IN THE COURT OF COMMON PLEAS OF MERCER COUNTY, PENNSYLVANIA

JEFFRY S. VODENICHAR, DAVID M. KING, JR. and **LEIGH V. KING,** husband and wife, **JOSEPH B. DAVIS** and **LAUREN E. DAVIS**, husband and wife, **GROVE CITY COUNTRY CLUB**, and **RICHARD BROADHEAD**, individually and on behalf of all those similarly situated,

Plaintiffs

v.

HALCÓN ENERGY PROPERTIES, INC., MORASCYZK & POLOCHAK, and **CO-EXPRISE, INC.**, d/b/a **CX-Energy**,

Defendants

JURY TRIAL DEMANDED

CIVIL DIVISION

No. 2013-512

Type of Case:

CLASS ACTION – CONTRACT

Type of Pleading:

AMENDED CLASS ACTION COMPLAINT

Filed on behalf of Plaintiffs.

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Plaintiffs,	:	No 2013-512
v.	:	
HALCÓN ENERGY PROPERTIES, INC., **MORASCYZK & POLOCHAK**, and **CO-EXPRISE, INC.**, d/b/a **CX-Energy**,	:	
Defendants.	:	

AMENDED CLASS ACTION COMPLAINT

Plaintiffs Jeffry S. Vodenichar, David M. King, Jr., Leigh V. King, Joseph B. Davis, Lauren E. Davis, Grove City Country Club, and Richard Broadhead, individually and on behalf of all persons similarly situated, by their undersigned counsel, file this Amended Class Action Complaint against defendant Halcón Energy Properties, Inc. ("Halcón" or "Halcón Energy Properties"), Morascyzk & Polochak ("M&P"), and Co-eXprise, Inc., d/b/a CX-Energy ("CX" or "CX-Energy"), and in support thereof allege upon personal knowledge or upon information and belief as follows:

INTRODUCTION

1. Halcón Energy Properties in 2012 sought to acquire oil and gas rights in Mercer

County, Pennsylvania and Eastern Ohio. In June 2012, Halcón entered into a binding contract under which it agreed to lease up to 60,000 acres of oil and gas rights from landowners in Mercer County. Halcón agreed to pay Mercer County landowners $3,850 per acre as well as an 18.5% royalty payment. Halcón, however, wrongfully and without justification repudiated its agreement and refused to pay bonus amounts that were owed under gas leases for more than 1,700 parcels of land that encompassed more than 24,000 acres of Mercer County. Plaintiffs seek to recover, individually and for all those similarly situated, all amounts that Halcón owes but failed to pay. In addition to seeking recovery of damages and other relief from Halcón for breach of contract, plaintiffs also seek (i) to recover damages (i) from CX-Energy and M&P because of their actions; (ii) to recover damages in tort from CX-Energy, M&P and Halcón for certain actions described more fully below and (iii) a declaratory judgment establishing whether CX-Energy and M&P are entitled to certain transaction fees.

THE PARTIES

2. Plaintiff Jeffry S. Vodenichar ("Vodenichar") is a citizen of Pennsylvania who resides in Butler, Pennsylvania. Mr. Vodenichar owns approximately 275 acres of land in New Vernon Township, Mercer County, Pennsylvania, including: (i) 80.41 acres of land known as Parcel Number 19 075 019 in New Vernon Township as described in the deed recorded in Book 2006, Page 14156 of the Mercer County Recorder of Deeds Office; (ii) 60.9 acres of land known as Parcel Number 19 074 041 in New Vernon Township as described in the deed recorded in Book 2006, Page 2316 of the Mercer County Recorder of Deeds Office; (iii) 100 acres of land known as Parcel Number 19 062 023 002 in New Vernon Township as described in the deed recorded in Book 2006, Page 2316 of the Mercer County Recorder of Deeds Office; and (iv) 34.4 acres of land

known as Parcel Number 19 062 023 in New Vernon Township as described in the deed recorded in Book 2005, Page 11482 of the Mercer County Recorder of Deeds Office (collectively, the "Vodenichar Parcels"). Mr. Vodenichar owns all relevant oil and gas rights associated with the Vodenichar Parcels.

3. Plaintiffs David M. King, Jr. and Leigh V. King, husband and wife (the "Kings"), are citizens of Pennsylvania who reside at Sandy Lake, Mercer County, Pennsylvania. The Kings own approximately 63.34 acres of land known as Parcel Number 19 062 024 in New Vernon Township, Mercer County, Pennsylvania, as described in the deed recorded in Book 2005, Page 10768 of the Mercer County Recorder of Deeds Office (the "King Parcel"). The Kings own all relevant oil and gas rights associated with the King Parcel.

4. Plaintiffs Joseph B. Davis and Lauren E. Davis, husband and wife (the "Davises"), are citizens of Pennsylvania who reside in Stoneboro, Pennsylvania. The Davises own approximately 7.5 acres of land known as Parcel Number 19 074 041 005 in New Vernon Township, Mercer County, Pennsylvania, as described in the deed recorded in Book 2005, Page 7081 of the Mercer County Recorder of Deeds Office (the "Davis Parcel"). The Davises own all relevant oil and gas rights associated with the Davis Parcel.

5. Plaintiff Grove City Country Club ("Grove City CC") is a citizen of the Commonwealth of Pennsylvania with its principal place of business at 73 Country Club Road, Grove City, PA 16127. Grove City CC owns approximately 215.5 acres of land known as Parcel Number 22 218 014 in Pine Township, Mercer County, Pennsylvania (the "Grove City CC Parcel"). Grove City CC owns all relevant oil and gas rights associated within the Grove City CC Parcel.

