

IN THE DISTRICT COURT IN AND FOR TULSA COUNTY
STATE OF OKLAHOMA

MARK CHANG, an Individual; ALAN KWOK)
WAI WONG, an Individual; LIM HONG BENG,)
an Individual; HUIOS ENERGY, LLC. an)
Oklahoma limited liability company; and)
OILPODS SINGAPORE PTE LTD., a)
Singapore private limited company,)

Plaintiffs,)

vs.)

POWDER RIVER PETROLEUM)
INTERNATIONAL, INC., an Oklahoma)
corporation; and BRIAN FOX, an Individual,)

Defendants.)

Case No. CJ-2008-04855

Judge J. Michael Gassett

**DISTRICT COURT
FILED**

SEP 25 2008

**SALLY HOWE SMITH, COURT CLERK
STATE OF OKLA. TULSA COUNTY**

RESPONSE AND OBJECTION TO RECEIVER'S MOTION FOR SANCTIONS

The Defendant, Brian Fox, objects to the Receiver's Motion for Sanctions, and for response to the allegations which the Receiver files in support thereof, would show the Court as follows:

1. The Receiver is apparently asking the wrong court to determine whether the actions of Brian Fox and Powder River were without merit. The proceeding in which the Receiver incurred costs of some \$79,000 was filed in Calgary, Canada. If the case was without merit or done for the purposes of delay, the Calgary Court and not the District Court of Tulsa County should make that decision.

2. The true facts surrounding the Receiver's activities and the Receiver's ransacking of the offices of Powder River are explained in the Affidavit of Brian Fox and justify the protection of Powder River's books and records and the continued operation of Powder River by its present employees.

3. The Receiver is not vested with super powers, but may, under the direction of the Court, use traditional methods of discovery, court orders and contempt to accomplish the Receiver's duties.

4. The Receiver neither asked the Calgary Court to award attorney's fees or to impose sanctions. Rather, the Receiver, in his zest to obtain the records of Powder River from an office that was secure, fully operational and in no danger of having records removed, retained two law firms in the City of Calgary simply to determine whether this Court's order was recognizable under Canadian law. A review of the affidavits and exhibits attached to the Receiver's motion show that some of the lawyers working on this matter charged as much as \$630 per hour on a matter which appears to have been resolved upon affidavits.

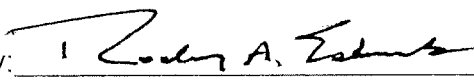
5. The Receiver's actions warranted resistance and testing of the Court's order in Canada. The true facts are shown in Brian Fox's Affidavit, a copy of which is attached hereto. The Affidavit shows that the Receiver appeared at the office prior to posting a bond, walked through the office and advised Mr. Fox to simply to continue to do business. The Receiver thereafter sent two employees who demanded the records, locked themselves in a storage room and began perusing company records. The company and Mr. Fox sought advice of counsel who advised that the order of this Court may not be enforceable in Canada. No records were being removed, the matter was simply left for the determination by the Court. Later, an order was entered, notice of which was faxed into the offices late at night, and the offices were contemporaneously ransacked and all materials were removed including all computer equipment. There is simply nothing that Brian Fox or other officers or directors had removed or could remove.

6. The company's rights to seek court intervention, or to test court orders is not a matter which should be chilled by the threat of sanctions. Sanctions are for the purpose of deterring meritless claims, purposeful delay, or ulterior motives. They are not to punish or prevent access to the courts. Here, the Receiver is clearly aware that on the 10th day of October, 2008, the Court has set a hearing wherein Powder River and Brian Fox request the Court to remove the Receiver. The Receiver has already frozen individual accounts of Brian Fox, consumed the funds of Powder River, fired its employees, fired its auditors, caused the company to be de-listed on the stock exchange, and performed other acts which have been of detriment to the company, its creditors, and its shareholders. The issuance of sanctions against Brian Fox who is still the chief executive officer simply prevents resistance to the Receiver's actions.


For all the reasons set forth above, the Motion should be denied outright.

Respectfully Submitted,

EDWARDS & MAILATH, L.L.P.

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CERTIFICATE OF SERVICE

I hereby certify that on the 25th day of September, 2008, I caused a true and correct copy of the above and foregoing instrument to be mailed with proper postage thereon prepaid to:

Cecil G. Drummond
Boettcher & Drummond
5200 South Yale, Suite 507
Tulsa, Oklahoma 74135

David R. Widdoes
P.O. Box 731
Sapulpa, OK 74067

Bruce W. Day, Receiver
Day, Edwards, Propester & Christiansen, PC
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Oklahoma City, OK 73102-5605

