



1750 OCEAN PARK BOULEVARD, #200, SANTA MONICA, CA 90405-4938
TEL: 310-392-0522 FAX: 310-392-8874 NET: CONSUMERWATCHDOG.ORG

June 15, 2006

Enforcement Division
Fair Political Practices Commission
428 J St., Suite 620
Sacramento, CA 95814

VIOLATION REPORT

Person Making Complaint

Carmen Balber
1750 Ocean Park Blvd, Ste. 200
Santa Monica, CA 90405
Ph: 310-392-0522 ext.324
Fx: 310-392-8874
carmen@consumerwatchdog.org

Alleged Violator

Vail Drilling Co.
356 Hanson Ranch Road, Ste. 420
Vail, CO 81657

Palace Exploration Co.
New York, NY 10022

Provision of Political Reform Act Allegedly Violated

Government Code Sec. 84200

84200. (a) Except as provided in paragraphs (1), (2), and (3), elected officers, candidates, and committees pursuant to subdivision (a) of Section 82013 shall file semiannual statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31.

Description of Facts Constituting Alleged Violation

1) A contribution from Vail Drilling Co. in the amount of \$500,000 was received by Governor Schwarzenegger's California Recovery Team (ID#1261406), a general purpose ballot measure committee, on 11/1/2005, according to a late contribution report filed by Governor Schwarzenegger's California Recovery Team.

Vail Drilling Co. has not filed a major donor report with the Secretary of State in violation of the Political Reform Act, Sec. 84200.

This violation is especially problematic due to the large sum of money involved, and the fact that the donation was made just days before last year's special election. The public still does not have access to complete information about the donor.

2) A contribution from Palace Exploration Co. in the amount of \$75,000 was received by Governor Schwarzenegger's California Recovery Team (ID#1261406) on 7/18/2005, according to a late contribution report.

Palace Exploration Co. has not filed a major donor report with the Secretary of State for 2005 in violation of the Political Reform Act, Sec. 84200.

The Foundation for Taxpayer and Consumer Rights (FTCR) urges you to act quickly to sanction Vail Drilling and Palace Exploration for failing to file major donor reports, and require the reports be filed immediately.

FTCR has reason to believe Vail Drilling and Palace Exploration are related entities, and that large contributions from both that were not reported during the 2005 special election obscured the activities of the oil industry in support of Governor Schwarzenegger.

Documentation Enclosed

Documents filed with the Colorado Secretary of State indicating the same woman, Margaret Hanlon, is an agent for both Vail Drilling and Palace Exploration.

Documents filed with the Colorado Secretary of State indicating that Vail Drilling and Palace Exploration share an address.

Documents filed with the Colorado Secretary of State and a Business Wire article indicating that Vail Drilling and Palace Exploration share an executive, Richard Siegal. Richard Siegal is listed as the responsible officer in the 2004 major donor report filed by Palace Exploration.



For this Record...

- [History & Documents](#)
- [Cert of Good Standing](#)
- [File Document](#)
- [Email Notification](#)

- [Business Home](#)
- [Business Information](#)
- [Business Search](#)

- [FAQs](#)
- [Glossary](#)

Summary

ID Number: 19991017443

Name: PALACE EXPLORATION COMPANY

Registered Agent: Law Offices of Margaret E. Hanlon, P.C.

Registered Agent Street Address: 225 WALL ST STE 205, VAIL, CO 81657, United States

Registered Agent Mailing Address:

Principal Office Street Address: 356 E HANSON RANCH RD, VAIL , CO 81657, United States

Principal Office Mailing Address:

Status: Good Standing

Form: Foreign Corporation

Jurisdiction: Oklahoma

Formation Date: 01/28/1999

Term of Duration: Perpetual

Annual Report Month: January

You may:

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[Previous Page](#)





Colorado Secretary of State
 Date and Time: 02/27/2006 08:23 PM
 Entity Id: 19941137956
 Document number: 20061085855

Document processing fee
 If document is filed on paper \$100.00
 If document is filed electronically \$ 10.00
 Late fee if entity is in delinquent status
 If document is filed on paper \$ 50.00
 If document is filed electronically \$ 20.00

Fees & forms/cover sheets are subject to change.
 To file electronically, access instructions for this form/cover sheet and other information or print copies of filed documents, visit www.sos.state.co.us and select Business Center.

Paper documents must be typewritten or machine printed.

ABOVE SPACE FOR OFFICE USE ONLY

Annual Report

filed pursuant to §7-90-301, et seq. and §7-90-501 of the Colorado Revised Statutes (C.R.S)

ID number: 19941137956

Entity name: VAIL DRILLING CO., A COLORADO LIMITED LIABILITY COMPANY

Jurisdiction under the law of which the entity was formed or registered: Colorado

You must complete line 1.

