

SEIZED AND TAKEN into execution at the suit of Plaintiff, Midstates Resources Corp., through their Attorneys: Blank, Rome, Comisky and McCaulley, Suite 200, 1602 Pond Road, Allentown, PA 18104 against Defendants: Daniel A. Zola and Donna R. Zola, and Lafayette Realty * Construction Co., 845 North Laurel St., Apt. A., Hazleton, PA 18201.

TERMS OF SALE: Ten (10) percent cash or cashier's check at time of Sale, balance in cash or certified check within eight (8) days after Sale.

All parties in interest and Claimants will take notice that a Schedule of Distribution will be filed within thirty-days (30) after the Sale and the Distribution will be made in accordance with the Schedule unless exceptions are filed within ten (10) days of posting.

Attorneys for Plaintiff:
Blank, Rome, Comisky & McCauley
Suite 200, 1620 Pond Road
Allentown, PA 18104

Harry A. Roadarmel Jr
Sheriff of Columbia County

BLANK ROME COMISKY & MCCAULEY
COUNSELORS AT LAW

Copy

1620 POND ROAD
SUITE 200

ALLENTOWN, PENNSYLVANIA 18104-2253

(610) 706-4300

FAX: (610) 706-4343

EMAIL ADDRESS:

seitz@blankrome.com

DIRECT DIAL NUMBER:

October 28, 1997

Harry A. Roadarmel, Jr.
Sheriff of Columbia County
Columbia County Courthouse
P.O. Box 380
Bloomsburg, PA 17815

*Enclosed is \$26.50
for this transaction.
T. Noble, Paralegal
11/04/97*

RE: Midstates Resources Corp. v. Daniel A. Zola, et al.
No. 97-CV-121 (C.C.P. Columbia)

Dear Sheriff Roadarmel:

It is my understanding from Charles Saylor, Esquire, that you kindly agreed to issue a corrected sheriff's deed. The original deed omitted an access easement. It is Midstates' position that the easement was conveyed as part of the sale, even though it was not mentioned in the first deed, because it is an easement appurtenant which travels with the property. Including the easement in a revised deed will remove all doubt and satisfy future grantees.

I appreciate the Sheriff's cooperation. Please give me a call if you have any questions.

Very truly yours,



Jack M. Seitz

Enc.

cc: Charles H. Saylor, Esq. (w/enc.)

Mr. Douglas Zenor (w/enc.)

jmsl\midzola.ccs2

REAL ESTATE
SHERIFF'S SALE--COST SHEET

Middlestate Petroleum Corp vs Zola, Zola, Lafayette
NO. 28-97 E.D. NO. 121-97 J.D. DATE OF SALE June 12-97 TIME OF SALE 1000

DOCKET AND RETURN	\$ 15.-
SERVICE PER DEFENDANT OR GARNISHEE	45.-
LEVY (PER PARCEL)	15.-
MAILING COSTS	19.06
ADVERTISING, SALE BILLS, & COPIES	19.-
ADVERTISING SALE (PLUS NEWSPAPER)	15.-
MILEAGE	5.-
POSTING HANDBILLS	15.-
CRYING?ADJOURN SALE (EACH SALE)	30.-
SHERIFF'S DEED	30.-
TRANSFER TAX FORM	15.-
DISTRIBUTION FORM	25.-
OTHER <u>Luz. Co. Sheriff</u>	40.-
<u>copies</u>	5.-

TOTAL.....\$ 293.06

PRESS-ENTERPRISE INC	\$ 472.40
SOLICITOR'S SERVICES	50.00

TOTAL.....\$ 522.40

PROTHONOTARY (NOTARY)	\$ 10.00
RECORDER OF DEEDS	26.50

OTHER

TOTAL.....\$ 36.50

REAL ESTATE TAXES:

BOROUGH, TWP. & COUNTY TAXES, 1997	\$ 3,036.95
SCHOOL DISTRICT TAXES, 19	\$
DELINQUENT TAXES, 1995, 1996	\$ 20,694.87

TOTAL.....\$ 23,731.82

MUNICIPAL FEES DUE:

SEWER--MUNICIPAL	19	\$
WATER--MUNICIPAL	<u>Bloom</u> 19	\$ 17.77

TOTAL.....\$ 17.77

SURCHARGE FEE: STATE TREASURER (TRAINING FEE)

TOTAL.....\$ 28.00

MISCELLANEOUS	\$
	\$

TOTAL.....

Bid \$250,000 Plus \$5,000
TOTAL COSTS (OPEN BID).....\$ 24,629.55
5,000.-

\$ 29,629.55 - Advance on Bid
\$ 9,991.33 Due

REAL ESTATE
SHERIFF'S SALE--COST SHEET

Midstate Tractors Corp. VS Zola, Zola, LAMARITE Realty
NO. 28-97 E.D. NO. 121-97 J.D. DATE OF SALE June 1997 TIME OF SALE 1000

DOCKET AND RETURN	\$ 15.00
SERVICE PER DEFENDANT OR GARNISHEE	45.00
LEVY (PER PARCEL)	15.00
MAILING COSTS	19.06
ADVERTISING, SALE BILLS, & COPIES	19.00
ADVERTISING SALE (PLUS NEWSPAPER)	15.00
MILEAGE	5.00
POSTING HANDBILLS	15.00
CRYING?ADJOURN SALE (EACH SALE)	30.00
SHERIFF'S DEED	30.00
TRANSFER TAX FORM	15.00
DISTRIBUTION FORM	25.00
OTHER <u>Luz. Co. Sheriff</u>	40.00
<u>Copies</u>	5.00

TOTAL.....\$ 293.06

PRESS-ENTERPRISE INC	\$ <u>22.40</u>
SOLICITOR'S SERVICES	<u>50.00</u>

TOTAL.....\$ 271.46

PROTHONUTARY (NOTARY)	\$ <u>10.00</u>
RECORDER OF DEEDS	<u>13.50</u> <u>11.50</u>

OTHER	<u>36.50</u>
TOTAL.....	<u>23.50</u>

REAL ESTATE TAXES:

BOROUGH, TWP. & COUNTY TAXES, 1997	\$ <u>3,036.95</u>
SCHOOL DISTRICT TAXES, 19	
DELINQUENT TAXES, 1995, 1996	\$ <u>20,694.87</u>

TOTAL.....23731.82

MUNICIPAL FEES DUE:

SEWER--MUNICIPAL	19	\$	
WATER--MUNICIPAL <u>Bloom</u>	19	\$	<u>17.77</u>

TOTAL.....17.77

SURCHARGE FEE: STATE TREASURER (TRAINING FEE)

TOTAL.....28.00

MISCELLANEOUS	<u>Comm? Exp. Corp. Pays</u>	<u>1,546.00</u>
	<u>Employee - Comm. Exp.</u>	<u>898.60</u>
	<u>Pa. Dev. Bank</u>	<u>210.05</u>
TOTAL.....		<u>2,654.65</u>

TOTAL COSTS (OPEN BID).....27,271.20

2% Pay on Bid

27,284.20

HARRY A. ROADARMEL, JR.



SHERIFF OF COLUMBIA COUNTY

COURT HOUSE - P.O. BOX 380

BLOOMSBURG, PA 17815

FAX 717-784-0257

PHONE
(717) 389-5622

24 HOUR PHONE
(717) 704-6300

DATE 6-30-97 TIME 1045

SENDING 3 PAGES INCLUDING TRANSMITTAL SHEET

TO Blane, James, Commissioner & McCauley

TELECOPIER PHONE NO. 610-375-6995

FROM: Columbia Co. Sheriff

SHERIFF'S FILE NO. 28-97 E.D. - 17197 E.D.

IF YOU DO NOT RECEIVE ALL PAGES INDICATED ABOVE, PLEASE CONTACT US
AT 717-389-5622 IMMEDIATELY.

THE FOLLOWING IS BEING TRANSMITTED:

X AS PER YOUR REQUEST
____ FOR YOUR INFORMATION
____ FOR COMMENT/APPROVAL
____ PLEASE CALL ME

MESSAGE:

Address of Midstate Resource Corp.
Need For DRRS

THE INFORMATION CONTAINED IN THE COMMUNICATION IS SUBJECT TO BE CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR FIRM TO WHICH IT IS DIRECTED (NAMED ABOVE). IF THE READER OF THIS COMMUNICATION IS NOT THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION OR DISCLOSURE OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE AND RETURN THE ORIGINAL MESSAGE TO US VIA THE UNITED STATES POSTAL SERVICE. THANK YOU.

