

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of
BLACK LAKE ENERGY, INC., WAYNE A. RAND,
DOUGLAS L. WILLIAMS, EDDIE GENE GILLIAM, and
CHAD D. TAYLOR,

PETITION FOR ORDER

Respondents.

File No. S-04139(EX)

The staff of the State of Wisconsin Department of Financial Institutions, Division of Securities, Bureau of Registration & Enforcement has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats., and as a result thereof alleges as follows:

1. Black Lake Energy, Inc. ("Black Lake") is a foreign business entity with a last known business address of 104 S. San Jacinto St., Rockwall, TX 75087-3704.
2. Wayne A. Rand ("Rand") is an individual who at all times material hereto has been CEO and Chairman of Black Lake, with a last known business address at that of Black Lake.
3. Douglas L. Williams ("Williams") is an individual who at all times material hereto has been President of Black Lake, with a last known business address at that of Black Lake.
4. Eddie Gene Gilliam (DOB 9/5/47; CRD #1644944) ("Gilliam") is an individual who at all times material hereto has been Senior Vice President of Operations of Black Lake, with a last known business address at that of Black Lake.
5. Chad D. Taylor ("Taylor") is an individual who at all times material hereto has been Vice President of Operations of Black Lake, with a last known business address at that of Black Lake.
6. During the period of June 2004, Taylor, on behalf of all Respondents, offered to at least one person in Wisconsin units of preformation drilling and testing interests in a four-well oil and gas drilling venture (the venture).
7. The person in Wisconsin referred to above had no preexisting relationship with any of the Respondents.
8. During the offer described in Paragraph 6, Taylor stated that investors had no duties and responsibilities in the venture and realistically have no liabilities beyond the amount invested.
9. Pursuant to the offering materials received by persons in Wisconsin, the venture will enter into a Turnkey Drilling Contract with Black Lake wherein Black Lake will engage in the business of testing and drilling four oil and gas wells.
10. Upon information and belief, investors can play a passive role in the company with no duties and responsibilities.
11. Upon information and belief, each investor will not be involved in the day-to-day management of the venture, since there are too many investors for them to each have any

meaningful input, and they do not have the expertise or experience necessary to perform its duties.

12. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "units of interest" offered by the respondents are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.
13. The venture's investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
14. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
15. In a letter dated June 4, 2004, ("the inquiry letter") the staff requested the identities of Black Lake's Wisconsin investors, but to date, this information has not been furnished to the staff.
16. In a letter dated June 25, 2004, responding to the staff's request for the identities of Black Lake's officers and directors in the inquiry letter, Black Lake's attorney stated that all of Black Lake's "employees, officers and directors are clearly identified in the [enclosed] Joint Venture Memorandum."
17. The enclosed Memorandum referred to in Paragraph 16 was out of date and therefore did not furnish the current information requested in the inquiry letter.

Therefore, the staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Susan A. Kittel Moore 9/7/04
 Susan A. Kittel Moore Date
 Securities Examiner
 Bureau of Registration & Enforcement

David A. Cohen 9/7/04
 David A. Cohen Date
 Supervising Attorney
 Bureau of Registration & Enforcement