Notice:

Causing this document to be delivered to the secretary of state for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

1. Name(s) and address(es) of the individual(s) causing the document to be delivered for filing:

Hanlon	Margaret		
<i>(Last)</i>	<i>(First)</i>	<i>(Middle)</i>	<i>(Suffix)</i>
225 Wall Street #205			
<i>(Street name and number or Post Office Box information)</i>			
Vail	CO	81657	
<i>(City)</i>	<i>(State)</i>	<i>(Postal/Zip Code)</i>	
<i>(Province - if applicable)</i>	<i>(Country - if not US)</i>		

(The document need not state the true name and address of more than one individual. However, if you wish to state the name and address of any additional individuals causing the document to be delivered for filing, mark this box and include an attachment stating the name and address of such individuals.)

Mark the box if information requested below is current in the records of the Secretary of State
OR complete Questions 2 through 7.

2. Principal office street address: 356 HANSON RANCH RD STE 420
(Street name and number)

VAIL CO 81657
(City) (State) (Postal/Zip Code)

United States
(Province – if applicable) (Country – if not US)

3. Principal office mailing address:
(if different from above)

(Street name and number or Post Office Box information)

(City) (State) (Postal/Zip Code)

(Province – if applicable) (Country – if not US)

4. Registered agent name: (if an individual) HANLON MARGARET E.
(Last) (First) (Middle) (Suffix)

OR (if a business organization)

5. The person identified above as registered agent has consented to being so appointed.

6. Registered agent street address: 225 WALL ST STE 205
(Street name and number)

VAIL CO 81657
(City) (State) (Postal/Zip Code)

7. Registered agent mailing address:
(if different from above)

(Street name and number or Post Office Box information)

(City) (State) (Postal/Zip Code)

(Province – if applicable) (Country – if not US)

Disclaimer:

This form, and any related instructions, are not intended to provide legal, business or tax advice, and are offered as a public service without representation or warranty. While this form is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form. Questions should be addressed to the user's attorney.

ARTICLES OF ORGANIZATION

OF :
VAIL DRILLING CO.
A COLORADO LIMITED LIABILITY COMPANY

944137956 \$50.00
SECRETARY OF STATE
12-12-94 14:45

The undersigned, a natural person of at least 18 years of age, as organizer, hereby forms a limited liability company by virtue of the Colorado Limited Liability Company Act, and adopts the following Articles of Organization for such limited liability company.

ARTICLE I

Name

The name of the limited liability company is Vail Drilling Co., a Colorado Limited Liability Company.

ARTICLE II

Principal Place of Business

The principal place of business of the limited liability company is Suite 420, 356 Hanson Ranch Road, Vail, Colorado 81657.

ARTICLE III

Registered Agent

The registered agent of this limited liability company in this state is Jay K. Peterson. The business address of the registered agent is Suite 307, 108 S. Frontage Road West, Vail, Colorado 81657.

ARTICLE IV

Initial Manager

The management of this limited liability company is vested in its manager. The number of managers shall be one. The name and business address of the initial manager is as follows:

Richard D. Siegal
356 Hanson Ranch Road
Suite 420
Vail, Colorado 81657

COMPUTER UPDATE COMPLETE

JM

PALACE EXPLORATION

McMoRan Exploration Co. Announces Expanded \$500 Million Exploration Joint Venture with Palace Exploration Company

Symbol(s): MMR

Business Editors/Energy Editors

NEW ORLEANS--(BUSINESS WIRE)--Oct. 18, 2004--McMoRan Exploration Co. (NYSE:MMR) and Palace Exploration Company announced today an expanded exploration venture with an initial commitment of \$500 million for future expenditures to aggressively acquire and exploit high potential prospects, primarily in the Deep Miocene of the Gulf of Mexico and Gulf Coast area. The venture is also considering opportunities to participate in exploration activities in other areas of the Caribbean Basin.

The venture will be called "McMoRan-Palace Joint Venture" and McMoRan and Palace will share revenues and costs equally. The funds will be spent as needed over a multi-year period on McMoRan's existing inventory of high potential "Deep Shelf" prospects and on new prospects as they are identified or acquired. McMoRan and Palace have been jointly conducting exploration activities in the Gulf of Mexico since December 2003. The venture has drilled one noncommercial well and is currently participating in the drilling of six other wells in the Gulf of Mexico, including Dawson Deep at Garden Banks 625, Minuteman at Eugene Island Blocks 212/213 and Deep Tern at Eugene Island 193 which appear successful, with the three remaining wells drilling toward objective horizons. The venture plans a continuous acquisition and drilling effort and plans to commence drilling at least 10-12 additional wells during the next six months, and hopes to accelerate these efforts as new opportunities arise.

James R. Moffett and Richard C. Adkerson, Co-Chairmen of McMoRan said: "We are very pleased to have expanded our venture with Palace into a true partnership. We are encouraged by the potential for large accumulations of hydrocarbons in the Deep Miocene in the Gulf of Mexico shelf area based upon our success in the JB Mountain and Mound Point areas and our drilling results in 2004. This expanded venture together with our experience in pursuing the Deep Miocene trend and Palace's long history of drilling successes position us to aggressively pursue these and other high potential opportunities."