(02280750 6-30-97)

SHERIFF'S SALE REAL ESTATE
FINAL COST SHEET

MIDSTATE RESOURCES INC. VS Zola, Zola, LARRY & KYLE Realty
NO. 28-77 E.D. NO. 121-97 J.D.

DATE OF SALE: June 12, 1997

BID PRICE (INCLUDES COSTS)	\$ <u>250,000</u>
POUNDAGE 2% BID PRICE	\$ <u>5,000</u>
TRANSFER TAX 2% BID PRICE	\$ <u>-0-</u>
MISC. COSTS	\$ <u>-0-</u>

TOTAL NEEDED TO PURCHASE

\$255,000.-

PURCHASER(S) : MIDSTATE RESOURCE CORP
ADDRESS : 14803 Frontier Rd, Omaha, NE 68138
NAME(S) ON DEED: Same
PURCHASER(S) SIGNATURE(S) : _____

AMOUNT RECEIVED BY SHERIFF FROM PURCHASER(S) :

TOTAL DUE	\$ <u>29,629.55</u>
LESS DEPOSIT	\$ <u>900.-</u>
DOWN PAYMENT	\$ _____
AMOUNT DUE IN EIGHT DAYS	\$ <u>28,729.55</u>

card to you.
■ Attach this form to the front of the mailpiece, or on the back if space does not permit.
■ Write "Return Receipt Requested" on the mailpiece below the article number.
■ The Return Receipt will show to whom the article was delivered and the date delivered.

Thank you for using Return Receipt Service

extra fee): 28-97

1. ☒ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:	4a. Article Number P 315 463 607
Small Business Administration 20 N. Penna. Avenue Room 2327 Wilkes-Barre, PA 18701	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name) APR 21 1997	8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) X [Signature]	

PS Form 3811, December 1994 Domestic Return Receipt

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Clearance Support Section
Department 280946
Harrisburg PA 17128-0946

4a. Article Number
P 315 463 606

4b. Service Type
☐ Registered
☐ Express Mail
☐ Return Receipt for Merchandise
☐ COD

7. Date of Delivery
APR 21 1997

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 Domestic Return Receipt

I also wish to receive the following services (for an extra fee): **28-97**

1. ☒ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

1. ☒ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:	4a. Article Number P 315 463 609
Small Business Administration 20 N. Penna. Avenue Room 2327 Wilkes-Barre, PA 18701	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name) APR 21 1997	8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) X [Signature]	

PS Form 3811, December 1994 Domestic Return Receipt

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Office of F.A.I.R
Dept. of Public Welfare
P.O. BOX 8016
Harrisburg, PA 17105

4a. Article Number
P 315 463 608

4b. Service Type
☐ Registered
☐ Express Mail
☐ Return Receipt for Merchandise
☐ COD

7. Date of Delivery
APR 21 1997

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X [Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994 Domestic Return Receipt

I also wish to receive the following services (for an extra fee): **28-97**

1. ☒ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

Thank you for using Return Receipt Service

BLANK ROME COMISKY & McCAULEY
COUNSELORS AT LAW

FOUR PENN CENTER PLAZA
PHILADELPHIA, PA 19103-2599
215-569-5500

1400 N. PROVIDENCE RD., SUITE 301
MEDIA, PA 19063-2051
610-891-7800

210 LAKE DRIVE EAST
CHERRY HILL, NJ 08002-1164
609-779-3600

1620 POND ROAD, SUITE 200
ALLENTOWN, PENNSYLVANIA 18104-2255

610-395-1010
FAX 610-395-6995

1220 MARKET STREET, 8TH FLOOR
WILMINGTON, DE 19801-2535
302-425-6400

1156 15TH STREET, NW, SUITE 550
WASHINGTON, DC 20005-1704
202-785-4100

1401 FORUM WAY
WEST PALM BEACH, FL 33401-2353
407-686-8100

June 20, 1997

Sheriff Harry A. Roadarmel, Jr.
Columbia County Courthouse
P.O. Box 380
Bloomsburg, PA 17815

Re: Midstates Resources Corp. v. Zola, et al.

Case No. 121-97 J.D./28-97 E.D.

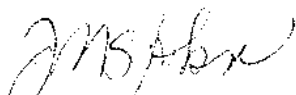
Address: 327 New Berwick Highway, Bloomsburg, PA

Dear Sheriff Roadarmel:

I enclose a copy of the sheriff's final cost sheet as delivered by your deputy on June 12, 1997. The figure of \$31,371.20 includes \$2,654 in challenged state tax liens. I heard from the sheriff's solicitor on June 17 and was pleased to hear that the sheriff will not require the payment of those disputed claims as part of the costs and taxes in this matter. Accordingly, please send a final invoice with corrected calculations. My client is eager to obtain a sheriff's deed.

Thank you for your assistance.

Very truly yours,



Jack M. Seitz

JMS/7sk
mtgforcl\midzola.she2

cc: Mr. Douglas Bartzatt

SHERIFF'S SALE REAL ESTATE
FINAL COST SHEET

Midstates Resources Corp. vs Daniel A. Zola and Donna R. Zola and
Lafayette Realty Construction Co.
NO. 28 of 1997 C.D. NO. 121 of 1997 J.D.

DATE OF SALE: June 12, 1997 at 10:00 AM

BID PRICE (INCLUDES COSTS)	\$ 256,000.00
POUNDAGE 2% BID PRICE	\$ 5,100.00
TRANSFER TAX 2% BID PRICE	\$ -
MISC. COSTS	\$ -

TOTAL NEEDED TO PURCHASE

\$ 256,000.00

PURCHASER(S) : Midstates Resources Corporation

ADDRESS :

NAME(S) ON DEED: Midstates Resources Corporation

PURCHASER(S) SIGNATURE(S) : John M. Saf, Counsel for Plaintiff

AMOUNT RECEIVED BY SHERIFF FROM PURCHASER(S) :

TOTAL DUE	\$ 322,271.20
LESS DEPOSIT	\$ 906.00
DOWN PAYMENT	\$ -
AMOUNT DUE IN EIGHT DAYS	\$ 31,371.20

James, Mihalik, Buehner & Leipold, P.C.
Attorneys & Counselors at Law

THOMAS ARTHUR JAMES, JR.
JOHN A. MIHALIK
ROBERT W. BUEHNER, JR.
THOMAS E. LEIPOLD
SUSAN TETRICK JAMES
DAVID H. TRATHEN

29 EAST MAIN STREET
BLOOMSBURG, PENNSYLVANIA 17815-1898
VOICE: 717/784-7942
FAX: 717/784-3429

June 20, 1997

OF COUNSEL:
ROBERT SPIELMAN

Jack M. Seitz, Esquire
Blank, Rome, Comisky & McCauley
1620 Pond Road, Suite 200
Allentown, PA 18104-2255

RE: Mortgage Foreclosure Sale/
Daniel A. and Donna R. Zola and
Lafayette Realty & Construction Co.

Dear Attorney Seitz:

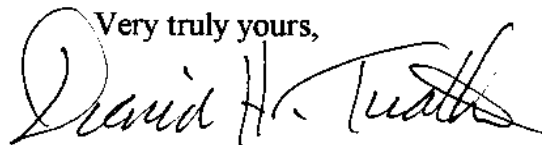
This letter will confirm our telephone conversation held on June 17, 1997, regarding your objections to the priority claims filed by the Commonwealth of Pennsylvania in this matter. Our firm served as the solicitors for the Sheriff at the sale, and I have reviewed your objections. I agree with your position that the three (3) tax liens are not priority liens, and therefore are not part of the costs for the sale.

The personal income tax and employer's withholding tax claims are not priority liens and do not jump ahead of Midstates Resources Corporation's mortgage. The corporate tax lien is a super priority lien, however, it is a lien against the assets of Lafayette Realty & Construction Co. The real estate sold at the Sheriff's Sale was owned by Daniel and Donna Zola, individually. Therefore, the corporate tax lien also is not a priority lien in reference to the sale of the real estate.

