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B 10 (Official Form 10) (12/07)

UNITED STATES BANKRUPTCY COURT Southern District of Ohio		PROOF OF CLAIM
Name of Debtor Triad Energy Corporation		Case Number 2:08-62744
NOTE <i>This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.</i>		
Name of Creditor (the person or other entity to whom the debtor owes money or property) Matthew Bailey and Barbara Bailey		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number _____ (if known) Filed on _____
Name and address where notices should be sent. Matthew Bailey and Barbara Bailey c/o Brian J. Headley, Esquire Levicoff, Silko & Deemer, P.C. 650 Smithfield Street - Suite 1900, Pittsburgh, PA 15222 Telephone number (412) 434-5200		
Name and address where payment should be sent (if different from above) Same as above.		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
Telephone number _____		
1. Amount of Claim as of Date Case Filed \$ 20,000.00		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B) <input type="checkbox"/> Wages, salaries or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. §507 (a)(4) <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5) <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal family, or household use - 11 U.S.C. §507 (a)(7) <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8) <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. §507 (a)(____) Amount entitled to priority \$ <u>0</u>
If all or part of your claim is secured complete item 4 below; however if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		
2. Basis for Claim litigation - property damage, lease agreement & (See instruction #2 on reverse side) settlement agreement		
3. Last four digits of any number by which creditor identifies debtor <u>N/A</u> 3a. Debtor may have scheduled account as _____ (See instruction #3a on reverse side)		
4. Secured Claim (See instruction #4 on reverse side) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe _____ Value of Property \$ _____ Annual Interest Rate % _____ Amount of arrearage and other charges as of time case filed included in secured claim, if any \$ _____ Basis for perfection _____ Amount of Secured Claim \$ _____ Amount Unsecured \$ _____		
6. Credits The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side). DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain _____		
Date <u>5/1/09</u> Signature _____ The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.		*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years or both. 18 U.S.C. §§ 152 and 3571

[Handwritten Signature]

FOR COURT USE ONLY
FILED
MAY 01 2009



UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF OHIO

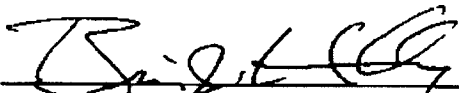
Name of Debtor Triad Energy Corporation Case No 2 08-62744
Name of Creditor Matthew Bailey and Barbara Bailey

SUMMARY OF MATTHEW AND BARBARA BAILEY'S CLAIM

Matthew and Barbara Bailey's claim against Triad Energy Corporation ("Triad") revolves around repeated instances of trespass onto their property that occurred during September and October of 2007. The Baileys filed a lawsuit in the Circuit Court of Pleasants County, West Virginia, in October of 2007, seeking damages for the trespass. A copy of the Complaint is attached as Exhibit "1."

Following the progression of discovery, the parties entered into a settlement agreement in August of 2008. According to the agreement, Triad was to pay the Baileys \$20,000 in exchange for a release of all claims asserted in Civil Action No. 07-C-43 and for the execution of an oil and gas lease that would allow Triad to drill on the Baileys' property. A letter sent on behalf of the Baileys on August 5, 2008 setting forth their demand is attached as Exhibit "2." Triad's counsel, Timothy Sweeney, Esquire, responded by letter dated August 20, 2008, in which Triad agreed to settle the case for \$20,000, provided that Triad received a valid assignment of the then existing leasehold estate on their property. A copy of the August 20, 2008 letter is attached as Exhibit "3." Triad was thereafter provided a valid assignment of the existing leasehold estate from Lippizan Petroleum, Inc.

Consistent with the settlement agreement, the Baileys provided signed oil and gas leases to Triad in December of 2008. However, shortly thereafter, Triad filed the subject bankruptcy petition and, as a result, the Baileys have not yet received the settlement funds from Triad in the agreed upon amount of \$20,000.