6. Plaintiff Richard Broadhead is a citizen of Pennsylvania whose address is P.O. Box 137, Polk, PA 16342. Mr. Broadhead owns approximately 32.5 acres of land known as Parcel Number 26 115 035 in Sandy Lake Township, Mercer County, Pennsylvania, as described in the deed recorded in Book 2004, Page 17523 of the Mercer County Recorder of Deeds Office (the "Broadhead Parcel"). Mr. Broadhead owns all relevant oil and gas rights associated with the Broadhead Parcel.

7. Defendant Halcón Energy Properties, Inc. is a corporation organized and existing pursuant to the laws of the State of Delaware. Its principal place of business and headquarters is located at 1000 Louisiana Street, Suite 6700, Houston, Texas 77002.

8. Defendant Morascyzk & Polochak is a partnership with offices at Suite 200, 1371 Washington Pike, Bridgeville, Pennsylvania, which at various times provided services to plaintiffs and those similarly situated as more particularly set forth herein. Joseph E. Morascyzk and Jacob S. Polochak are equity partners in M&P. Mr. Morascyzk and Mr. Polochak are citizens of the Commonwealth of Pennsylvania and are attorneys at law licensed to practice law in the Commonwealth of Pennsylvania.

9. Defendant Co-eXprise, Inc. is a corporation whose principal place of business is located at Suite 300, 6021 Wallace Road Ext., Wexford, Pennsylvania. CX-Energy represents landowners and markets the landowners' oil and gas rights to gas and energy companies and at various times provided such services to plaintiffs and those similarly situated as set forth more particularly herein.

10. Venue is proper in this Court because the individual and representative plaintiffs are residents of Mercer County, Pennsylvania, and the events at issue arose in and relate to real

property located in Mercer County, Pennsylvania.

EVENTS GIVING RISE TO THE CLAIMS

11. M&P has traditionally represented individual landowners and groups of landowners with respect to leasing oil and gas interests and ancillary legal services. In or about 2010, M&P represented and provided legal services to individual landowners and groups of landowners in Beaver County, Pennsylvania, Lawrence County, Pennsylvania and other areas in that region, including a group of landowners called the Mt. Jackson Leasing Group (the "First Mt. Jackson Leasing Group").

12. In 2010, CX-Energy and M&P entered into a joint business arrangement related to the First Mt. Jackson Leasing Group under which M&P provided legal services and CX-Energy provided technological resources, including data management and mapping, in order to market the oil and gas rights of the First Mt. Jackson Leasing Group.

13. Their joint arrangement with regard to the First Mt. Jackson Leasing Group was beneficial for both M&P and CX-Energy. In late 2010, CX-Energy formed a partnership or joint venture with M&P under which CX-Energy and M&P marketed oil and gas rights of landowners and groups of landowners. In connection with that partnership or joint venture, M&P provided legal services and CX-Energy provided complementary technological, data and administrative services.

14. M&P held itself out as having partnered with CX-Energy, and as described below, M&P and CX-Energy jointly entered into contracts, known as Landowner MarketPlace Agreements ("LMA's"), with landowners who M&P and CX-Energy considered to be joint clients,

that is, clients of their partnership or joint venture. Upon information and belief, CX-Energy and M&P shared the transaction fees and resulting profits generated by their partnership or joint venture. At all relevant times, M&P and CX-Energy acted in furtherance of and through their partnership or joint venture in connection with their dealings with plaintiffs, the class members and Halcón.

15. Large tracts of contiguous or nearby parcels of land are generally more attractive to oil and gas companies than isolated smaller parcels of land. Accordingly, CX-Energy and M&P believed that landowners could obtain oil and gas leases with higher bonus payments, higher royalty rates, and more attractive terms if they collectively offered oil and gas rights as a group to oil and gas and energy companies.

16. In order to form a bargaining group for Mercer County landowners, CX-Energy and M&P in 2012 solicited and entered into individual contracts (the LMA's) with thousands of landowners in Mercer County, Pennsylvania, who they designated as the "Mt. Jackson 4 – Stoneboro Group" (such landowners are variously referred to as the "Mt. Jackson IV Landowner Group," the "Mt. Jackson Group 4 Landowners," the "Fourth Mt. Jackson Group," or similar terms).

17. CX-Energy and M&P expected to share the "transaction fee" when the lessee-gas company paid a bonus under an oil and gas lease to a landowner who had signed an LMA. CX-Energy and M&P sought to have the lessee gas company deduct the transaction fee from the landowner's bonus payment by paying the transaction fee directly to CX-Energy, which would share the fee with M&P. As described herein, under the LMAs, CX-Energy and M&P were agents for landowners who entered the LMAs.

18. Mr. Vodenichar entered into an LMA with CX-Energy and M&P on or about June 15, 2012. Under Mr. Vodenichar's LMA, CX-Energy and M&P agreed to market Mr. Vodenichar's oil and gas rights to gas companies to secure acceptable price and lease terms for his parcels of land. M&P, under the LMA, agreed to prepare all applicable lease documents. Those lease documents were, in fact, standard form documents that applied to the landowners in the Mt. Jackson IV Landowner Group. Mr. Vodenichar, in turn, granted to CX-Energy and M&P the exclusive right to accept price proposals from potential lessees for a defined period of time and to negotiate on his behalf. Mr. Vodenichar agreed to execute an oil and gas lease if CX-Energy and M&P negotiated a lease that (i) paid a bonus payment of $3,500 or more per acre, (ii) had a royalty payment of 17.5% or more, and (iii) had mutually-agreed upon lease terms, all of which conditions were satisfied with respect to Halcón, as set forth more fully below. Under the LMA, CX-Energy and M&P were to receive a transaction fee equal to 8% of the bonus payment that the lessee company was to pay him. A true and correct copy of Mr. Vodenichar's LMA is attached as Exhibit 1 and incorporated herein.