I have written to Sheriff Roadarmel recommending that the costs be adjusted to reflect the removal of these three (3) taxes. I have also advised him to contact your office to give you an amended figure as to what will be needed to purchase the property and receive a deed.

Should you have any questions, please feel free to contact me.

Very truly yours,



David H. Trathen

DHT/dm

cc: Sheriff Harry A. Roadarmel, Jr. ✓

James, Mihalik, Buehner & Leipold, P.C.
Attorneys & Counselors at Law

THOMAS ARTHUR JAMES, JR.
JOHN A. MIHALIK
ROBERT W. BUEHNER, JR.
THOMAS E. LEIPOLD
SUSAN TETRICK JAMES
DAVID H. TRATHEN

29 EAST MAIN STREET
BLOOMSBURG, PENNSYLVANIA 17815-1898
VOICE: 717/784-7942
FAX: 717/784-3429

OF COUNSEL:
ROBERT SPIELMAN

June 20, 1997

Mr. Harry A. Roadarmel, Jr.
Sheriff of Columbia County
Columbia County Courthouse
Box 380
Bloomsburg, PA 17815

RE: Sheriff's Sale/
Daniel A. and Donna R. Zola and
Lafayette Realty & Construction Co.

Dear Sheriff:

This letter will confirm our telephone conversation held on June 17, 1997, whereby I advised you to remove the three (3) tax claims of the Commonwealth of Pennsylvania from the cost of the Sheriff's Sale for the above-referenced property.

As we discussed, the liens for the personal income tax and the employer withholding tax do not have a "super" priority, and simply become a lien effective on the date of filing. I checked at the Prothonotary's office the morning of June 17th, and discovered that no liens were filed by the Commonwealth of Pennsylvania against Mr. and Mrs. Zola or Lafayette Realty & Construction Co. Therefore, Attorney Seitz's mortgage does take priority, and he is correct that those taxes should not be included as part of the sale.

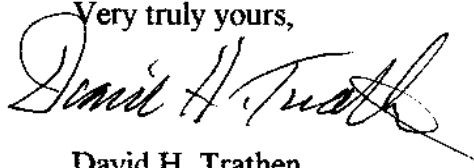
The third tax claim is from the State regarding the corporate taxes for the Lafayette Realty & Construction Co. These taxes are a "super" lien in that they automatically become a priority, and they do not have to be filed with the Prothonotary to become a super lien. Corporate tax liens are silent liens. However, the property that was sold is owned by the individuals only and not by the corporation. The corporate tax only applies to the assets of the corporation. Therefore, the lien for the corporate taxes cannot be the lien on the real estate owned by the individuals. Therefore, I agree with Attorney Seitz that the corporate taxes should also not be included in the cost for the sale.

Mr. Harry A. Roadarmel, Jr.
Page Two
June 20, 1997

In short, Attorney Seitz's objections to the three priority claims for taxes are correct, and the costs should be reduced accordingly. I have sent a letter to Attorney Seitz, copy enclosed, stating that I agree with his recommendations and that the cost will be offset to reflect it. I am asking you to please contact Attorney Seitz to let him know how much he still owes as the purchaser of the sale, so this matter can be finalized.

Should you have any questions, please feel free to contact me.

Very truly yours,

A handwritten signature in cursive script, appearing to read "David H. Trathen". The signature is written in dark ink and is positioned above the printed name.

David H. Trathen

DHT/dm
Enclosure

BLANK ROME COMISKY & McCAULEY
COUNSELORS AT LAW

FOUR PENN CENTER PLAZA
PHILADELPHIA, PA 19103-2599
215-569-5500

1400 N. PROVIDENCE RD., SUITE 301
MEDIA, PA 19063-2051
610-891-7800

210 LAKE DRIVE EAST
CHERRY HILL, NJ 08002-1164
609-779-3600

1620 POND ROAD, SUITE 200
ALLENTOWN, PENNSYLVANIA 18104-2255
610-395-1010
FAX 610-395-6995

1220 MARKET STREET, 8TH FLOOR
WILMINGTON, DE 19801-2535
302-425-6400

1156 15TH STREET, NW, SUITE 550
WASHINGTON, DC 20005-1704
202-785-4100

1401 FORUM WAY
WEST PALM BEACH, FL 33401-2353
407-686-8100

July 10, 1997

Harry A. Roadarmel, Sheriff
Columbia County Courthouse
P.O. Box 380
Bloomsburg, PA 17815

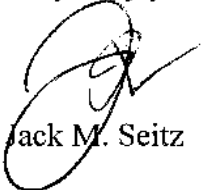
Re: Midstates Resources Corp. v. Zola
Case No. 97-CV-121 (Columbia County)
Property Address: Hardee's Restaurant, Bloomsburg,
Columbia County, PA

Dear Sheriff Roadarmel:

I enclose check no. 12784 from Midstates Resource Corp. payable to the Sheriff of Columbia County in the amount of \$28,729.55, which represents payment in full of the adjusted amount due to the sheriff. Please process the check and issue a sheriff's deed for the property at your first convenience.

Although they have not been specifically requested, I enclose duplicate Affidavits of Value for the property, which claim a 100% exemption from Pennsylvania transfer tax. If you do not need the Affidavits, please destroy them.

Very truly yours,



Jack M. Seitz

JMS/7sk
midszola.she

Enc.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
DEPT. 280603
HARRISBURG, PA 17126-0603

REALTY TRANSFER TAX STATEMENT OF VALUE

See Reverse for Instructions

RECORDER'S USE ONLY

State Tax Paid

Book Number

Page Number

Date Recorded

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) when the deed is without consideration, or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on: (1) family relationship or (2) public utility easement. If more space is needed, attach additional sheet(s).

A CORRESPONDENT - All inquiries may be directed to the following person:

Name

Douglas Bartzatt

Telephone Number:

Area Code (800) 279-8295

Street Address

14803 Frontier Road,

City

Omaha,

State

NE

Zip Code

68138

B TRANSFER DATA

Date of Acceptance of Document

Grantor(s)/Lessor(s)

Sheriff of Columbia County

Grantee(s)/Lessee(s)

Midstates Resources Corp.

Street Address

Courthouse - P.O. Box 380

Street Address

14803 Frontier Road

City

Bloomsburg,

State

PA

Zip Code

17815

City

Omaha,

State

NE

Zip Code

68138

C PROPERTY LOCATION

Street Address

327 New Berwick Highway

City, Township, Borough

Bloomsburg

County

Columbia

School District

Tax Parcel Number

05E-03-307

D VALUATION DATA

1. Actual Cash Consideration

\$28,729.55

2. Other Consideration

+ N/A

3. Total Consideration

= \$28,729.55

4. County Assessed Value

\$257,850.00

5. Common Level Ratio Factor

x 2.49

6. Fair Market Value

= \$642,046.50

E EXEMPTION DATA

1a. Amount of Exemption Claimed

100%

1b. Percentage of Interest Conveyed

100%

2 Check Appropriate Box Below for Exemption Claimed



Will or intestate succession

(Name of Decedent)

(Estate File Number)



Transfer to Industrial Development Agency.



Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)



Transfer between principal and agent. (Attach complete copy of agency/straw party agreement.)



Transfers to the Commonwealth, the United States and Instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)



Transfer from mortgagor to a holder of a mortgage in default. Mortgage Book Number _____, Page Number _____



Corrective or confirmatory deed. (Attach complete copy of the prior deed being corrected or confirmed.)



Statutory corporate consolidation, merger or division. (Attach copy of articles.)



Other (Please explain exemption claimed, if other than listed above.) Transfer via Sheriff's Sale to
executing creditor holding first mortgage, which was assigned to
correspondent at Book 656, Page 145.

Under penalties of law, I declare that I have examined this Statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party

Jack M. Seitz, Esquire Attorney for Midstates Resources Corp.