BY 
Brian J. Headley, Esquire
W Va ID #9667
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Suite 1900 Centre City Tower
650 Smithfield Street
Pittsburgh, Pennsylvania 15222
Phone 412-434-5200
Facsimile 412-434-5203

Attorneys for Matthew and Barbara Bailey

IN THE CIRCUIT COURT OF PLEASANTS COUNTY, WEST VIRGINIA

MATTHEW S BAILEY AND BARBARA BAILEY,

Plaintiffs

C A. No 07-C-43

v

TRIAD ENERGY CORPORATION,

Defendant

COMPLAINT

NOW COME the plaintiffs, Matthew S Bailey and Barbara Bailey, by counsel, Brian J Headley, Esquire and Levicoff, Silko & Deemer, P C and bring this action to recover damages for trespass In support thereof, the plaintiffs aver as follows

1 The plaintiffs, Matthew S Bailey and Barbara Bailey, husband and wife, are residents of Pleasants County, West Virginia, and reside at 83 Asbury Lane, St Marys, West Virginia

2 The defendant, Triad Energy Corporation ("Triad") is a West Virginia corporation with its principal place of business located in Reno, Ohio Triad is in the business of drilling and operating oil and gas wells.

Facts

3 In or about August of 2006, Triad contacted the plaintiffs seeking to enter into a right-of-way agreement Triad sought to utilize the plaintiffs' property to develop oil and gas wells on Triad's leased property at "Map 9, Parcel 61," which is adjacent to the plaintiffs' property Upon information and belief, the property located at "Map 9, Parcel 61" is owned by the Billingham family (hereinafter referred to as the "Billingham property")



4. On August 30, 2006, the parties executed a "Pipeline Right of Way Tank Battery Site and Access Road Agreement" (hereinafter referred to as the "Agreement") According to the Agreement, Triad desired "to develop certain property adjoining [the plaintiffs'] property on Map 9, Parcel 61 of Union District, Pleasants County, West Virginia" Accordingly, the plaintiffs granted to Triad "the non-exclusive and mutual right of an access road" on the plaintiffs' property to the Billingham property, which Triad had leased A copy of the Agreement is attached hereto as Exhibit "A" The Agreement also granted Triad additional rights to utilize the plaintiffs' property in connection with its operations on the Billingham property

5 Triad utilized the plaintiffs' property from September of 2006 until March of 2007 to drill, develop, and/or operate oil and gas wells on the Billingham property Upon information and belief, in or about March of 2007, Triad completed its drilling operations on the Billingham property, which resulted in a dramatic decline in the burden to the plaintiffs' property Notably, during negotiations, Triad maintained that such drilling operations would last only six weeks

6 In July of 2007, Triad began to remediate the plaintiffs' property and attempted to repair those damages caused by its operations Accordingly, the plaintiffs believed that Triad's drilling operations -- which entailed a variety of bulldozers and other heavy equipment crossing their property -- on the Billingham property had concluded

7 Nevertheless, on July 19, 2007, Triad sent a letter to the plaintiffs advising that it planned to drill a well on the "Poling property" and that it would access the Poling property by virtue of the access road The letter further provides that Triad "will contact you before we drill

the well We will also compensate you for the use of land " A copy of the July 19, 2007, letter from Triad is attached hereto as Exhibit "B "

8 Triad did not subsequently contact plaintiffs Rather, on or about September 5, 2007, Triad trespassed on the plaintiffs' property and utilized it in order to gain entry to and conduct operations on the Poling property On September 11, 2007, the plaintiffs contacted Triad to express their opposition to Triad's renewed operations Shortly thereafter, Triad sent a letter to the plaintiffs enclosing a check for One Thousand Dollars, which was purportedly to compensate the plaintiffs for their renewed use of the access road The plaintiffs have not tendered Triad's check

9 Upon information and belief, Triad completed its operations at the Poling property on or about October 3, 2007 However, a water tank and water line relative to Triad's operations on the Poling property remained on the plaintiffs' property until on or about October 11, 2007

10 To date, Triad has not repaired the damage to the plaintiffs' property caused by its continuous and repeated trespass from September 5, 2007 until October 11, 2007

Count I - Trespass

11 Paragraphs 1 through 10 are incorporated herein by reference.

12. Triad's entry onto the plaintiffs' property to access the Poling property constitutes a trespass to land

13 Triad's trespass upon the plaintiff's land was undertaken knowingly, willfully, and in wanton disregard for the plaintiffs' property rights

WHEREFORE, the plaintiffs, Matthew S Bailey and Barbara Bailey, pray for a judgment against the defendant, Triad Energy Corporation, in an amount sufficient to

compensate them for their damages and punitive damages in an amount to deter such unconscionable conduct in the future

Count II - Injunctive Relief

14 Paragraphs 1 through 13 are incorporated herein by reference

15 Triad's utilization of the plaintiffs' property for operations unrelated to the Billingham property is not in accordance with the Agreement. Nevertheless, Triad has ostensibly relied on the Agreement to conduct operations on the Poling property.