19. Landowners had to accept or reject the standard form documents presented by CX-Energy and M&P as they existed. Landowners either accepted the standard terms offered by CX-Energy and M&P and participated in the leasing program or they were excluded from participating.

20. Before the landowners executed the standard form LMA's, neither M&P nor CX-Energy, the agents and attorneys for the landowners, disclosed that they had changed or may have changed any documents or terms that had been approved by Halcón. In particular, neither M&P nor CX-Energy disclosed to the landowners any change that may have occurred to the Orders

for Payment that the landowners executed. Nothing in the LMA's advised the landowners to obtain independent legal advice about the terms of the contractual agreement (the LMA's) between the landowners and M&P and CX-Energy.

21. Approximately 3,000 Mercer County landowners, including Mr. Vodenichar, the Kings, the Davises, Grove City CC, and Mr. Broadhead also engaged CX-Energy and M&P in 2012 to represent them in connection with leasing their oil and gas rights on acceptable terms. The Kings, the Davises, Grove City CC, Mr. Broadhead and the other Mercer County landowners executed LMAs that were virtually identical to Mr. Vodenichar's LMA which is attached as Exhibit 1. The LMAs differed only as to the identity of the landowner, the property description, and, in some instances, the amount of the transaction fee. As with Mr. Vodenichar, such LMAs granted to CX-Energy and M&P the exclusive right to negotiate with and accept price proposals from potential lessees for a defined period of time and required the landowners to execute an oil and gas lease if — as in fact occurred with Halcón — CX-Energy and M&P negotiated a gas lease that paid a bonus payment of more than $3,500 per acre, a royalty payment of 17.5% or more, and mutually-agreed upon lease terms.

22. Each of the LMA's entered between CX-Energy, M&P and plaintiffs or other class member landowners included an attachment designated as Exhibit A, which identified the specific parcels of real estate owned by the individual landowner and which were subject to the LMA. The Mercer County landowners who executed LMAs with CX-Energy and M&P were a specifically defined geographical group. Only Mercer County landowners who entered into LMAs with CX-Energy and M&P were members of the Mt. Jackson IV Landowner Group.

23. CX-Energy and M&P marketed the oil and gas rights of plaintiffs and the class

members and attempted to find a company that would lease those oil and gas rights. After various marketing efforts and negotiations, Halcón, on or about June 2, 2012, entered into a so-called "Letter of Intent" (the "Halcón Agreement") with CX-Energy and M&P which were acting on behalf of and as agents for members of the Mt. Jackson IV Landowner Group. At the time that Halcón entered into the Halcón Agreement, Halcón knew the terms of and had approved the Firm Offer Letter that the landowners executed.

24. Under the Halcón Agreement, Halcón contracted to lease up to 60,000 acres of oil and gas rights from Mercer County landowners who entered into LMAs with CX-Energy and M&P and submitted executed oil and gas leases and other required documents by June 30, 2012, as further described below. A copy of the Halcón Agreement, as produced by Halcón, is attached hereto as Exhibit 2. Plaintiffs, at this time, are without knowledge as to the authenticity of the attachments to the Halcón Agreement.

25. Under the terms of the Halcón Agreement, Halcón agreed to enter into an oil and gas lease with every member of the Mt. Jackson Group who submitted specified documents on a timely basis. More specifically:

(a) After negotiating with CX-Energy and M&P, Halcón prepared a standard form "Oil and Gas Lease, Paid-Up Lease" (hereinafter "Form Lease") an "Order for Payment", and a "Memorandum of Lease" which were to be executed and returned by landowners in the Mt. Jackson Group. The Form Lease explicitly stated that it "was prepared by ... Halcón Energy Properties, Inc."

(b) Under the terms of the Halcón Agreement and the Form Lease and Order for Payment that Halcón negotiated and prepared, Halcón agreed to pay each Mt. Jackson

Group landowner $3,850 per acre as a "bonus" payment together with an 18.5% royalty.

(c) Each member of the Mt. Jackson Group was to execute an Order for Payment, the Form Lease and Memorandum of Lease, and other documents, and Halcón agreed to accept each Form Lease subject to the delivery and confirmation of marketable title. Halcón could refuse to lease the oil and gas rights of a member of the Mt. Jackson Group only if there was a specified deficiency, such as a title defect or an adverse environmental claim, as set forth more specifically in the Halcón Agreement. In particular, Halcón had no general discretionary right to refuse to lease oil and gas rights from members of the Mt. Jackson Group. Moreover, Halcón had no right to refuse to lease oil and gas interests from the members of the Mt. Jackson Group based upon any purported inability to obtain contiguous or reasonably contiguous leasehold interests or because such property was located within particular townships or municipalities. Halcón had, in fact, defined its area of interest as being "Mercer County."

(d) Halcón knew and agreed that it had no discretionary right to refuse to lease a class member's oil and gas rights. Halcón could reject a lease only in good faith for reasons specified in the Halcón Agreement, that is, for a title defect or an "other defect" as defined in Paragraph 10 of the Agreement and only within the time frame set forth in the Halcón Agreement.