Date

7-10-97

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH APPLICABLE DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF INDIVIDUAL TAXES
DEPT. 280603
HARRISBURG, PA 17128-0603

REALTY TRANSFER TAX STATEMENT OF VALUE

See Reverse for Instructions

RECORDER'S USE ONLY

State Tax Paid

Book Number

Page Number

Date Recorded

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Name

Douglas Bartzatt

Telephone Number:

Area Code (800) 279-8295

Street Address

14803 Frontier Road,

City

Omaha,

State

NE

Zip Code

68138

B TRANSFER DATA

Date of Acceptance of Document

Grantor(s)/Lessor(s)

Sheriff of Columbia County

Grantee(s)/Lessee(s)

Midstates Resources Corp.

Street Address

Courthouse - P.O. Box 380

Street Address

14803 Frontier Road

City

Bloomsburg,

State

PA

Zip Code

17815

City

Omaha,

State

NE

Zip Code

68138

C PROPERTY LOCATION

Street Address

327 New Berwick Highway

City, Township, Borough

Bloomsburg

County

Columbia

School District

Tax Parcel Number

05E-03-307

D VALUATION DATA

1. Actual Cash Consideration

\$28,729.55

2. Other Consideration

+ N/A

3. Total Consideration

= \$28,729.55

4. County Assessed Value

\$257,850.00

5. Common Level Ratio Factor

x 2.49

6. Fair Market Value

= \$642,046.50

E EXEMPTION DATA

1a. Amount of Exemption Claimed

100%

1b. Percentage of Interest Conveyed

100%

2. Check Appropriate Box Below for Exemption Claimed

☐ Will or intestate succession (Name of Decedent)

(Estate File Number)

☐ Transfer to Industrial Development Agency.

☐ Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)

☐ Transfer between principal and agent. (Attach complete copy of agency/straw party agreement.)

☐ Transfers to the Commonwealth, the United States and Instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)

☒ Transfer from mortgagor to a holder of a mortgage in default. Mortgage Book Number _____, Page Number _____

☐ Corrective or confirmatory deed. (Attach complete copy of the prior deed being corrected or confirmed.)

☐ Statutory corporate consolidation, merger or division. (Attach copy of articles.)

☒ Other (Please explain exemption claimed, if other than listed above.) Transfer via Sheriff's Sale to
executing creditor holding first mortgage, which was assigned to
correspondent at Book 656, Page 145.

Under penalties of law, I declare that I have examined this Statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party

Jack M. Seitz, Esquire Attorney for Midstates Resources Corp.

Date

7-10-97

FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH APPLICABLE DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.

HARRY A. ROADARMEL, JR.



SHERIFF OF COLUMBIA COUNTY
COURT HOUSE - P.O. BOX 380
BLOOMSBURG, PA 17815

PHONE
(717) 784-1991

24 HOUR PHONE
(717) 784-6300
FAX (717) 784-0257

Midstates Resources Corp.,

PLAINTIFF

vs.

Donna R. Zola

DEFENDANT

IN THE COURT OF COMMON PLEAS
OF COLUMBIA COUNTY

No. 121 CD Term, 19 97

WRIT of Execution No. 28 E.D.1997

ISSUED April 10, 1997

NOW, April 16 19 97, I, Harry A. Roadarmel Jr.

High Sheriff of Columbia County, Pennsylvania, do hereby deputize the Sheriff of Luzerne County

County, Pennsylvania, to execute this Writ. This deputation being made at the request and risk of the Plaintiff.

Defendants alleged address is 845 North Laurel Street, Apt. A., Hazleton, Pa. 18201

Harry A. Roadarmel Jr.
Sheriff, Columbia County, Pennsylvania

AFFIDAVIT OF SERVICE

NOW, WEDNESDAY, APRIL 23 19 97, at 12:15 o'clock P. M, served the
within NOTICE OF SALE, NOTICE OF RIGHTS, EXECUTION NOTICE, NOTICE RULE #29582 WRIT OF
EXECUTION AND DISCRPTION upon DANIEL A. ZOLA
at HIS PLACE OF BUSINESS, 330 WEST 21ST STREET, HAZLETON by handing to
DONNA R. ZOLA a true and attested copy of the

original _____ and made known to HER. the contents thereof.

Sworn and Subscribed before me

this 28TH

day of APRIL 19 97

Notary Public

So Answers,

Carl Zawatski
Sheriff

BY: [Signature]
Deputy Sheriff

19, _____, See return endorsed hereon by Sheriff of
County, Pennsylvania, and made a part of this return

So Answers,

Sheriff

Deputy Sheriff

HARRY A. ROADARMEL, JR.



SHERIFF OF COLUMBIA COUNTY
COURT HOUSE - P.O. BOX 380
BLOOMSBURG, PA 17815

PHONE
(717) 784-1991

24 HOUR PHONE
(717) 784-6300
FAX (717) 784-0257

Midstates Resources Corp.,

PLAINTIFF

vs.

Daniel A. Zola

DEFENDANT

IN THE COURT OF COMMON PLEAS
OF COLUMBIA COUNTY

No. 121 CD Term, 19 97

WRIT of Execution No. 28 E.D.1997

ISSUED April 10, 1997

NOW, April 16 19 97, I, Harry A. Roadarmel Jr.

High Sheriff of Columbia County, Pennsylvania, do hereby deputize the Sheriff of Luzerne County

County, Pennsylvania, to execute this Writ. This deputation being made at the request and risk of the Plaintiff.

Defendants alleged address is 845 North Laurel Street, Apt. A., Hazleton, Pa. 18201

CR. No. 09807 of 40.00

Harry A. Roadarmel Jr.
Sheriff, Columbia County, Pennsylvania

AFFIDAVIT OF SERVICE

NOW, WEDNESDAY, APRIL 24 19 97, at 12:15 o'clock P. M, served the

NOTICE OF SALE, NOTICE OF RIGHTS, EXECUTION NOTICE, NOTICE RULE # 29582 WRIT OF
within EXECUTION AND DISCRPTION upon DONNA R. ZOLA

at HER PLACE OF EMPLOYMENT, 330 WEST 21ST STREET, HAZLETON by handing to

HER PERSONALLY a true and attested copy of the

original and made known to HER the contents thereof.

Sworn and Subscribed before me

this 28TH

day of APRIL 19 97

Notary Public

So Answers

Carl Zawatski

Sheriff

BY:

Deputy Sheriff

19, See return endorsed hereon by Sheriff of
County, Pennsylvania, and made a part of this return

So Answers.

Sheriff

Deputy Sheriff

HARRY A. ROADARMEL, JR.



SHERIFF OF COLUMBIA COUNTY
COURT HOUSE - P.O. BOX 380
BLOOMSBURG, PA 17815

PHONE
(717) 784-1991

24 HOUR PHONE
(717) 784-6300
FAX (717) 784-0257

Midstates Resources Corp.,

PLAINTIFF

Lafayette Realty & Construction Co.
c/o Daniel A. Zola

DEFENDANT

IN THE COURT OF COMMON PLEAS
OF COLUMBIA COUNTY

No. 121 CD Term, 19 97

WRIT of Execution No. 28 E.D.1997

ISSUED April 10, 1997

NOW, April 16, 19 97, I, Harry A. Roadarmel Jr.

High Sheriff of Columbia County, Pennsylvania, do hereby deputize the Sheriff of Luzerne County

County, Pennsylvania, to execute this Writ. This deputation being made at the request and risk of the Plaintiff.

Defendants alleged address is 845 North Laurel Street, Apt. A., Hazleton, Pa. 18201

Harry A. Roadarmel Jr.
Sheriff, Columbia County, Pennsylvania

AFFIDAVIT OF SERVICE

NOW, WEDNESDAY APRIL 23, 19 97 at 12:15 o'clock P. M. served the
NOTICE OF SALE, NOTICE OF RIGHTS, EXECUTION NOTICE, NOTICE RULE # 29582, WRIT OF EXECUTION,
within AND DISCRIPTION upon LAFAYETTE REALTY AND CONSTRUCTION COMPANY

at THE PLACE OF BUSINESS, 330 WEST 21ST STREET, HAZLETON by handing to

DONNA R. ZOLA, CORPORATE SECRETARY a true and attested copy of the
original and made known to HER the contents thereof.

