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PRESS RELEASE

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KANSAS OIL AND GAS PROMOTERS SETTLE COLORADO SECURITIES LAW VIOLATIONS

Denver, Colorado – Colorado Securities Commissioner Fred Joseph announced today that he has settled his enforcement action against the Key Resource Companies (Key Resource Group, LLC, Key Gas Corp., and Key Gas Holding), and their president, Dale C. Lucas, and vice-presidents, Russell Kilgariff and Michael J. McNaul, all of Wichita, Kansas, arising from their marketing and promotion of interests in oil and gas wells to Colorado investors.

Under the terms of the settlement, the Key Resource Companies have paid the Securities Commissioner \$300,000 in restitution for 15 Colorado investors. Also, all the Defendants consented to a permanent injunction entered by Judge Larry Naves of the Denver District Court barring them from the securities industry in Colorado and permanently enjoining them from further violation of the registration, licensing and anti-fraud provisions of the Colorado Securities Act.

In his complaint, the Securities Commissioner alleged that from at least 2003 through 2006, the defendants sold investments in various oil and gas related investment programs. Also, the defendants represented to investors that they acquired producing oil and gas properties, and then retained operators to drill and operate the wells. The defendants recruited sales agents to market and sell the interests in the oil and gas wells. The sales agents received up to 50% of the invested amount in commissions. The Securities Commissioner further alleged in his complaint that the defendants engaged in a scheme to defraud the oil and gas investors by falsely promising investors “rebates,” by conducting telephone conferences with investors that were staged, scripted presentations designed to promote the sale of the interests, telling the investors

that the investment was a “for sure” deal. The defendants also failed to disclose to investors that they were paying sales agents up to 50% of the invested amount in commissions, and that at least one of its sales agents was a convicted felon, who has at least two cease and desist orders entered against him by different state securities regulators.

"With the recent spike in gasoline prices last summer, oil and gas investment schemes are the 'fraud de jour' and have come back to haunt the investing public," said Securities Commissioner Joseph. "With the number of complaints we are receiving on oil and gas deals, investors need to be particularly cautious before investing in any oil and gas venture. These ventures are very speculative and highly illiquid. And even where the underlying project is legitimate, any profits can vanish through high sales commissions and so-called expenses skimmed off by the promoters," said Joseph.

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