(e) CX-Energy and M&P agreed to conduct at least one three-day opportunity for members of the Mt. Jackson Group to execute the Form Lease, Memorandum of Lease and other required documents in or substantially in the form that Halcón had approved or to which it had agreed. Halcón also agreed to pay the expenses associated with such

meetings and mass signings opportunities.

(f) Halcón agreed to enter into oil and gas leases with each class member who submitted the form documents by June 30, 2012, or as extended. However, Halcón was not required to lease more than 60,000 acres of oil and gas rights under the Halcón Agreement.

(g) Halcón had 90 business days from June 30, 2012, to complete its title and "other Defect" review. It was then required to provide within 3 days a written summary specifying: (i) the properties as to which it asserted title defects or "other Defects;" and (ii) the properties as to which it required additional time to complete its review. Halcón also was required to provide information that identified a property's purported title defect or "other Defect." Halcón was required to make prompt payment under the leases unless a title defect or "other Defect" as defined in the Halcón Agreement existed with respect to a specified property. If Halcón asserted that a title defect or "other Defect" existed with respect to a specified property, the landowner, CX-Energy and M&P had 6 months to cure any such defect.

26. The terms of the Halcón Agreement applied both to the members of the Mt. Jackson Group who had already executed LMAs as well as to persons within the defined group who thereafter executed LMAs within a defined period of time. Under the Halcón Agreement, every Mt. Jackson Group IV member with oil and gas rights to lease who executed an LMA by June 30, 2012, was guaranteed to receive an oil and gas lease with Halcón paying a $3,850 per acre bonus payment and an 18.5% royalty unless that person had a title defect or other specific "other Defects" that Halcón identified within the relevant time period.

27. As described herein, Halcón did not comply with those provisions. Although Halcón rejected a huge number of landowners' oil and gas leases, it did not reject such leases based on specific title defects or "other Defects" as defined in the Halcón Agreement. Nor did Halcón specifically identify title defects or "other Defects" with respect to specific properties, and it failed to provide information that identified any such purported defects so that they could be cured. In the vast majority of instances, Halcón did not conduct any due diligence review of the properties owned by plaintiffs and the class.

28. As described herein, Halcón refused to pay amounts due under the landowners' oil and gas leases, not because of "title defects" or "other Defects," but rather because Halcón changed its business strategy and made a business decision that it would not acquire the amount of acreage it previously agreed to acquire and that it would acquire oil and gas rights only within particular discrete boroughs, townships and communities within Mercer County.

29. In June 2012, Mr. Vodenichar submitted an offer letter, a Form Lease, an Order for Payment and a Memorandum of Lease for approximately 275 acres of land that he owned in Mercer County, Pennsylvania, all in the form drafted and prepared or approved by Halcón. He also executed and submitted an IRS Form W-9 and a Limited Power of Attorney. A true and correct (redacted) copy of each such document is attached as Exhibit 3 with the exception that the word "VOID" which appears on various pages of Exhibit 3 was not on such pages when they were executed and submitted by Mr. Vodenichar. Rather, that word was subsequently and improperly placed on the documents by defendant Halcón.

30. Under the terms of the Halcón Agreement, Halcón committed to enter into an oil and gas lease with Mr. Vodenichar under which he was to receive a bonus payment of

approximately $974,050.00 and royalty payments of 18.5%. Such bonus payment amount was after deduction of a transaction fee of $84,700 which may have been payable to CX-Energy for the joint benefit of CX-Energy and M&P.

31. The Kings, the Davises, Grove City CC, Mr. Broadhead and all other class members executed and submitted substantially identical Form Leases, Orders for Payment, Memoranda of Lease and related documents to Halcón on a timely basis, that is, on or before June 30, 2012.

32. Once Mr. Vodenichar, the Kings, the Davises, Grove City CC, Mr. Broadhead and the class members submitted the required lease documents to Halcón on a timely basis, Halcón became legally obligated to pay the bonus payment amounts called for in the Orders for Payment and the Form Leases, except where Halcón gave timely notice of a title defect or "other defect" as defined in the Halcón Agreement and such defect could not thereafter be cured within the appropriate time period.

33. In addition to agreeing to lease up to 60,000 acres of gas rights in Mercer County, Halcón also sought to acquire through a bidding process certain oil and gas rights in Mercer County from another energy company known as Vista. However, after Halcón entered into the Halcón Agreement, Vista accepted another, higher bid and transferred its oil and gas rights to that bidder, leaving Halcón without the Vista oil and gas rights. In Halcón's view, the loss of the Vista oil and gas rights made acquisition of certain of the other Mercer County oil and gas rights less attractive.

34. In July 2012, Halcón was presented with another opportunity to acquire a large block of oil and gas rights in the Utica shale area. It then decided to find ways to obtain financing for that transaction.

35. On or about August 2 and 3, 2012, and in early August 2012, Halcón decided that it would acquire only a small portion of the oil and gas interests it was obligated to lease under the Halcón Agreement. Halcón, instead, decided to focus on the oil and gas interests that it considered to be most desirable within its declared area of interest. It ultimately decided to refuse to lease more than 24,000 acres of oil and gas interests in Mercer County that it had committed to lease under the Halcón Agreement. By so spurning its obligations under the Halcón Agreement, freed up tens upon tens of millions of dollars in budgeted acquisition funds for use in other transactions, all in complete disregard of the rights of the Mercer County landowners in the Mt. Jackson Group. Put simply, Halcón in early August 2012 decided to pay its money to other gas interest owners rather than the Mercer County landowners it had promised to pay.