Sworn and Subscribed before me

this 28TH day of APRIL 19 97

Notary Public

So Answers,

Carl Zawatski
Sheriff

BY: Deputy Sheriff

19, See return endorsed hereon by Sheriff of
County, Pennsylvania, and made a part of this return

So Answers,

Sheriff

Deputy Sheriff

COLUMBIA COUNTY TAX CLAIM BUREAU
LIEN CERTIFICATE

Date April 18, 1997

OWNER OR REPUTED OWNER

Zola, Daniel A. & Donna R.
aka Lafayette Realty & Construction Co.

DESCRIPTION OF PROPERTY

.71 Ac.
Hardee's Rest.

PARCEL NUMBER 05E,03--307-00,000 IN Bloomsburg, Town Township
Borough
City

YEAR	TOTAL
1995	\$10,421.28
1996	\$10,268.59
Lein	\$ 5.00
TOTAL	\$20,694.87

The above figures represent the amount(s) due during the month of
June/July, 1997.

This is to certify that, according to our records, there are tax liens on
the above mentioned property as of December 31, 1996.

Excluding: Interim Tax Billings

Requested by:

Columbia County Sheriff

Sold

COLUMBIA COUNTY TAX CLAIM BUREAU

FEE - \$5.00
Per Parcel

AC
7-25-97

BLANK ROME COMISKY & McCAULEY
COUNSELORS AT LAW

FOUR PENN CENTER PLAZA
PHILADELPHIA, PA 19103-2599
215-569-5500

1400 N. PROVIDENCE RD., SUITE 301
MEDIA, PA 19063-2051
610-891-7800

210 LAKE DRIVE EAST
CHERRY HILL, NJ 08002-1164
609-779-3600

1620 POND ROAD, SUITE 200
ALLENTOWN, PENNSYLVANIA 18104-2255

610-395-1010
FAX 610-395-6995

1220 MARKET STREET, 8TH FLOOR
WILMINGTON, DE 19801-2535
302-425-6400

1156 15TH STREET, NW, SUITE 550
WASHINGTON, DC 20005-1704
202-785-4100

1401 FORUM WAY
WEST PALM BEACH, FL 33401-2353
407-686-8100

June 13, 1997

VIA TELEFAX NO. (717) 784-0257 AND FIRST CLASS MAIL

Sheriff Harry A. Roadarmel, Jr.
Columbia County Courthouse
P.O. Box 380
Bloomsburg, PA 17815

Re: Midstates Resources Corp. v. Zola, et al.

Case No. 121-97 J.D./28-97 E.D.

Address: 327 New Berwick Highway, Bloomsburg, PA

Dear Sheriff Roadarmel:

The property described above was sold at a sheriff's sale held yesterday. Before the sale, I had discussions with the sheriff's solicitor concerning the three claims for state taxes asserted by the Commonwealth. I am sending the letter to you rather than the solicitor because I do not know the solicitor's name and the courthouse is closed. Please send this letter to your solicitor.

In my conversations with the solicitor I reiterated the objections stated in my letter to you, which I sent by telefax on June 11, 1997. Specifically, Midstates contends that none of the Commonwealth's claims is entitled to priority over Midstates' mortgage. As a result, Midstates objected and continues to object to including those taxes in the bid price. I want to confirm with this letter that, immediately prior to tendering Midstates' bid, I announced Midstates' objection and continue to assert (1) the Commonwealth is not entitled to any priority, and (2) the sheriff is neither obligated nor permitted to require that the three tax claims be paid out of sale proceeds.

It is my understanding that you and your solicitor will review the reasoning and authorities set forth in my letter of June 11, 1997. I would like to know your position before your issue an invoice or a schedule of distribution.

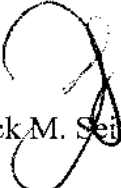
Sheriff Harry A. Roadarmel, Jr.

June 13, 1997

Page 2

I appreciate your time and assistance. I look forward to resolving this matter promptly.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jack M. Seitz". The signature is stylized with a large, looping initial "J" and "S".

Jack M. Seitz

JMS//sk

mtgforcl\midzola.she2

cc: Mr. Douglas Bartzatt

BLANK ROME COMISKY & McCAULEY
COUNSELORS AT LAW

FOUR PENN CENTER PLAZA
PHILADELPHIA, PA 19103-2599
215-569-5500

1400 N. PROVIDENCE RD., SUITE 301
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WASHINGTON, DC 20005-1704
202-765-4100

1401 FORUM WAY
WEST PALM BEACH, FL 33401-2353
407-686-8100

June 11, 1997

VIA TELEFAX NO. (717) 784-0257 AND FIRST CLASS MAIL

Sheriff Harry A. Roadarmel, Jr.
Columbia County Courthouse
P.O. Box 380
Bloomsburg, PA 17815

Re: Midstates Resources Corp. v. Zola, et al.

Case No. 121-97 J.D./28-97 E.D.

Address: 327 Newburwick Highway, Bloomsburg, PA

Dear Sheriff Roadarmel:

It was a pleasure speaking with you this morning. I would like to summarize several of the items we discussed. First, if my client (Midstates Resources Corp.) is the successful bidder at the sale, you confirmed it will not be necessary for Midstates to tender a check at the time of the sale; instead, the sheriff's office will issue an invoice for costs, taxes and poundage to be paid within 30 days. Because that information had been given to my paralegal several weeks before the sale, we are not prepared to provide a check at the time of sale.

We also discussed the three state tax liens received by the sheriff, none of which was recorded as of June 2, 1997. The tax claims are as follows:

<u>Type of Tax</u>	<u>Settlement Date</u>	<u>Amount</u>
Corporate Income	5/20/97	\$1,546.00
Personal Income	11/23/94	\$ 210.05
	12/17/93	
Employer Withholding	4/04/97	\$ 898.60

Despite the Commonwealth's practice of asserting a "super" priority for all corporate income, sales and use tax, employer withholding tax and personal income tax, it is not entitled to such

Sheriff Harry A. Roadarmel, Jr.
 June 11, 1997
 Page 2

priority in many cases. Here, it is Midstates' position that the Commonwealth is not entitled to a priority with respect to any of the liens it asserts, for the reasons stated below.

Some state taxes are entitled to a "super" priority while others are not. 72 P.S. §1401 states the basic rule that taxes owed to the Commonwealth constitute first liens upon property of the taxpayer, senior to liens for real estate taxes and senior to prior mortgage liens. That general rule, however, is changed by statute with respect to certain taxes but not with respect to others. For example, contributions by employers under the Unemployment Compensation Law are deemed to be taxes due to the Commonwealth under the Fiscal Code. Unless expressly made subordinate by statute, those taxes constitute a first lien and take priority over other liens. Corporate income taxes are also governed by §1401 and take priority because, unlike liens for sales tax, personal income tax and withholding tax, they are not made subordinate elsewhere in the Code.

The Employer Withholding Tax Lien

If you look at the Commonwealth's claim form, you will see that the lien for employer withholding tax is authorized by 72 P.S. §7345. According to the Commonwealth's claim form, the settlement or lien date of that tax was April 4, 1997. Midstates' mortgage, by contrast, was recorded on September 24, 1993. These dates are very important in analyzing whether the Commonwealth is entitled to a priority.

Liens for employer withholding tax are authorized by 72 P.S. §§7316-7323. Those provisions of the tax Fiscal Code require that employers withhold their employees' personal income taxes and make employers liable for the taxes to be withheld. Under 72 P.S. §7345, the Commonwealth can assert a lien for unpaid withholdings. Those liens do not take priority over pre-existing liens:

(a) If any person liable to pay any tax neglects or refuses to pay the same on the date the tax becomes collectible, the amount of such tax together with any costs that may accrue in addition thereto, shall be a lien in favor of the Commonwealth against the real and personal property of such person but only after such lien has been duly entered and docketed of record by the prothonotary of the county where such property is situated. No prothonotary shall require, as a condition precedent to the entry of such lien, the payment of costs incident thereto. (emphasis added)

The same concept appears in subsection (b) of Section 7345:

(b) The department may, at any time, transmit to the prothonotary of the respective county certified copies of all liens for taxes imposed by this article. It shall be the duty of each prothonotary receiving such liens to enter and docket the same of record in his office, which shall be indexed as judgments are now

Sheriff Harry A. Roadarmel, Jr.