Richard D. Siegal, Chairman of Palace Exploration said: "Palace is delighted to be a partner with McMoRan, a company that we consider to be the single preeminent 'Deep Shelf' oil and gas explorationist. The Joint Venture and its

decisions will be driven by pure economics and monies will be spent as needed, so as to most effectively maximize the economics of each prospect, without regard to fiscal year or other non economic considerations. Currently, and it appears in the future, there is and will continue to be an unquenched thirst for increased oil and gas production in the United States. It is a goal of this joint venture to become a major supplier of these products to the United States."

McMoRan Exploration Co. is an independent public company engaged in the exploration, development and production of oil and natural gas offshore in the Gulf of Mexico and onshore in the Gulf Coast area. McMoRan is also pursuing plans for the development of the Main Pass Energy Hub(TM) which will be used for the receipt and processing of liquefied natural gas and the storage and distribution of natural gas. Additional information about McMoRan and the Main Pass Energy Hub(TM) project is available on its internet website "www.mcmoran.com" and "www.mpeh.com".

Palace Exploration Company is a privately held company engaged in the exploration and production of oil and gas in the continental United States, the Gulf of Mexico, Western Canada and the North Sea. It has been owned and operated by the chairman and his family since its acquisition in 1983, and owns interests in more than 1,400 producing oil or gas wells.

CONTACT: McMoRan Exploration Co., New Orleans
Financial Contact:
David P. Joint, 504-582-4203
or
Media Contact:
William L. Collier, 504-582-1750

Applicant: Palace Exploration Company; Location: The project is located in Matagorda Bay, approximately 8.1 miles southwest of Matagorda, Texas, in Matagorda County, Texas. The project can be located on the U.S.G.S. quadrangle map entitled: Palacios Point, Texas. Approximate UTM Coordinates in NAD 27 (meters): Zone 14; Easting: 787306; Northing: 3168072. Project Description: The applicant proposes to install, operate, and maintain structures and equipment necessary for oil and gas drilling, production, and transportation activities. Such activities include installation of a 150-foot-long by 50-foot-wide marine drilling barge, stabilized by six 3-pile clusters. No shell pad will be utilized. Should the well prove to be productive, the applicant proposes to replace the drilling platform with a 20-foot by 10-foot well protection platform. Depth along the project site is -8.86 feet below mean high water. CCC Project No.: 05-0156-F1; Type of Application: U.S.A.C.E. permit application #23609 is being evaluated under

Major Donor and Independent Expenditure Campaign Statement

(Government Code Sections 84200-84216.5)

DATE STAMP
CALIFORNIA FORM 461

Amendment

SEE INSTRUCTIONS ON REVERSE

Date of election if applicable: (Month, Day, Year) _____
 Statement covers period from 01/01/2004 through 12/31/2004

1/2
For Official Use Only

1. Name and Address of Filer

NAME OF FILER (include name(s) of all affiliated entities whose contributions are included in this statement.)
 PALACE EXPLORATION CO.

MAILING ADDRESS (NO. AND STREET)

CITY STATE ZIP CODE

NEW YORK NY 10022
 RESPONSIBLE OFFICER (If filer is other than an individual)
 Richard D. Siegal

2. Nature and Interests of Filer (Complete each applicable section.)

A FILER THAT IS AN INDIVIDUAL MUST LIST THE NAME, ADDRESS, AND BUSINESS INTERESTS OF EMPLOYER OR, IF SELF-EMPLOYED, THE NAME, ADDRESS, AND NATURE OF THE BUSINESS

NAME OF EMPLOYER/BUSINESS BUSINESS INTERESTS
 Bistate Oil Mgt Co. Oil & Gas
 ADDRESS OF EMPLOYER/BUSINESS

New York NY 10022
 A FILER THAT IS A BUSINESS ENTITY MUST DESCRIBE THE BUSINESS ACTIVITY IN WHICH IT IS ENGAGED

A FILER THAT IS AN ASSOCIATION MUST PROVIDE A SPECIFIC DESCRIPTION OF ITS INTERESTS

A FILER THAT IS NOT AN INDIVIDUAL, BUSINESS ENTITY, OR ASSOCIATION MUST DESCRIBE THE COMMON ECONOMIC INTEREST OF THE GROUP OR ENTITY

3. Summary

(Amounts may be rounded to whole dollars.)

- Expenditures and contributions (including loans) of \$100 or more made this period. (Part 5.) \$ 250000.00
- Unitemized expenditures and contributions (including loans) under \$100 made this period. \$ 0.00
- Total expenditures and contributions made this period. (Add Lines 1 + 2.) **SUBTOTAL** \$ 250000.00
- Total expenditures and contributions made from prior statement. (Enter amount from Line 5 of last statement filed. If this is the first statement for the calendar year, enter zero.) \$ 0.00
- Total expenditures and contributions (including loans) made since January 1 of the current calendar year. (Add Lines 3 + 4.) **TOTAL** \$ 250000.00

4. Verification

I have used all reasonable diligence in preparing this statement. I have reviewed the statement and to the best of my knowledge the information contained herein is true and complete. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on 01/26/2005 By Richard D. Siegal
 DATE SIGNATURE OF INDIVIDUAL DONOR OR RESPONSIBLE OFFICER IF OTHER THAN AN INDIVIDUAL