

promissory note; and that, in connection with the investments in these oil and gas drilling programs, the defendants advised the participants and/or purchasers they were entitled to take deductions against gains on their federal income tax returns in excess of their *pro rata* share of the actual costs (if any) incurred by defendant Mid-Con Petroleum, Inc. in drilling the wells. The United States maintains that these and other attributes of these oil and gas drilling programs (hereinafter “the Mid-Con Drilling Programs”) cause the drilling programs to be unlawful tax shelters.

Defendants James R. Earl and Mid-Con Petroleum, Inc. waive the entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure, consent to the entry of this preliminary injunction, and agree to be bound by its terms. The United States, Defendants James R. Earl and Mid-Con Petroleum, Inc. agree that no provision in this stipulated preliminary injunction or the fact that these Defendants are agreeing to it constitutes an admission by them of any of the allegations set forth by the United States in the foregoing paragraph or in its amended complaint. The United States and Defendants Earl and Mid-Con further agree that entry of this preliminary injunction neither precludes the Internal Revenue Service from assessing penalties against Earl and Mid-Con for asserted violations of the Internal Revenue Code nor precludes Earl and Mid-Con from contesting any such penalties.

ORDER

IT IS ORDERED that Defendants James R. Earl and Mid-Con Petroleum, Inc. and their representatives, agents, servants, employees and anyone in active concert or participation with them, are **PRELIMINARILY ENJOINED**, pursuant to Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402, 7407, and 7408, effective from entry of this Order from directly or indirectly:

(1) Engaging in any conduct subject to penalty under IRC § 6700 by organizing, promoting, marketing, or selling any tax shelter, plan, or other arrangement, and in connection

therewith, making gross valuation overstatements (as defined in IRC § 6700), or making statements that they know or have reason to know are false or fraudulent about the allowability of any deduction or credit, the excludability of any income or the securing of any tax benefit by reason of participating in such tax shelter, plan, or other arrangement;

(2) Organizing, promoting, marketing and/or selling interests in programs with attributes similar to those of the Mid-Con Drilling Programs;

(3) Causing and/or assisting other persons or entities to understate their federal tax liabilities on federal tax returns;

(4) Engaging in activity subject to penalty under I.R.C. § 6701, including advising with respect to, preparing, or assisting in the preparation of a document related to a material matter under the internal revenue laws that they know will, if used, result in an understatement of another person's tax liability;

(5) Issuing or selling letters of credit or soliciting and/or receiving any renewal fees or other funds relating to any old or new letters of credit with respect to any interest in an oil and gas well involved in the Mid-Con Drilling Programs; and

(6) Engaging in any other conduct that interferes with the administration or enforcement of the internal revenue laws.

Agreed to on December 8, 2008 by:

GREGORY G. LOCKHART
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s/ Shana M. Starnes

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SO ORDERED:

S/ James L. Graham
UNITED STATES DISTRICT JUDGE

Dated: December 15, 2008