

# SHAREHOLDER BULLETIN

**Quick Facts:****Stock Symbol:** OMOG**YTD High:** \$0.0161**YTD Low:** \$0.004**Outstanding Shares:**

1,699,000,419

**Transfer Agent:**

Signature Stock Transfer

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[WWW.OMOGOIL.COM](http://WWW.OMOGOIL.COM)**Chairman Adam Barnett answers shareholder questions concerning Lanza and Young Oil Corp. legal matters.**

I am happy to release this third segment of the recently announced newsletter series. Although, I am extremely limited as to what I can say about our current legal endeavors, I still want to attempt to answer shareholder questions on this matter to the best of my ability.

**Q. Can you give us an overview of the current status with the Lanza case?**

**A.** Since the company has disseminated ample amounts of information regarding the background of this case, I will not elaborate on these past aspects at this time. Instead I will focus on the most recent developments. I urge all interested parties to read the past press releases, newsletters, and letters from the chairman to fully understand the evidence and scope of this case.

In the words of one of our corporate counsels, Marty Nathan, "We negotiated what we considered to be a fair and reasonable basis of settlement in March. I am not sure when and if the other side decided or never intended to do what they promised or were merely disingenuous in their representations. Settlement is not possible unless and until the defendants (the whole other side- not merely their attorneys) realize that OMDA is not going to run out of money for the lawyers and what is going to happen to them at trial." While we fully realize what we are up against, we are still open to a settlement that is fair and reasonable.

When it became apparent that the settlement basis negotiated in mediation was not going to be completed within a reasonable timeframe, OMDA proceeded full steam ahead and added Black Dragon as a defendant. As our April 28th press release stated, "Black Dragon and its CEO Rick Michaels, along with other defendants related to the Black Dragon company, have been directly involved in the conspiracy of fraudulent conversion involving hundreds of oil and gas wells in Louisiana that rightfully belong to OMDA Oil & Gas, Inc." There are other strategic reasons for adding Black Dragon as a defendant that I can not elaborate on at this time.

The most significant new development in this case is the motion to withdraw filed by Lanza's attorney, Alice London. This is a significant blow to their case and we believe this will be both costly and time consuming to the defense. You may access a complete copy of this motion to withdraw at <http://www.omogoil.com/londonmntntowithdraw.pdf>. I strongly suggest everyone read it to fully understand its impact. OMDA will release updates as soon as possible.

**Q. Please explain in as much detail as possible what assets OMDA is hoping to regain from the Lanza et al. case?**

**A.** I have been very puzzled recently by some of the questions I have received. There are a lot of misconceptions out there regarding the exact amount of assets we are going after in our lawsuits. According to our lawsuit, we are seeking the following: The Company is seeking return of assets along with actual cash damages to include but not limited to the following: a) Any and all actual damages of at least Thirty Six Million Five Hundred Thirty Thousand Two Hundred Sixty One Dollars and 10/100 cents (\$36,530,261.10); b) Exemplary damages as determined by the trier of fact; c) Declaratory Judgment that Plaintiff, Omda Oil and Gas, Inc., is the sole shareholder of Omda Oil And Gas Management, Inc., a Texas Corporation; d) Declaratory Judgment that Plaintiff, Omda Oil and Gas, Inc., is the sole shareholder of Omda Oil And Gas Services, Inc., a Texas Corporation; e) Declaratory Judgment

that Plaintiff, Omda Oil and Gas, Inc., is the sole shareholder of SHWJ Oil And Gas Co., Inc., a Texas Corporation; f) Declaratory Judgment that Plaintiff, Omda Oil and Gas, Inc., either directly or by and through its wholly owned subsidiary, Omda Oil And Gas Management, Inc., is the owner of those certain 314 leases set forth on the consolidated financial statement submitted to Barnett on or about July 9, 2003.

I have been advised that under legal precedents and authority, OMDA does not simply have the right to pursue the original stolen assets, but it also has the right to pursue the assets that have been built from or commingled with stolen assets. We believe the evidence will prove that BDGR was formed as a water company, which was taken over by Lanza and his co-conspirators and converted to an oil and gas enterprise initially with OMDA's assets, which were wrongfully misappropriated. This will allow OMDA to legally pursue a significant portion of BDGR's total current assets. Mr. Nathan recently likened this situation to the old adage of the acorn and the mighty oak. BDGR started with OMDA's acorn, and OMDA is fully entitled to the mighty oak those assets and holdings produced and not just the value of the acorn.