16 Upon information and belief, Triad may conduct additional operations in the area and may seek to utilize the plaintiffs' property for such operations in violation of the Agreement

WHEREFORE, the plaintiffs, Matthew S. Bailey and Barbara Bailey, pray that the Court enjoin the defendant, Triad Energy Corporation, from future entrances onto the plaintiffs' property that are beyond the scope of the Agreement

Damages

17 The conduct of the defendant has caused various damages and injuries to the plaintiffs, including, but not limited to, the following

- (a) The plaintiffs have been deprived of the use and enjoyment of their land,
- (b) The plaintiffs' property has been substantially damaged by the defendant's willful trespass;
- (c) The plaintiffs have suffered annoyance and inconvenience arising from the defendant's actions; and,
- (d) The plaintiffs have incurred legal fees, expenses, and costs.

WHEREFORE, the plaintiffs, Matthew S. Bailey and Barbara Bailey, pray that the Court enjoin the defendant, Triad Energy Corporation, from future entrances onto the plaintiffs' property that are beyond the scope of the Agreement

Prayer for Judgment

WHEREFORE, the plaintiffs, Matthew S. Bailey and Barbara Bailey pray that the Court award such injunctive relief, compensatory damages and punitive damages to the plaintiff as deemed appropriate

THE PLAINTIFFS DEMAND A TRIAL BY JURY.

BY


Avrum Levicoff, Esquire

W.Va. I.B. #4549

Brian J. Headley, Esquire

W. Va. I.D. #9667

LEVICOFF, SILKO & DEEMER, P C

Suite 1900 Centre City Tower

650 Smithfield Street

Pittsburgh, Pennsylvania 15222

Phone 412-434-5200

Facsimile 412-434-5203

Attorneys for Plaintiffs

**PIPELINE RIGHT OF WAY
TANK BATTERY SITE
AND ACCESS ROAD AGREEMENT**

On this 30th day of August, 2006, for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Matthew S. & Barbara B. Bailey (husband & wife) of 83 Astbury Lane, St. Marys, WV 26170, hereinafter called Grantor, and Triad Energy Corporation, a West Virginia corporation, of P.O. Box 490, Reno, Ohio 45773, hereinafter called Grantee agree to the following:

WITNESSETH:

WHEREAS, the Grantee owns or controls and has a right to conduct operations for oil and gas development on certain properties in Union District, Pleasants County, West Virginia; and

WHEREAS, the Grantee desires to develop certain property adjoining Grantor's property on Map 9 Parcel 61 of Union District, Pleasants County, West Virginia as depicted on Exhibit "A" attached hereto and made a part hereof; and

NOW THEREFORE, the Grantor does hereby grant and convey unto the Grantee the following:

- 1) The non-exclusive and mutual right of an access road, which is depicted as dashed lines on Exhibit "A" (including ingress, egress, and regress) to and from Grantor's property at Map 9, Parcel 75 to Grantee's leased property at Map 9, Parcel 61.
- 2) The right to construct, maintain, and operate a 75' x 120' tank battery depicted on Exhibit "A" and related equipment (which shall include but not be limited to: flow lines, sales lines, motors, electric lines) on Map 9, Parcel 75, for the production of oil, water, and natural gas.
- 3) An easement and right of way to lay, maintain, operate, inspect, replace and relocate, change the size of, and remove pipelines and other related equipment thereto.
- 4) Grantor agrees that he, she, or they will not impound water or construct buildings on said access road, tank battery site, or within twenty feet (20') of said pipeline. This does not apply to any existing structures at the time of construction.
- 5) Grantee shall have the right to cut, trim, remove, and otherwise control such brush, woods, trees, or other undergrowth on, along, or adjoining the access roads, tank battery site, and pipelines that may, in the judgment of the Grantee, interfere with the construction, maintenance, removal, operation or safety of said access roads, pipelines, and tank battery site.