36. Thus, in or about early August 2012, Halcón abandoned its plan to explore and develop oil and gas rights throughout its area of interest, Mercer County. Instead, Halcón informed CX-Energy and M&P that it would reject oil and gas leases and its related commitments for roughly one-half of the members of the Mt. Jackson Group.

37. Specifically, Halcón informed CX-Energy and M&P that it would reject – and it in fact rejected – all leases submitted by class members for properties in Farrell, Hermitage, Sharon, Clark, Grove City, Jackson Center, Mercer, New Lebanon, Sharpville, West Middlesex, Wheatland, Coolspring Township, Deer Creek Township, Delaware Township, East Lackawannock Township, Findley Township, French Creek Township, Jackson Township, Jefferson Township, Lackawannock Township, Lake Township, Liberty Township, Mill Creek Township, New Vernon Township, Pine Township, Pymatuning Township, Shenango Township, Springfield Township, Wilmington Township, Wolf Creek Township and Worth Township -- all in

Mercer County, Pennsylvania.

38. Halcón stated to CX-Energy and M&P in early September 2012 that it intended to honor its commitments to the members of the Mt. Jackson Group whose properties were in Fredonia, Greenville, Jamestown Borough, Sandy Lake Borough, Sheakleyville Borough, Stoneboro Borough, Fairview Township, Greene Township, Hempfield Township, Otter Creek Township, Perry Township, Salem Township, Sandy Creek Township, Sandy Lake Township, South Pymatuning Township, or West Salem Township. Upon information and belief, Halcón has disavowed or intends in the future to disavow its duty to enter some portion of leases in those geographic areas as well.

39. Halcón rejected and repudiated its obligations under the Halcón Agreement. It marked "VOID" and returned to CX-Energy and M&P the Form Leases, the Orders for Payment and the Memoranda of Lease for Mr. Vodenichar, the Kings, the Davises, Grove City CC, Mr. Broadhead and the other class members who have land in Mercer County, Pennsylvania in Farrell, Hermitage, Sharon, Clark, Grove City, Jackson Center, Mercer, New Lebanon, Sharpville, West Middlesex, Wheatland, Coolspring Township, Deer Creek Township, Delaware Township, East Lackawannock Township, Findley Township, French Creek Township, Jackson Township, Jefferson Township, Lackawannock Township, Lake Township, Liberty Township, Mill Creek Township, New Vernon Township, Pine Township, Pymatuning Township, Shenango Township, Springfield Township, Wilmington Township, Wolf Creek Township and Worth Township. For example, Halcón placed the word "VOID" on the applicable pages of Exhibit 3. Halcón also never performed, or ceased conducting, title due diligence as to such properties.

40. Halcón has refused to honor its obligation to enter into oil and gas leases and to pay

bonus amounts of $3,850 per acre for approximately 24,807 acres of land in Mercer County.

41. Upon information and belief, Halcón did not individually consider the title or any other permitted aspect of the oil and gas rights of plaintiffs Vodenichar, the Kings, the Davises, Grove City CC, Mr. Broadhead or the others similarly situated in connection with its refusal to pay bonus amounts to plaintiffs and those similarly situated.

42. Despite the fact that Halcón did not consider any aspect of the properties owned by plaintiffs and the class members, Halcón has improperly attempted to excuse its conduct by arguing that it was not required to pay bonus amounts because the word "geology" was supposedly "fraudulently" deleted from the Orders for Payment that the plaintiffs and those similarly situated submitted to it.

43. If and to the extent that the word "geology" was omitted from the Orders for Payment that were signed and submitted by the plaintiffs and those similarly situated, about which plaintiffs have no knowledge, then, upon information and belief, M&P and CX-Energy caused such Orders for Payment to be distributed and executed by plaintiffs and those similarly situated.

44. If and to the extent the word "geology" was omitted from the Orders for Payment that were signed and submitted by plaintiffs and those similarly situated, about which plaintiffs have no knowledge, then upon information and belief,

(a) Halcón could not reject a lease due to considerations of "geology" because under the Halcón Agreement, individual leases could be rejected only because of a title defect or an "other Defect" as defined in Paragraph 10 of the Halcón Agreement;

(b) Halcón did not base its mass rejections of leases on considerations of "geology," but rather it rejected the leases of plaintiffs and those similarly situated because

of a change in Halcón's business plans;

(c) Halcón did not consider "geology" in connection with those leases which it accepted;

(d) The omission of the word "geology" did not invalidate the oil and gas lease; and

(e) Halcón did not, in fact, reject such leases because of the form of the Orders for Payment but rather has belatedly raised such an argument as a subterfuge in an effort to conceal its bad faith refusal to comply with its obligations under the Halcón Agreement.

45. Upon information and belief, Halcón in August 2012 contacted CX-Energy and M&P, the agents and attorneys for plaintiffs and the class members, in an attempt to have CX-Energy and M&P breach their contractual and fiduciary obligations to plaintiffs and the class member clients – or more colloquially, to sell plaintiffs and the class members down the river. In particular, Halcón sought to have M&P and CX-Energy agree to release the claims of plaintiffs and class members in exchange for Halcón continuing to perform its obligations to the favored Mercer County landowners. Neither CX-Energy nor M&P had any authority to release or compromise any claims of plaintiffs or the class members, and upon information and belief no such release or compromise occurred.

46. Halcón acted wantonly, outrageously and in bad faith in seeking to obtain such releases or compromises of class member claims from CX-Energy and M&P.

47. At all times relevant hereunder, plaintiffs have acted in good faith and have otherwise complied with all obligations giving rise to this lawsuit.

