will be subpoenaed by any party.

- Any and all individuals designated as expert witnesses by all parties in this lawsuit and in supplementation thereof. In so doing, Plaintiff does not vouch for or adopt the qualifications or opinions of those experts.
- Any and all individuals designated as rebuttal witnesses by all other parties in this lawsuit and in supplementation thereof.

By this designation, Plaintiff does not necessarily vouch for the degree or extent to each individual's expertise, nor does Plaintiff necessarily adopt, vouch for, or support all of the opinions, or the factual basis thereof, with respect to these individuals. Many of the individuals are probably adverse to the positions taken by Plaintiff. Thus, the purpose of this designation is to permit Plaintiff to examine and cross-examine the individuals to elicit testimony in the form of "expert" testimony, as that term is defined and applied under the laws and statutes of the State of Texas.

The subject matter of each of the non-retained experts are also contained within their respective records pertaining to this case, and in the case where a non-retained expert gives a deposition in this lawsuit, the subject matter of their testimony will also be included in each of their respective depositions.

OTHER DESIGNATIONS

Plaintiff also cross-designates any expert witnesses designated by any of the other parties, including Defendants.

Plaintiff lists any and all persons identified during depositions or whose name appears on the transcript of any deposition taken in this case.

Plaintiff lists any and all persons whose statements may have been taken regarding the incident made the basis of this suit.

Plaintiff lists any and all persons referred to and/or identified in any document which has been or will be produced in response to any request for production, interrogatories and/or requests for disclosure by all parties in this lawsuit and in supplementation thereof.

Plaintiff lists any and all persons whose name is reflected in any document which has been or will be submitted to the Court by affidavit.

Plaintiff lists any and all persons whose name is reflected in any document which has been or will be subpoenaed by any party.

Plaintiff lists any other persons or entities named by any party as fact witnesses.

Any and all individuals designated as rebuttal witnesses by all other parties in this lawsuit and in supplementation thereof.

Plaintiff reserves the right to elicit and use expert opinion testimony expressed live or in deposition testimony taken prior to trial or contained in affidavits on file in this case.

Plaintiff reserves the right to withdraw the designation of expert witness and to re-designate the witness as a consulting witness who cannot be called by opposing counsel.

Plaintiff reserves the right to call undesignated expert witnesses in rebuttal, whose identities and testimony cannot reasonably be foreseen until Plaintiff has presented its evidence at trial.

Plaintiff reserves the right to elicit by cross-examination the opinion testimony of expert witnesses designated and called by other parties to this suit.

It is the intention of Plaintiff to present at trial of this matter and introduce as evidence the testimony of relevant fact witnesses who, during the course of their deposition testimony or their trial testimony, or both, may provide opinions that might be considered expert opinions. Plaintiff expressly reserves the right to present such testimony as expert witness testimony by said witnesses, whether or not said witnesses are known to Plaintiff as of the date of this designation, or become known hereinafter, such is necessary for Plaintiff to present its case to the jury in this matter and obtain a fair and just trial on the merits.

Plaintiff reserves the right to amend and/or supplement this Designation of Expert Witnesses after further investigation of this matter, upon the receipt of new information, and prior to trial. Plaintiff further reserves the right to amend and/or supplement this Designation of Expert Witnesses upon the completion of discovery in this case.

Plaintiff reserves the right to withdraw the designation of any expert witness and to aver positively that such designated expert witness will not be called as a witness at trial and to re-designate same, who can be called by opposing counsel.



» Home » Our People » Eric Taube



Eric Taube

Strategic Partner

☎ [512 567 5997](tel:5125675997)

[in](#) [Linkedin Profile](#)

Education & Qualifications

» Vanderbilt University

Eric Taube

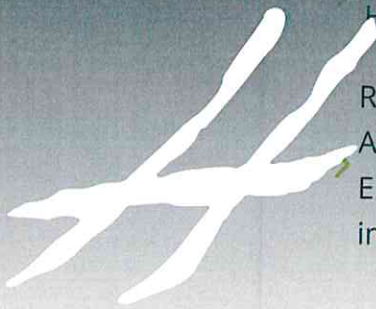
Strategic Partner

Eric is a strategic partner with Harney Partners who may act as a corporate receiver, independent director, bankruptcy trustee or plan/litigation trustee.

During his forty year legal career, Eric has handled a variety of complex litigation matters in state and federal courts in Texas—and around the country in the areas of bankruptcy, work-outs, banking, real estate/entitlement, business/commercial disputes, fiduciary matters, and securities litigation.

Eric has served as counsel to debtors, creditors, committees, litigation trusts, bankruptcy

EXHIBIT "G"



University of
Houston Law Center
Ronald B. King
Award by the Larry
E. Kelly Inns of Court
in 2023

trustees, receivers, corporations and individuals
in hundreds of matters, including highly
controversial and high profile bet-the-company
litigation. He has also served as a receiver and
litigation trustee, including representation of
receivers.

HARNEY PARTNERS

Representative Engagements

» **Banking** +

» **Bankruptcy** +

» **Business & Commercial Disputes** +

» **Fiduciary Matters** +

» **Securities** +



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From: [Bill Patterson](#)
To: [Gary Zausmer](#)
Subject: Harney Partners' Resignation from Engagement
Date: Tuesday, August 5, 2025 4:57:34 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)



Gary,

Pursuant to the Legal Consulting Engagement Agreement dated March 30, 2022 (the "Agreement"), this email is Harney Partner's written notice to Enoch Kever PLLC (the "Firm") on behalf of Arnold Oil Company Fuels, LLC (the "Client") that effective August 19, 2025, Harney Partners concludes its engagement with the Firm and Client and terminates the Agreement. Harney Partners will continue to adhere to the confidentiality obligations described in the Agreement and will provide the Firm all Materials (as defined in the Agreement) in its possession, custody, or control related to the Engagement on the Firm's instructions.

Best Regards,

BILL PATTERSON

Executive Vice President



**HARNEY
PARTNERS**



[512.464.1174](tel:512.464.1174)



[512.633.3696](tel:512.633.3696)



bpatterson@harneypartners.com



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EXHIBIT "H"