June 11, 1997

Page 3

indexed. All such liens shall have priority to, and be fully paid before, any other obligation, judgment, claim, lien or estate paid and satisfied out of the judicial sale of said real and personal property with which said property may become charged, or for which it may subsequently become liable, subject, however, to mortgage or other liens existing and duly recorded at the time such tax lien is recorded, save and except the costs of sale and the writ upon which it is made and the real estate taxes imposed or assessed upon said property. (emphasis added)

While a sheriff's sale is not a judicial sale for purposes of Section 7345(b), subsection (b) is important because it reflects the same concept articulated more generally in subsection (a).

Personal Income Taxes

Liens for personal income taxes are also governed by Section 7345. For the reasons stated above, the Commonwealth's lien for personal income taxes in the amount of \$210.05 is not entitled to priority because it was not recorded prior to the recording of Meditates' mortgage.

Corporation Taxes

Unlike the liens for personal income tax and employer withholding tax, "liens" for corporate income tax are entitled to priority under 72 P.S. §1401 because there is no additional, more specific statute stating that such liens are subordinate. Even so, the Commonwealth's claim is not entitled to priority in this case for the simple reason that it is not a "lien" at all.

I enclose the following items: (1) the first page of the deed for the subject property; (2) the first page of Midstates' affidavit pursuant to Rule 3129.1; and (3) the original search report I received from Lawyers Land Abstract. As you can see, the property was and is owned only by the two individual defendants. The corporation did not and does not have a record interest in the real estate, which means the Commonwealth's lien for corporate taxes, which is payable only by the corporation, never attached to the property and is not a lien of any kind. Accordingly, we take the position that the claim for corporate taxes does not attach to the property as a lien. Meditates objects to not paying those taxes as part of its bid price.

It is clear that liens for sales tax (which are governed by 72 P.S. §7242) and liens for personal income tax and employer withholding tax (which are governed by 72 P.S. §7345), are subordinate to preexisting liens. Such liens are not entitled to the general rule of "super" priority because of a specific statutory declaration to the contrary. See Gregory v. Bill's Auto Exchange, Inc., 29 D. & C. 2d 285 (Montg. Co. 1964) (specific provision for priority of mortgages in sales tax law prevails over general provision of "super" priority in 72 P.S. §1401).

In light of the foregoing, we intend to tender a bid covering all real estate taxes, costs and

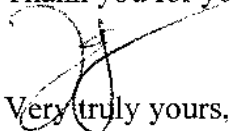
Sheriff Harry A. Roadarmel, Jr.

June 11, 1997

Page 4

poundage, but excluding the Commonwealth taxes because the Commonwealth's liens are not entitled to priority.

Thank you for your assistance.

A handwritten signature in dark ink, appearing to be "JMS", written over the text "Very truly yours,".

Very truly yours,

Jack M. Seitz

JMS/7sk

midzola.she

Enc.

cc: Mr. Douglas Bartzatt (w/enc.)

This Indenture

COMMONWEALTH OF PENNSYLVANIA	
DEPARTMENT OF REVENUE	
REALTY TRANSFER TAX	SEP 24 '93
0000	
Amount of Realty Transfer Tax Paid \$3300.00	
9/24/93	

MADE the 20th day of September,
in the year of our Lord one thousand nine hundred and ninety-three (1993)

BETWEEN GUARANTY BANK, N.A., a banking corporation organized and existing under the laws of the United States of America with its principal office in the City of Shamokin, County of Northumberland and Commonwealth of Pennsylvania, party of the first part,

AND

DANIEL A. ZOLA and DONNA R. ZOLA, his wife, of 1405 East Broad Street, Hazleton, Pennsylvania, Grantees and parties of the second part.

WITNESSETH, that the said party of the first part, for and in consideration of the sum of Three Hundred Thirty Thousand Dollars (\$330,000.00), lawful money of the United States of America, well and truly paid by the said parties of the second part to the said party of the first part, at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged has granted, bargained, sold, aliened, enfeoffed, released, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, enfeoff, release, convey and confirm unto said parties of the second part, their heirs and assigns forever, as tenants by the entirety.

ALL THAT CERTAIN piece, parcel and tract of land situate in the Town of Bloomsburg, County of Columbia, Commonwealth of Pennsylvania, bounded and described as follows:

BEGINNING at a railroad spike found on the northerly right-of-way line of U.S. Route 11, said railroad spike being on the westerly right-of-way line of a private access easement; thence along the northerly right-of-way line of U.S. Route 11 in a westerly direction on a curve to the right having a Delta Angle of 1 degree 33 minutes 00 seconds, a Radius of 5,729.65 feet and a Tangent of 77.50 feet for an Arc Length of 155.00 feet (Chord = South 70 degrees 56 minutes 02 seconds West, 155.00 feet) to a railroad spike found, a Point of Compound Curve; thence along same on a curve to the right having a Delta Angle of 36 degrees 03 minutes 50 seconds, a Radius of 124.70 feet and a Tangent of 40.59 feet for an Arc Length of 78.49 feet (Chord = South 89 degrees 44 minutes 27 Seconds West, 77.20 feet) to a Point of Compound Curve; thence along same on a curve to the right having a Delta Angle of 08 degrees 30 minutes 34 seconds, a Radius of 217.55 feet and a Tangent of 16.18 feet for an Arc Length of 32.31 feet (Chord = North 67 degrees 58 minutes 23 seconds West, 32.28 feet) to a railroad spike found, a Point of Compound Curve; thence along same on a curve to the right having a Delta Angle of

OK 54710035

IN THE COURT OF COMMON PLEAS
OF COLUMBIA COUNTY, PENNSYLVANIA

filed
04/10/97

MIDSTATES RESOURCES CORP.,)	
)	
Plaintiff)	
)	
V.)	Case No. 97-CV-121
)	
DANIEL A. ZOLA, DONNA R. ZOLA)	
AND LAFAYETTE REALTY &)	
CONSTRUCTION CO.,)	
)	
Defendants)	

AFFIDAVIT PURSUANT TO RULE 3129.1

Midstates Resources Corp., Plaintiff herein, sets forth, as of the date the Praecipe for Writ of Execution was filed, the following information concerning a parcel of real property known as 327 New Berwick Highway (Routes 11 and 487), Bloomsburg, Columbia County, Pennsylvania (Tax Parcel No. 05E-03-307):

1. Owners: The name(s) and address(es) of the owner(s) or reputed owner(s) are as follows: Daniel A. Zola, P.O. Box 164, Hazleton, Pennsylvania 18201; and Donna R. Zola, P.O. Box 164, Hazleton, Pennsylvania 18201. Upon information and belief, the Zolas' residence address is 845 North Laurel Street, Apt. A, Hazleton, Pennsylvania 18201.

2. Defendants: The name(s) and address(es) of the Defendant(s) in the judgment are as follows: Daniel A. Zola, P.O. Box 164, Hazleton, Pennsylvania 18201; Donna R. Zola, P.O. Box 164, Hazleton, Pennsylvania 18201; and Lafayette Realty & Construction Co., P.O. Box 164, Hazleton, Pennsylvania 18201.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF COMPLIANCE
DEPT. 280946
HARRISBURG, PA 17128-0946



**PRIORITY CLAIM
FOR
SHERIFFS SALE**
Please Print or Type

EXL ON NUMBER
97-CV-121, 28 E.D. 1997
DATE OF SALE
6/12/97
AMOUNT
\$898.60

MR HARRY A ROADARMEL JR
SHERIFF OF COLUMBIA COUNTY
BOX 380
BLOOMSBURG PA 17815

CORPORATION TAX FILE (BOX) NUMBER
EMPLOYER EIN
SALES TAX LICENSE NUMBER 232574464
SOCIAL SECURITY NUMBER

Daniel A. Zola, Donna R. Zola and
Lafayette Realty & Construction Co.

DEFENDANT

This statement is to advise you that the above owes the Commonwealth of Pennsylvania taxes, interest, penalty and lien costs as shown on the Statement of Account below for the following taxes. This statement is made in accordance with 42 Pa. C.S.A. §8151 and 72 P.S. §1402 (Fiscal Code §1402).

A. For the following taxes a priority in the distribution of the proceeds of the judicial sale should be made in accordance with the applicable provisions of the Tax Reform Code of 1971, 72 P.S. §7101, **et seq.** Tax liens were filed with the Prothonotary of Columbia County.