CLASS ACTION ALLEGATIONS

48. Plaintiffs bring this action as a class action pursuant to Pa.R.Civ.P. 1702, 1708 and 1709 on behalf of themselves and the following class:

> All persons who entered into a Landowner Marketing Agreement with CX-Energy and M&P relating to property located in Mercer County, Pennsylvania, who executed and submitted an oil and gas lease and related documents to Halcón Energy Properties, Inc. on or before June 30, 2012, pursuant to the terms of the Halcón Agreement, but which oil and gas lease Halcón rejected or refused to accept. Excluded from the class are persons whose oil and gas lease Halcón rejected or refused to accept because of a title defect which Halcón specifically identified within the time period permitted under the Halcón Agreement.

49. The prerequisites to class certification under Pa.R.Civ.P. 1702 are met in that:

(A) The members of the class are so numerous that joinder of all members is impractical. Plaintiffs estimate that there are approximately 1,362 or more class members. The precise number of class members and their identities can be ascertained from the records of Halcón, CX-Energy and M&P

(B) The representative plaintiffs' claims raise questions of law and fact common to all class members. Among the questions of law and fact common to the class are the following:

(i) Whether Halcón breached the Halcón Agreement when it rejected leases from the plaintiffs and class members;

(ii) Whether Halcón breached the Halcón Agreement when it rejected leases from the plaintiffs and class members based upon geographic location;

(iii) Whether the plaintiffs and class members are third-party beneficiaries of the Halcón Agreement;

(iv) Whether Halcón had any discretionary right under the Halcón Agreement to

decide to enter into oil and gas leases based upon the city, borough or township in which the land was located;

(v) Whether Halcón acted honestly and in good faith and fair dealing;

(vi) Whether by marking plaintiffs and class members' Form Leases "VOID" and returning them to CX-Energy or M&P, or otherwise purporting to reject such Form Leases, Halcón waived any right of inspection or to object based upon any purported title defect or "other Defect;"

(vii) Whether Halcón is liable for failing to pay to plaintiffs and class members the bonus amounts contained in the oil and gas leases and orders for payment;

(viii) Whether the Halcón Agreement was an offer, and that the actions of plaintiffs and class members in executing and submitting the Form Leases and other required documents oil and gas lease constituted an acceptance;

(ix) Whether Halcón accepted in advance all oil and gas leases submitted by class members (subject only to good title and "other Defects") when it entered into the Halcón Agreement with CX-Energy and M&P, acting on behalf of class members;

(x) The measure of damages;

(xi) Whether CX-Energy and M&P are entitled to any portion of plaintiffs' recovery from Halcón as a transaction fee;

(xii) Whether CX-Energy and M&P provided lease documents to plaintiffs and the class members which differed from the lease documents required by the Halcón Agreement;

(xiii) Whether any variation in the lease documents provided by CX-Energy and M&P to plaintiffs and the class members from those required by the Halcón Agreement was material and justified Halcón in refusing to perform;

(xiv) Whether Halcón rejected oil and gas leases of plaintiffs and those similarly situated as a result of variations in the lease documents provided by CX-Energy and M&P or rather used any such variation as a subterfuge to seek to avoid its obligations to Mercer County landowners; and

(xv) Whether Halcón engaged in wanton and outrageous conduct when it attempted to obtain from CX-Energy and M&P releases or compromises of plaintiffs' and the class members' claims.

(C) The claims of the representative plaintiffs are typical of, if not identical, to the claims of each member of the class because the representative plaintiffs and all class members executed the same core set of documents related to their oil and gas leases with Halcón, and because all class member claims are grounded in the same Halcón Agreement. The application of legal principals and proof will be the same for all class members.

(D) The representative plaintiffs will fairly and adequately protect the interests of all class members. They have retained competent counsel who are experienced in complex litigation, including class action litigation involving oil and gas leases, and who will prosecute this action vigorously. Representative plaintiffs will fairly and adequately assert and protect the interests of the class. They do not have any interests antagonistic to or in conflict with the class; their interests are antagonistic to the interests of the defendants; and they will vigorously pursue the claims of the class. Representative plaintiffs have

adequate financial resources to vigorously pursue this action, including an agreement by their counsel to prosecute this action on a contingent basis and to advance the reasonable and necessary costs and expenses of litigation.

50. A class action provides a fair and efficient method for adjudication of the controversy pursuant to Pa.R.Civ.P. 1702(5) and 1708. As to Counts I, III, IV, V and VII, this action may be maintained as a class action under Pa.R.Civ.P. 1708(a) because:

(A) Common questions of law and fact predominate over individual questions: The questions of law or fact common to the class members predominate over any questions affecting only individual members. The common questions set forth above in Paragraph 40(B) will affect all class members alike and predominate over any individual issues that could be present;

(B) The size of the class and the likely difficulties in managing a class action: Plaintiffs believe that there are roughly 1,362 class members, and their claims are substantially identical. This case presents no unusual management difficulties, and to the contrary, is ideally suited to class treatment. The claims involve matters of contract based on the same or virtually identical documents, and the size of the class is too large for individual litigation, but not so large as to present an obstacle to manageability as a class action.

