

April 25, 2012

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Herschel L. McDivitt, Director
Division of Oil & Gas
Indiana Department of Natural Resources
402 West Washington Street, Room W-293
Indianapolis, IN 46204

**Re: *Indiana Statewide Rural Electric Cooperative, Inc. and Maverick Energy*
Cause Nos. DOG-1-2012 & DOG-2-2012**

Dear Mr. McDivitt:

Indiana Statewide Rural Electric Cooperative, Inc. ("Hoosier Energy") has received your notices dated April 4, 2012 in the above-referenced cause numbers, by which you set the Petitions for Forced Pooling (the "Petitions") filed by Maverick Energy for an informal hearing on May 10, 2012.

Hoosier Energy respectfully requests that the informal hearing be stayed pending the outcome of previously-filed quiet title litigation currently pending before Judge Welch in the Marion County Superior Courts that relates to the same property. As explained in more detail below, Hoosier Energy disputes and is currently litigating whether Maverick Energy has a leasehold estate regarding (a) any of the real estate described in DOG-2-2012, and (b) all but 3 acres of the leased property described in DOG-1-2012. In order to promote efficiency and, more importantly, to avoid substantial prejudice to Hoosier Energy, those quiet title issues must be resolved by a Court before an informal hearing on the Petitions can be productive.

A. Background

In its Petitions, Maverick claims leasehold interests in two quarter-quarter sections located in Sullivan County. As shown on Exhibit D of the Petition initiating DOG-2-2012, Maverick's only interests in the relevant quarter-quarter section derive from its alleged leasehold estate on Tracts 13 and 18 pursuant to the Johnson Farms Lease. (A copy of the 2003 Johnson Farms Lease is attached here as Exhibit 1, along with a 2008 Amendment to Lease as Exhibit 2.)

Likewise, as to DOG-1-2012, the vast majority of Maverick's interest in the relevant quarter-quarter section is allegedly based on the Johnson Farms Lease. Specifically, as shown on Exhibit D of the relevant Petition, Maverick claims leasehold interests in 29.07 acres in that quarter-quarter section, 25.73 of which allegedly derive from the Johnson Farms Lease (The

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remaining 3.34 acres allegedly are owned by Bruce McKinley and allegedly are leased to Maverick.)

In February 2012, Hoosier Energy filed a quiet title action regarding Maverick's claimed leasehold interests under the Johnson Farms Lease, which is currently pending before Judge Welch in the Marion County Superior Courts as Cause No. 49D03-1202-MI-007392. A true and accurate copy of Hoosier Energy's Complaint (without its exhibits) is attached hereto as Exhibit 3.

As set forth in the Complaint, Hoosier Energy contends that the Johnson Farms Lease has lapsed. It is undisputed that the primary term under the Lease expired, and Maverick failed to make its annual advance royalty payment to extend the term. Therefore, the Lease, and all rights flowing from those documents, terminated and expired by at least January 4, 2012.

B. A Stay Would Promote Efficiency And Avoid Prejudice To Hoosier Energy

As an initial matter, in order to demonstrate that it is entitled to an order of forced pooling, Maverick must show that it owns one of several "separately owned tracts of land . . . within an established drilling unit." I.C. 14-37-9-1. Without the Johnson Farms Lease, Maverick has no interest within the quarter-quarter section that is the subject matter of Cause No. DOG-2-2012, and therefore has no right to force Hoosier Energy to pool any interest. Therefore, as to Cause No. DOG-2-2012, Maverick cannot show that it has any separate ownership of a tract within the established drilling unit without litigating and proving to this Agency that the Johnson Farms Lease did not lapse as set forth in the Marion County Complaint.

The Marion County Superior Court already has jurisdiction to determine whether Maverick has any rights in the subject property. It would be inefficient for the parties to litigate the same issue before the Department of Natural Resources ("DNR") and the Natural Resources Commission (the "Commission") even assuming they have the authority or inclination to do so. Any decision here would lack finality because the Marion County Court will ultimately determine whether Maverick has any rights under the Johnson Farms Lease. Moreover, any decision by DNR and the Commission that addresses, even inferentially, Maverick's ownership interest could not be based on any but the barest record. Discovery in the Court action is just beginning, and Hoosier Energy would be severely prejudiced if it is required to present a case on May 10, before discovery relating to ownership has been completed.

The issues under Cause No. DOG-1-2012 are no cleaner. Although Maverick there claims a very small interest (3.34 acres) in the relevant quarter-quarter section that is independent of the Johnson Farms Lease, Maverick also claims a much larger tract (25.73 acres) that is allegedly based on that Lease. Therefore, even if Maverick could seek to force pooling based on a claimed interest in less than 10% of the 40 acres in the relevant quarter-quarter section, there would be no practical way for DNR or the Commission to determine "reasonable

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terms that give the owner of each tract an equitable share of oil and natural gas in the unit or pool." I.C. 14-37-9-1. Without litigating Maverick's rights under the Johnson Farms Lease, DNR and the Commission could not reasonably determine the relative percentage ownerships of Maverick or Hoosier Energy in the established drilling units. Therefore, it would be difficult or impossible to: (a) establish "reasonable" or "equitable" terms based on the ownership interests of either party, or (b) determine whether Hoosier Energy or Maverick would be the most appropriate operator pursuant to Indiana Code 14-37-9-3. Again, Judge Welch will ultimately determine whether Maverick or Hoosier Energy owns almost 26 acres (65% of the quarter-quarter section). Until the Court does so, any determination by DNR or the Commission must necessarily be arbitrary.