**Q. What is the overall evidence and future strategy in both cases?**

**A.** As I have stated many times before, I can not outline every strategic move we have planned, for it would obviously give the other side too much information. I do believe; however, we have shared quite a lot with the shareholders up to this point.

**Lanza Case:**

Everyone is now aware that we have added Black Dragon as a defendant. We have also explained the reason behind this addition. We did pursue a quick remedy in the mediation proceedings. We will continue to try to reach a reasonable settlement, while we fully prepare for our November trial date. Over the next few months, if no settlement is reached, we will depose various witnesses and obtain additional evidence.

**Young Case:**

As we mentioned in last week's legal update, we have been busy trying to get the case remanded back to the local court system. We fully believe that Young's motive for moving the case to the federal system was solely to gain a jurisdictional advantage by having the case first moved to federal court in Texas then ultimately heard in Kentucky. As I reported last week, we have been successful in this endeavor, and the case will remain in Texas. The basic outline of our strategy is to keep building on our mountain of evidence against Young Oil Corp.. We fully intend to prove that we entirely complied with our side of the agreement and that Young Oil did not. We also fully intend to prove that Young's misinformation damaged OMDA's share price and overall market capitalization. We are currently in the process of a full investigation, and will begin depositions and subpoenas very soon.

**Q. Can you please give us an outline of our successes and failures to this point in both cases?**

**A.** While we are all focused on the ultimate outcome of these cases, it is important to examine the day to day successes and failures of our legal pursuits, and to try to analyze how they impact the case as a whole. We do this to make sure that we don't win the battles and lose the war. To date, there have been very few failures or set backs in either case. The only one worth mentioning is the settlement agreement breakdown in the Lanza case. Even this; however, is more of a positive than a negative. Due to these lengthy mediation proceedings, we were able to gain a significant amount of information about the assets and holdings of the defense. Without this mediation hearing, obtaining detailed disclosure would have been difficult, if not impossible. Also, we believe that withdrawal of the defendant's highly respected legal counsel would not have happened if it had not been for this mediation process.

We should remind everyone that our potential involvement in the Concorde Dome project is due to a settlement that was made possible from our Lanza lawsuit. This is a significant asset that could provide our company with revenues for years to come. We have also been successful in canceling millions of shares of preferred stock that Lanza erroneously issued himself, and we have prevented the convicted felon from taking control of the OMDA.

As far as the Young case, we have been successful on several fronts. As I stated, we won the first real battle in regards to the jurisdictional issue. We have also spent much time compiling literally hundreds of notes, letters, e-mails, and other documents proving our case. In conclusion, there have been many victories, and very few set backs for OMDA in these legal proceedings, and we grow more and more confident in our position with each passing day.

**Q. What are OMDA's legal expenses per month?**

A. Our monthly legal bills are astounding. Not only are we battling two multi-million dollar lawsuits, but we are a publicly traded company with ordinary legal bills as well. I expect to have the financial summary back from our company's accountant sometime in the near future, and plan to release actual expenses when they are available. I can; however, state at this time, that our legal bills average 10's of thousands of dollars each month. While I want to make sure every shareholder understands exactly how costly it can be to run OMDA on a daily basis, I want to offer reassurance that we are in no position to go bankrupt. There are enough potential assets and interested friendly investors to fight Lanza for years if that is what it takes. I fully expect to regain 50+ million in assets from our two lawsuits, and I consider the funds it takes to fight for these assets as a very small investment in our company's future.

**Q. Are there any other potential defendants that will be added to either lawsuit? Are there any other lawsuits on the horizon?**

A. Again, I can not state all of our strategies at this time. We will add defendants to the cases as our attorneys deem necessary. I am determined, now more than ever, to make sure OMDA and its shareholders regain everything that is rightfully theirs. With that being said, I can never guarantee that as a publicly traded company we will not have to enter into other lawsuits. I can say; however, that we see no need or have any plans of filing any additional lawsuits anytime soon.

Make sure you keep submitting your questions to IR@OMOGOIL.COM with "Questions for Adam Barnett" in the subject line. The next newsletter will focus on the current financial status of the company.

Adam Barnett  
Chairman