(C) The risks of separate actions: The prosecution of separate actions by individual members of the class would, as a practical matter, impair or impede the ability of others who are not parties to the individual actions to protect their interests, and defendants could be confronted with inconsistent standards of conduct;

(D) The nature and extent of any litigation concerning the controversy already begun by or against class members: To plaintiffs' knowledge, only one other case was brought against Halcón concerning the class members' claims, a case captioned *Vodenichar v. Halcon Energy Properties, Inc.*, No. 2:12-cv-01624 in the United States District Court for the Western District of Pennsylvania (the "Federal Court Action"). The Federal Court Action involved only Halcón as a defendant. That action was voluntarily dismissed without prejudice and prior to class certification so that all claims against all defendants could be asserted in one action before this Court, thereby promoting judicial economy and ensuring consistent results. *See Vodenichar v. Halcon Energy Properties, Inc.*, ___ F.3d ___ (3d Cir. 2013). Thus, certification is appropriate here on the grounds of judicial economy. Absent class certification, a significant number of additional individual claims are likely to be filed and pursued causing a burden on judicial resources;

(E) The appropriateness of this forum for resolving claims of the class: This Court is the most appropriate forum to concentrate all litigation respecting class member claims because all of the disputed oil and gas leases concern land in Mercer County, most of the class member reside in this county, and the transactions took place in whole or in part in this county. There is no better forum;

(F) Complexity and expense of separate actions: The complexity of the issues and the expenses of discovery and litigating individual claims make it likely that a substantial number of class members would not, as a practical matter, be able to prosecute their claims; and

(G) Substantial recoveries by individual class members: The damages that may be

recovered by individual class members will not be so small as not to justify a class action. Upon information and belief, an average class member's claim will exceed $50,000.

51. As to Counts II and VI, seeking declaratory relief, a class action provides a fair and efficient method for adjudicating the controversy and may be maintained as a class action pursuant to Pa.R.Civ.P. 1702(5) and 1708(b) because all the prerequisites of Rule 1708(a)(1) through (5) are satisfied and because Halcón and the other defendants have acted or refused to act on grounds that apply generally to the class so that final declaratory relief is appropriate respecting the class as a whole.

COUNT I

(Against Halcón for breach of contract)

52. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 51 of this Complaint.

53. Under the Halcón Agreement, Halcón agreed to enter into oil and gas leases and to pay the amounts set forth in the Orders for Payment that each class member executed and tendered.

54. Halcón, CX-Energy and M&P intended that each plaintiff and each class member be a third-party beneficiary under the Halcón Agreement. Plaintiffs and each class member have either privity of contract or are third party beneficiaries of the Halcón Agreement.

55. Plaintiffs and all class members are creditor beneficiaries of the Halcón Agreement.

56. Alternatively, and additionally, in entering into the Halcón Agreement, Halcón made an offer to all class members, and under the express terms of such offer, accepted in advance all oil and gas leases tendered by class members in compliance with the terms of Halcón's offer.

57. Halcón had to perform its obligations under the Halcón Agreement in good faith

and consistent with its duty of fair dealing.

58. Halcón has wrongfully and without justification repudiated its obligations under the Halcón Agreement.

59. Halcón breached its duties under the Halcón Agreement.

60. Plaintiffs and each class member incurred damages as a result of Halcón's breach.

61. Halcón waived any purported right to inspect any properties or to raise any objection related to any individual property or to the title to any particular property.

WHEREFORE, plaintiffs demand the following for themselves and the class against defendant Halcón:

(a) That the Court certify the class as described above;

(b) That judgment be entered in favor of plaintiffs and the class against the defendant Halcón for all compensatory losses and damages allowed by law;

(c) An award of pre-judgment and post-judgment interest at the maximum legal rate to plaintiffs and class members on their damages;

(d) That the Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendant Halcón; and

(e) Such other and further relief as is just and appropriate.

COUNT II

(Against Halcón for declaratory relief)

62. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 61 of this Complaint.

63. Halcón breached its duties to plaintiffs and the class under the Halcón Agreement.

WHEREFORE, plaintiffs demand the following for themselves and the class against defendant Halcón:

(a) That the Court certify the class as described above;

(b) That this Court enter judgment in favor of plaintiffs and the class against defendant Halcón declaring that it breached its duties under the Halcón Agreement to enter into oil and gas leases,

(c) That this Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendant Halcón; and

(d) Such other and further relief as is just and appropriate.

COUNT III

(Against Halcón for Intentional Interference With Contractual Relations)

64. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 63 of this Complaint.

65. Halcón had no privilege to seek to obtain from CX-Energy and M&P any release or compromise of plaintiffs' and the class members' claims.

66. Halcón intended to obtain a release and compromise of plaintiffs' and the class members' claims when it dealt with CX-Energy and M&P in August and September 2012.

67. To the extent that Halcón obtained any release or compromise of plaintiffs' and the class members' claims through its dealings with CX-Energy and M&P, Halcón interfered with the contractual relationships between plaintiffs and the class members and CX-Energy and M&P.

68. Halcón acted willfully, outrageously and wantonly with the intent to harm plaintiffs and the class members.

69. Plaintiffs and the class members have suffered harm if and to the extent that Halcón obtained any release or compromise of the claims asserted herein.

WHEREFORE, plaintiffs demand the following for themselves and the class against defendant Halcón:

(a) That the Court certify the class as described above;

(b) That judgment be entered in favor of plaintiffs and the class against the defendant Halcón for all compensatory losses and damages allowed by law;

(c) An award of pre-judgment and post-judgment interest at the maximum legal rate to plaintiffs and class members on their damages;

(d) That the Court award punitive damages, plaintiffs attorneys' fees, costs and expenses of litigation against defendant Halcón; and

(e) Such other and further relief as is just and appropriate.

COUNT IV

(Against M&P and CX-Energy for breach of contract)

70. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 69 of this Complaint.

71. M&P and CX-Energy owed a duty to plaintiffs and to the class members under the LMAs to provide them with lease documents to execute that conformed to the Halcón Agreement.