Maverick will not be prejudiced by a stay. The rules related to forced pooling do not set forth any required timeframes for hearings or decisions. The only way for DNR or the Commission to perform their duties with legitimacy and to make a true equitable allocation is with the ownership interests established by the Court having jurisdiction to finally determine such rights. Anything less is guesswork and creates the potential for additional litigation. Maverick should be as interested in a fair and final allocation as Hoosier Energy and DNR and the Commission. For its part, Hoosier Energy is committed to fast-tracking the quiet title action pending before Judge Welch. There should be no material factual disputes and following discovery the case will be ripe for an early Motion for Summary Judgment. While that litigation is pending, the rights of both Maverick and Hoosier Energy remain uncertain, and any decision by DNR or the Commission would be speculative at best.

C. Conclusion

For the reasons set forth above, Hoosier Energy respectfully requests a stay of the informal hearing currently scheduled for May 10 or any decision on the Petitions until a decision by a Court of competent jurisdiction on the Count in Hoosier Energy's Complaint seeking to quiet title with regard to the Johnson Farms Lease.

We are happy to discuss this issue further at your convenience.

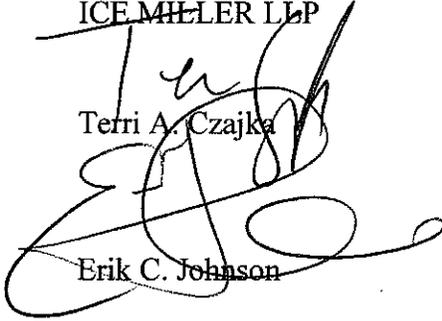
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Sincerely,

ICE MILLER LLP



Terri A. Czajka



Erik C. Johnson

TAC/ECJ:slw

Enclosure

cc: Maverick Energy Inc. c/o Larry C. Neely
Bruce McKinley

DNR

Indiana Department of Natural Resources

Mitchell E. Daniels, Jr., Governor
Robert E. Carter, DNR Director

Division of Oil and Gas
402 West Washington St., Rm.W293
Indianapolis, IN 46204-2748
(317) 232-4055
(317) 232-1550 fax

May 2, 2012

Terri A. Czajka
Ice Miller, LLP
One American Square
Suite 2900
Indianapolis, IN 46282-0200

Re: ***Indiana Statewide Rural Electric Cooperative, Inc. and Maverick Energy
Cause Nos. DOG-1-2012 and DOG-2-2012***

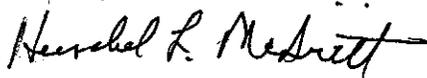
Dear Ms. Czajka:

This letter responds to your correspondence of April 25, 2012, wherein a request was made to postpone the informal hearing scheduled on May 10, 2012, for the above matters on the basis of quiet title litigation currently pending in the Marion County Superior Courts.

Given that the status of the referenced Johnson Farms Lease is in question, I believe that it is indeed in the best interests of all parties involved that the matter of forced pooling of oil, gas, and/or coal bed methane interests be postponed pending the outcome of this litigation.

A formal notice of postponement is attached. If you have any questions, please do not hesitate to contact me at the above address or call (317) 232-4058.

Sincerely,



Herschel L. McDivitt
Director
Division of Oil and Gas

Cc: **Maverick Energy, Inc. c/o Larry C. Neely**

Division of Oil and Gas
402 West Washington St., Rm.W293
Indianapolis, IN 46204-2748
(317) 232-4055
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**NOTICE OF POSTPONEMENT OF INFORMAL HEARING ON APPLICATIONS FOR
FORCED POOLING FILED BY MAVERICK ENERGY, INC.
40 ACRE COAL BED METHANE UNIT LOCATED IN:
SW/SW, SEC 17, TWP 7 NORTH, RNG 10 WEST, SULLIVAN COUNTY, IN
And
40 ACRE COAL BED METHANE UNIT LOCATED IN:
NW/SW, SEC 17, TWP 7 NORTH, RNG 10 WEST, SULLIVAN COUNTY, IN**

CAUSE NO. DOG-1-2012 and DOG-2-2012

TO: Indiana Statewide Rural Electric Cooperative, Inc., P.O. Box 908, 7398 North State Road 37,
Bloomington, IN 47404

✓ Terri Czajka, Ice Miller, LLP, One American Square, Suite 2900, Indianapolis, IN 46282

Maverick Energy, 702 North Jackson St., Robinson, IL 62454

NOTICE

Please be advised that the informal hearing scheduled for Thursday, May 10, 2012, for each of the above causes is being postponed pending the outcome of quiet title litigation currently pending before the Marion County Superior Courts.

May 2, 2012
DATED

Herschel R. McDivitt

Herschel L. McDivitt
Director
Indiana Division of Oil and Gas