- ☐ Sales and Use Tax, 72 P.S. §7242
☒ Employer Withholding Tax, 72 P.S. §7345
☐ Pennsylvania Personal Income Tax, 72 P.S. §7345

B. A Corporation tax lien is a first lien and is required to be paid first out of the proceeds of the judicial sale before any pre-existing judgement, mortgage, or any other claim or lien against the corporation in accordance with 72 P.S. §1401 (Fiscal Code §1401).

- ☐ Corporation Taxes, 72 P.S. §1401

STATEMENT OF ACCOUNT

TYPE OF TAX	SETTLEMENT OR LIEN DATE	LIEN NUMBER OR FILING PERIOD	AMOUNT OR BALANCE
EMP	04-04-97	314-L-1997	\$898.60

I certify that the above Statement of Account is a true and correct statement of all liened taxes, penalties and interest owed to the Commonwealth of Pennsylvania (based upon the Department of Revenue records) by the above named entity.

WITNESS my hand and the seal of the Department of
Revenue this 21ST day of MAY, 19 97.

DIRECTOR, BUREAU OF COMPLIANCE

SECRETARY OF REVENUE

Dorothy A. Zotton, acting
Robert A. Judge, Sr.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF COMPLIANCE
DEPT. 280946
HARRISBURG, PA 17128-0946



**PRIORITY CLAIM
FOR
SHERIFFS SALE**
Please Print or Type

FILE NUMBER
97-CV-121, 28 E.D. 1997
DATE OF SALE
6/12/97
AMOUNT
\$210.05

MR HARRY A ROADARMEL JR
SHERIFF OF COLUMBIA COUNTY
BOX 380
BLOOMSBURG PA 17815

CORPORATION TAX FILE (BOX) NUMBER
EMPLOYER EIN
SALES TAX LICENSE NUMBER
SOCIAL SECURITY NUMBER 194-50-3689

Daniel A. Zola, Donna R. Zola and
Lafayette Realty & Construction Co.

DEFENDANT

This statement is to advise you that the above owes the Commonwealth of Pennsylvania taxes, interest, penalty and lien costs as shown on the Statement of Account below for the following taxes. This statement is made in accordance with 42 Pa. C.S.A. §8151 and 72 P.S. §1402 (Fiscal Code §1402).

A. For the following taxes a priority in the distribution of the proceeds of the judicial sale should be made in accordance with the applicable provisions of the Tax Reform Code of 1971, 72 P.S. §7101, et seq. Tax liens were filed with the Prothonotary of Columbia County.

- ☐ Sales and Use Tax, 72 P.S. §7242
☐ Employer Withholding Tax, 72 P.S. §7345
☒ Pennsylvania Personal Income Tax, 72 P.S. §7345

B. A Corporation tax lien is a first lien and is required to be paid first out of the proceeds of the judicial sale before any pre-existing judgement, mortgage, or any other claim or lien against the corporation in accordance with 72 P.S. §1401 (Fiscal Code §1401).

- ☐ Corporation Taxes, 72 P.S. §1401

STATEMENT OF ACCOUNT

TYPE OF TAX	SETTLEMENT OR LIEN DATE	LIEN NUMBER OR FILING PERIOD	AMOUNT OR BALANCE
ANNUAL	11-28-94 12-17-93	036741 P25545	\$ 69.10 140.95

I certify that the above Statement of Account is a true and correct statement of all liened taxes, penalties and interest owed to the Commonwealth of Pennsylvania (based upon the Department of Revenue records) by the above named entity.

WITNESS my hand and the seal of the Department of

Revenue this 21ST day of MAY, 19 97.

DIRECTOR, BUREAU OF COMPLIANCE

Robert A. Zotton, Acting

SECRETARY OF REVENUE

Robert A. Judge, Sr.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
BUREAU OF COMPLIANCE
DEPT. 280946
HARRISBURG, PA 17128-0946



**PRIORITY CLAIM
FOR
SHERIFFS SALE**
Please Print or Type

EX. 20 ON NUMBER E.D. 1997 - 97-CV-121
DATE OF SALE 6-12-97
AMOUNT \$1,546.00

MR HARRY A ROADARMEL JR
SHERIFF OF COLUMBIA COUNTY
BOX 380
BLOOMSBURG PA 17815

CORPORATION TAX FILE (BOX) NUMBER 3032877
EMPLOYER EIN
SALES TAX LICENSE NUMBER
SOCIAL SECURITY NUMBER

DEFENDANT Daniel A. Zola, Donna R. Zola and
Lafayette Realty & Construction Co.

This statement is to advise you that the above owes the Commonwealth of Pennsylvania taxes, interest, penalty and lien costs as shown on the Statement of Account below for the following taxes. This statement is made in accordance with 42 Pa. C.S.A. §8151 and 72 P.S. §1402 (Fiscal Code §1402).

A. For the following taxes a priority in the distribution of the proceeds of the judicial sale should be made in accordance with the applicable provisions of the Tax Reform Code of 1971, 72 P.S. §7101, **et seq.** Tax liens were filed with the Prothonotary of Columbia County.

- ☐ Sales and Use Tax, 72 P.S. §7242
☐ Employer Withholding Tax, 72 P.S. §7345
☐ Pennsylvania Personal Income Tax, 72 P.S. §7345

B. A Corporation tax lien is a first lien and is required to be paid first out of the proceeds of the judicial sale before any pre-existing judgement, mortgage, or any other claim or lien against the corporation in accordance with 72 P.S. §1401 (Fiscal Code §1401).

☒ Corporation Taxes, 72 P.S. §1401

STATEMENT OF ACCOUNT

TYPE OF TAX	SETTLEMENT OR LIEN DATE	LIEN NUMBER OR FILING PERIOD	AMOUNT OR BALANCE
CORP	05-20-97	12-31-95	\$556.00
	05-20-97	12-31-96	856.00
	05-20-97	06-12-97	134.00

I certify that the above Statement of Account is a true and correct statement of all liened taxes, penalties and interest owed to the Commonwealth of Pennsylvania (based upon the Department of Revenue records) by the above named entity.

WITNESS my hand and the seal of the Department of
Revenue this 21ST day of MAY, 19 97.

DIRECTOR, BUREAU OF COMPLIANCE

Robert A. Judge, Sr.

SECRETARY OF REVENUE

Robert A. Judge, Sr.



U.S. SMALL BUSINESS ADMINISTRATION

PHILADELPHIA DISTRICT OFFICE

REGION III

ALLENDALE SQUARE

475 ALLENDALE ROAD

KING OF PRUSSIA, PA 19406-1415

April 24, 1997

Harry A. Roadarmel, Jr.
Sheriff of Columbia County
Court House
P.O. Box 300
Bloomsburg, PA. 17815

Re: Lafayette Realty t/a
Hardees Restaurant
SBA Loan No. CDC 569 684 3004 PA
June 12, 1997 Sheriff Sale

Dear Sheriff Roadarmel:

Reference is made to your notice dated April 16, 1997 in which you notify us of the scheduling of the June 12, 1997 Sheriff Sale of the real estate at 327 New Berwick Highway Bloomsburg, Pennsylvania.

In the cover letter you sent with the sale notice, you stated that if we have any claims against the property being sold we should notify your office immediately. As a result, this letter is to put you on notice that this Agency holds a second mortgage on the subject property. This mortgage was assigned to us by SEDA-COG Local Development Corporation and has a balance in excess of \$365,000.00.

If you have any other questions or you require any additional information, please call me at (610) 962-3841.

Sincerely,

William D. McMullen,
Liquidation Loan Specialist
Portfolio Management

SHERIFF'S SALE REAL ESTATE
FINAL COST SHEET

Midstates Resources Corp.

VS

Daniel A. Zola and Donna R. Zola and
~~Lafayette Realty Construction Co.~~

NO. 28 of 1997

F.D.

NO. 121 of 1997

J.D.