72. If and to the extent that the lease documents that M&P and CX-Energy provided to plaintiffs and those similarly situated under the LMAs did not conform to those required by the Halcón Agreement and if any such change was material so that Halcón can avoid its obligations, then, upon information and belief, M&P and CX-Energy caused such change or lack of conformity,

and they breached their contractual duty to plaintiffs and the class, and plaintiffs and the class have been damaged.

73. Plaintiffs assert breach of contract, breach of fiduciary duty and negligent misrepresentation claims against M&P and do not believe that they are professional liability claims.

WHEREFORE plaintiffs alternatively demand the following for themselves and the class against defendants CX-Energy and M&P:

(a) That the Court certify the class as described above;

(b) That judgment be entered in favor of plaintiffs and the class against the defendants CX-Energy and M&P for all compensatory losses and damages allowed by law;

(c) An award of pre-judgment and post-judgment interest at the maximum legal rate to plaintiffs and class members on their damages;

(d) That the Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendants CX-Energy and M&P; and

(e) Such other and further relief as is just and appropriate.

COUNT V

(Against M&P and CX-Energy for breach of fiduciary duty)

74. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 73 of this Complaint.

75. M&P and CX-Energy acted as agents for plaintiffs and the members of the class in connection with the transaction with Halcón.

76. M&P and CX-Energy owed a fiduciary duty to the plaintiffs and the members of the

class to provide them with lease documents to execute that conformed with the Halcón Agreement.

77. If and to the extent that the word "geology" was omitted from the Orders for Payment that plaintiffs and those similarly situated signed and submitted to Halcón and if that alleged omission was material so that Halcón can avoid its obligations, then, upon information and belief, M&P and CX-Energy caused such omission, and they breached their fiduciary duty to plaintiffs and the class, and plaintiffs and the class have been damaged.

WHEREFORE plaintiffs alternatively demand the following for themselves and the class against defendants CX-Energy and M&P:

(a) That the Court certify the class as described above;

(b) That judgment be entered in favor of plaintiffs and the class against the defendants CX-Energy and M&P for all compensatory losses and damages allowed by law;

(c) An award of pre-judgment and post-judgment interest at the maximum legal rate to plaintiffs and class members on their damages;

(d) That the Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendants CX-Energy and M&P; and

(e) Such other and further relief as is just and appropriate.

COUNT VI

(Against M&P and CX-Energy for declaratory relief)

78. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 77 of this Complaint.

79. A case or controversy exists between CX-Energy and M&P on the one hand and the plaintiffs and those similarly situated on the other over whether plaintiffs and the members of the

class owe any form of transaction fee under the LMAs if plaintiffs recover from Halcón and, if so, the amount of any such fee.

WHEREFORE, plaintiffs demand the following for themselves and the class against defendants CX-Energy and M&P:

(a) That the Court certify the class as described above;

(b) That this Court enter judgment in favor of plaintiffs and the class against defendants CX-Energy and M&P declaring that defendants are not entitled to recover their purported transaction fees from any recovery plaintiffs obtain against Halcón,

(c) That this Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendants CX-Energy and M&P; and

(d) Such other and further relief as is just and appropriate.

COUNT VII

(Against M&P and CX-Energy for negligent misrepresentation)

80. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 79 of this Complaint.

81. For the reasons stated herein, plaintiffs and others similarly situated deny that Halcón was legally justified in rejecting the leases of plaintiffs and those similarly situated. However and alternatively, in or about June 2012, in an effort to cause plaintiff Vodenichar and others similarly situated to enter into LMAs and an agency relationship with CX-Energy and M&P and to enter into oil and gas leases with Halcón, defendants CX-Energy and M&P in their written communications negligently misrepresented that Halcón could refuse to enter into an oil and gas lease with an owner of land in Mercer County only if a bona fide title defect existed with respect to

such land.

82. For the reasons stated herein, plaintiffs and others similarly situated deny that Halcón was legally justified in rejecting the leases of plaintiffs and those similarly situated. However and alternatively, to the extent, if any, that Halcón is permitted to avoid paying the amounts due under the leases submitted by plaintiffs and those similarly situated for reasons other than bona fide title defects or "other Defects" as defined in Paragraph 10 of the Halcón Agreement, then M&P and CX-Energy were negligent in making such written communications to plaintiffs.

83. Plaintiff Vodenichar and others similarly situated thereafter entered into LMAs with CX-Energy and M&P.

84. Plaintiff Vodenichar and others similarly situated suffered injury to the extent that CX-Energy and M&P claim any entitlement to a transaction fee.

WHEREFORE, plaintiffs demand the following for themselves and the class against defendants CX-Energy and M&P:

(a) That the Court certify the class as described above;

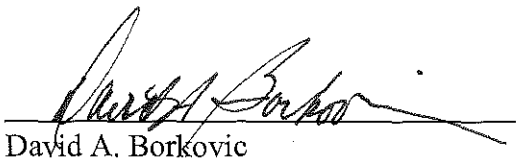
(b) That this Court enter judgment in favor of plaintiffs and the class against defendants CX-Energy and M&P declaring that defendants are not entitled to recover their purported transaction fees from plaintiffs,

(c) That this Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendants CX-Energy and M&P; and

(d) Such other and further relief as is just and appropriate.

JURY TRIAL DEMANDED ON ALL ISSUES

Dated: September 27, 2013



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that true and correct copies of the foregoing Amended Class Action Complaint were served this 27th day of September 2013 upon all counsel of record by First Class United States Mail, postage prepaid, addressed as follows:

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