

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	Case No. 2-07-cv-1221
DANIEL D. WEDDINGTON,	)	
JAMES R. EARL,	)	
MID-CON PETROLEUM, INC. and	)	
JEFFREY L. GAUMER,	)	
	)	
Defendants.	)	
	)	
MID-CON PETROLEUM, INC.,	)	
	)	
Cross-Claim Plaintiff,	)	
	)	
v.	)	
	)	
WEDDINGTON LOUGHMAN, GAUMER	)	
& COMPANY,	)	
	)	
New Cross-Claim Defendant.	)	

STIPULATED PERMANENT INJUNCTION AS TO JAMES R. EARL

The United States has filed a complaint for permanent injunction under 26 U.S.C. C 7402(a), 7407, and 7408 against defendant James R. Earl, and others.

James R. Earl waives the entry of findings of fact and conclusions of law under Rules 52 and 65 of the Federal Rules of Civil Procedure, consents to the entry of this permanent injunction without further notice, and agrees to be bound by its terms. Earl understand that this permanent injunction constitutes the final judgment in this matter, and waive the right to appeal from this judgment.

Earl further understands and agrees that the Court will retain jurisdiction over this matter

for the purpose of implementing and enforcing this injunction and understands that if he violates the injunction, he may be subject to civil and criminal sanctions for contempt of court. The United States and defendants Earl agree that entry of this permanent injunction neither precludes the Internal Revenue Service from assessing penalties against Earl for asserted violations of the Internal Revenue Code nor precludes Earl from contesting any such penalties.

ORDER

IT IS HEREBY ORDERED that defendants James R. Earl and his representatives, agents, servants, employees, and anyone in active concert or participation with him, are **PERMANENTLY ENJOINED**, pursuant to Internal Revenue Code (I.R.C.) (26 U.S.C.) §§ 7402, 7407 and 7408 from directly or indirectly:

(1) Organizing, promoting, marketing, or selling (a) any program that is designed to enable customers to claim false federal tax deductions for intangible drilling costs associated with joint ventures entered into with Mid-Con Petroleum, Inc. (hereinafter "IDC Program"), as described in the amended complaint, (b) any other program that is the same as or substantially similar to the IDC Program, or (c) any other tax shelter, plan or arrangement that advises or assists customers to attempt to violate the internal revenue laws or unlawfully evade the assessment or collection of their federal tax liabilities;

(2) Engaging in any conduct subject to penalty under I.R.C. § 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 I.R.C. § 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;

(3) Causing 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 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 IDC Program; and

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

IT IS FURTHER ORDERED that Earl, to the extent he has in his possession or under his custody or control the documents containing the requested information, must produce to counsel for the United States a list identifying (by name, address, e-mail address, phone number, and Social Security or other tax identification number) all participants who have used any tax shelter, investment plan, or other financial arrangements defendant Mid-Con Petroleum, Inc. sold or promoted at any time between January 1, 2001 and April 21, 2008.

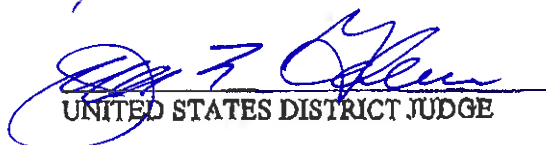
IT IS FURTHER ORDERED that Earl, at his own expense, shall contact by mail all individuals and entities that have participated in the IDC Program and inform them of this injunction and enclose a copy of the amended complaint and this injunction. If Earl encloses a letter or any other material with the mailing, the enclosure must be approved either by counsel for the Government or by the Court. Earl shall file with the Court, within 20 days of the date of this

permanent injunction, a certification signed under penalty of perjury confirming that he has so notified Mid-Con joint venture participants as required by this paragraph.

IT IS FURTHER ORDERED that the Court retains jurisdiction to enforce this injunction and the United States may engage in post-judgment discovery to monitor Earl's compliance with this injunction.

IT IS FURTHER ORDERED that each party shall be liable for its own costs of litigation and attorneys' fees.

SO ORDERED this 12th day of May, 2011.


UNITED STATES DISTRICT JUDGE

AGREED TO BY:

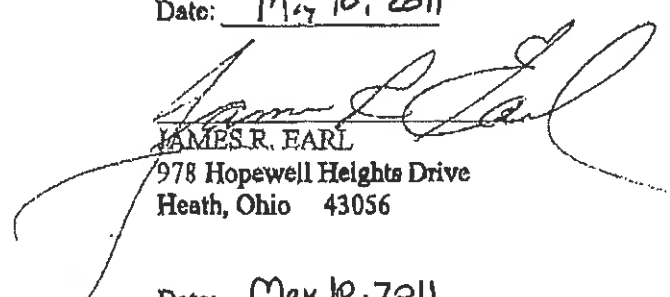
Date: May 10, 2011

CARTER M. STEWART
United States Attorney

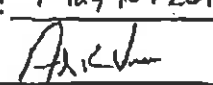

ELLEN K. WEIS
Virginia Bar No. 77454
Trial Attorney, Tax Division
U.S. Department of Justice
Post Office Box 7238
Ben Franklin Station
Washington, D.C. 20044
Telephone: (202) 616-9010
Email: ellen.k.weis@usdoj.gov

*Attorneys for Plaintiff
United States of America*

Date: May 10, 2011


JAMES R. EARL
978 Hopewell Heights Drive
Heath, Ohio 43056

Date: May 10, 2011


ADAM K. VERNAU
Ohio Bar 0041464
Vernau Law
1288 Brittany Hills East
Newark, OH 43055
Telephone: (740) 587-2637
Email: adam@vernaulaw.com

*Attorney for Defendants James R. Earl
and Mid-Con Petroleum, Inc.*