This Agreement shall be binding upon and inure to the benefit of Grantor and Grantee and their heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have signed this instrument in the presence of:

GRANTOR:

Matthew S. Bailey
Matthew S. Bailey

GRANTEE:

Kevin A. Weaver
Kevin A. Weaver



TRIAD

P.O. Box 430 • Reno, Ohio 45773-0430 • (740) 374-2940 • FAX (740) 374-3270

Matt Bailey
83 Asbury Lane
St. Marys, WV 26170

RE: Access to the Poling #728 well

July 19, 2007

Dear Matt,

As per your conversation with Cathy Pyles we are planning to drill a well on the Poling property and we will be accessing the well the same way we did the two Billingham wells. I have enclosed the Application for Drilling permit which shows the way we will travel to the drilling location. We will contact you before we drill the well. We will also compensate you for the use of land; Cathy Pyles will be in touch with you concerning compensation

Sincerely



Rocky Roberts
Triad Resources, Inc.
Vice President Exploration
And Development

Cc Cathy Pyles

EXHIBIT

B

LEVICOFF, SILKO & DEEMER, P.C.
ATTORNEYS AT LAW

AVRUM LEVICOFF
ALAN T SILKO
ELIZABETH DEEMER
DIANNE S WAINWRIGHT
BRETT C SHEAR
JOSHUA N PERLMAN*
CAREY L CUMMINGS†
EDWARD I LEVICOFF
BRIAN J HEADLEY‡
ELLEN L KAPALKO

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August 5, 2008

BHeadley@LSandD.net

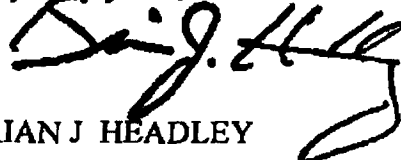
VIA FACSIMILE
Timothy Sweeney, Esquire
Sweeney Law Firm
P O Box 340
St Marys, WV 26170

Re **Matthew S Bailey and Barbara Bailey
v Triad Energy Corporation**
Our File **02268/999**

Dear Tim

To confirm our conversation this afternoon, my clients are willing to settle this matter and enter into an oil and gas lease agreement with Triad for a total of \$20,000. The lease agreement should provide the Baileys with 200 MCF of free gas. In the event that they exceed 200 MCF, they should pay the market price as we discussed. Please discuss this demand with your client and get back to me as soon as possible. If you would like to discuss this further, please feel free to contact me on my cell phone at 304-543-5152. Thank you.

Very truly yours,



BRIAN J HEADLEY

BJH/dll

EXHIBIT
2

SWEENEY LAW FIRM



TIMOTHY L. SWEENEY
BRENT WOLFINGERBARGER

PLEASANTS COUNTY COURTHOUSE
POST OFFICE BOX 340
ST MARYS, WEST VIRGINIA 26170
TELEPHONE (304) 684-2202
FACSIMILE (304) 684-3479

August 20, 2008

Brian J Headley, Esq
LEVICOFF, SILKO & DEEMER, P C
Suite 1000 Centre City Tower
650 Smithfield Street
Pittsburgh, Pennsylvania 15222

In re: Matthew S Bailey, et ux, v
Triad Energy Corporation
Your File 02268/999

Dear Brian

In response to your recent demand for twenty thousand dollars (\$20,000 00) for purposes of settling the above-styled matter, please be advised that Triad would be willing to do so, provided, they receive a valid assignment of the leasehold estate currently on your clients' property

After you have had an opportunity to consider this matter, please contact me concerning your sentiments in this regard.

Sincerely,

Timothy L. Sweeney
Lawyer

TLS peb

c Triad Energy Corporation

Southern District of Ohio Claims Register

2 08-bk-62744 Triad Energy Corporation

Judge: C Kathryn Preston

Chapter: 11

Office: Columbus

Last Date to file claims: 05/25/2009

Trustee:

Last Date to file (Govt):

<p><i>Creditor</i> (12340096) Matthew Bailey and Barbara Bailey c/o Brian J Headley, Esquire Levicoff, Silko & Deemer, P C 650 Smithfield Street, Suite 1900 Pittsburgh, PA 15222</p>	<p>Claim No. 12 <i>Original Filed</i> <i>Date</i> 05/01/2009 <i>Original Entered</i> <i>Date</i> 05/01/2009</p>	<p><i>Status</i> <i>Filed by</i> CR <i>Entered by</i> Headley, Brian <i>Modified</i></p>
<p>Unsecured claimed \$20000 00 Total claimed: \$20000.00</p>		
<p><i>History</i> <u>Details</u> <u>12-1</u> 05/01/2009 Claim #12 filed by Matthew Bailey and Barbara Bailey, total amount claimed \$20000 (Headley, Brian)</p>		
<p><i>Description.</i> (12-1) litigation - property damage, lease agreement & settlement agreement</p>		
<p><i>Remarks</i> _____</p>		

Claims Register Summary