DATE OF SALE: June 12, 1997 at 10:00 AM

BID PRICE (INCLUDES COSTS)

\$ 256,000.00

POUNDAGE 2% BID PRICE

\$ 5,120.00

TRANSFER TAX 2% BID PRICE

\$ -

MISC. COSTS

\$ -

TOTAL NEEDED TO PURCHASE

\$ 255,000.00

PURCHASER(S) : Midstates Resources Corporation

ADDRESS :

NAME(S) ON DEED: Midstates Resources Corporation

PURCHASER(S) SIGNATURE(S) : Daniel A. Zola, Counsel for Plaintiff

AMOUNT RECEIVED BY SHERIFF FROM PURCHASER(S) :

TOTAL DUE \$ 32,371.20

LESS DEPOSIT \$ 906.00

DOWN PAYMENT \$

AMOUNT DUE IN

EIGHT DAYS \$ 31,371.20

This Indenture

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF REVENUE	
REALTY TRANSFER TAX SEP 24 1993 PS 111542	000.00
Amount of Realty Transfer Tax Paid \$3300.00 9/24/93 <i>l.s.</i>	

MADE the 20th day of September,
in the year of our Lord one thousand nine hundred and ninety-three (1993)

BETWEEN GUARANTY BANK, N.A., a banking corporation organized and existing under the laws of the United States of America with its principal office in the City of Shamokin, County of Northumberland and Commonwealth of Pennsylvania, party of the first part,

AND

DANIEL A. ZOLA and DONNA R. ZOLA, his wife, of 1405 East Broad Street, Hazleton, Pennsylvania, Grantees and parties of the second part.

WITNESSETH, that the said party of the first part, for and in consideration of the sum of Three Hundred Thirty Thousand Dollars (\$330,000.00), lawful money of the United States of America, well and truly paid by the said parties of the second part to the said party of the first part, at and before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged has granted, bargained, sold, aliened, enfeoffed, released, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, enfeoff, release, convey and confirm unto said parties of the second part, their heirs and assigns forever, as tenants by the entirety.

ALL THAT CERTAIN piece, parcel and tract of land situate in the Town of Bloomsburg, County of Columbia, Commonwealth of Pennsylvania, bounded and described as follows:

BEGINNING at a railroad spike found on the northerly right-of-way line of U.S. Route 11, said railroad spike being on the westerly right-of-way line of a private access easement; thence along the northerly right-of-way line of U.S. Route 11 in a westerly direction on a curve to the right having a Delta

BLANK ROME COMISKY & McCAULEY
COUNSELORS AT LAW

FOUR PENN CENTER PLAZA
PHILADELPHIA, PA 19103-2529
215-568-5500

1400 N. PROVIDENCE RD., SUITE 301
MEDIA, PA 19063-2051
610-891-7600

210 LAKE DRIVE EAST
CHERRY HILL, NJ 08002-1164
609-778-3600

1620 POND ROAD, SUITE 200
ALLENTOWN, PENNSYLVANIA 18104-2255
610-395-1010
FAX 610-395-6995

1220 MARKET STREET, 8TH FLOOR
WILMINGTON, DE 19801-2536
302-425-6400

1156 15TH STREET, NW, SUITE 550
WASHINGTON, DC 20005-1704
202-785-4100

1401 FORUM WAY
WEST PALM BEACH, FL 33401-2353
407-686-8100

June 11, 1997

VIA TELEFAX NO. (717) 784-0257 AND FIRST CLASS MAIL

Sheriff Harry A. Roadarmel, Jr.
Columbia County Courthouse
P.O. Box 380
Bloomsburg, PA 17815

Re: Midstates Resources Corp. v. Zola, et al.

Case No. 121-97 J.D./28-97 E.D.

Address: 327 Newburwick Highway, Bloomsburg, PA

Dear Sheriff Roadarmel:

It was a pleasure speaking with you this morning. I would like to summarize several of the items we discussed. First, if my client (Midstates Resources Corp.) is the successful bidder at the sale, you confirmed it will not be necessary for Midstates to tender a check at the time of the sale; instead, the sheriff's office will issue an invoice for costs, taxes and poundage to be paid within 30 days. Because that information had been given to my paralegal several weeks before the sale, we are not prepared to provide a check at the time of sale.

We also discussed the three state tax liens received by the sheriff, none of which was recorded as of June 2, 1997. The tax claims are as follows:

<u>Type of Tax</u>	<u>Settlement Date</u>	<u>Amount</u>
Corporate Income	5/20/97	\$1,546.00
Personal Income	11/23/94	\$ 210.05
	12/17/93	
Employer Withholding	4/04/97	\$ 898.60

Despite the Commonwealth's practice of asserting a "super" priority for all corporate income, sales and use tax, employer withholding tax and personal income tax, it is not entitled to such

BLANK, ROME, COMISKY & McCAULEY

Sheriff Harry A. Roadarmel, Jr.

June 11, 1997

Page 2

priority in many cases. Here, it is Midstates' position that the Commonwealth is not entitled to a priority with respect to any of the liens it asserts, for the reasons stated below.

Some state taxes are entitled to a "super" priority while others are not. 72 P.S. §1401 states the basic rule that taxes owed to the Commonwealth constitute first liens upon property of the taxpayer, senior to liens for real estate taxes and senior to prior mortgage liens. That general rule, however, is changed by statute with respect to certain taxes but not with respect to others. For example, contributions by employers under the Unemployment Compensation Law are deemed to be taxes due to the Commonwealth under the Fiscal Code. Unless expressly made subordinate by statute, those taxes constitute a first lien and take priority over other liens. Corporate income taxes are also governed by §1401 and take priority because, unlike liens for sales tax, personal income tax and withholding tax, they are not made subordinate elsewhere in the Code.

The Employer Withholding Tax Lien

If you look at the Commonwealth's claim form, you will see that the lien for employer withholding tax is authorized by 72 P.S. §7345. According to the Commonwealth's claim form, the settlement or lien date of that tax was April 4, 1997. Midstates' mortgage, by contrast, was recorded on September 24, 1993. These dates are very important in analyzing whether the Commonwealth is entitled to a priority.

Liens for employer withholding tax are authorized by 72 P.S. §§7316-7323. Those provisions of the tax Fiscal Code require that employers withhold their employees' personal income taxes and make employers liable for the taxes to be withheld. Under 72 P.S. §7345, the Commonwealth can assert a lien for unpaid withholdings. Those liens do not take priority over pre-existing liens:

(a) If any person liable to pay any tax neglects or refuses to pay the same on the date the tax becomes collectible, the amount of such tax together with any costs that may accrue in addition thereto, shall be a lien in favor of the Commonwealth against the real and personal property of such person but only after such lien has been duly entered and docketed of record by the prothonotary of the county where such property is situated. No prothonotary shall require, as a condition precedent to the entry of such lien, the payment of costs incident thereto. (emphasis added)

The same concept appears in subsection (b) of Section 7345:

(b) The department may, at any time, transmit to the prothonotary of the respective county certified copies of all liens for taxes imposed by this article. It shall be the duty of each prothonotary receiving such liens to enter and docket the same of record in his office, which shall be indexed as judgments are now

BLANK, ROME, COMISKY & McCALEY

Sheriff Harry A. Roadarmel, Jr.
June 11, 1997
Page 3

indexed. All such liens shall have priority to, and be fully paid before, any other obligation, judgment, claim, lien or estate paid and satisfied out of the judicial sale of said real and personal property with which said property may become charged, or for which it may subsequently become liable, subject, however, to mortgage or other liens existing and duly recorded at the time such tax lien is recorded, save and except the costs of sale and the writ upon which it is made and the real estate taxes imposed or assessed upon said property. (emphasis added)

While a sheriff's sale is not a judicial sale for purposes of Section 7345(b), subsection (b) is important because it reflects the same concept articulated more generally in subsection (a).

Personal Income Taxes

Liens for personal income taxes are also governed by Section 7345. For the reasons stated above, the Commonwealth's lien for personal income taxes in the amount of \$210.05 is not entitled to priority because it was not recorded prior to the recording of Meditates' mortgage.

Corporation Taxes

Unlike the liens for personal income tax and employer withholding tax, "liens" for corporate income tax are entitled to priority under 72 P.S. §1401 because there is no additional, more specific statute stating that such liens are subordinate. Even so, the Commonwealth's claim is not entitled to priority in this case for the simple reason that it is not a "lien" at all.

I enclose the following items: (1) the first page of the deed for the subject property; (2) the first page of Midstates' affidavit pursuant to Rule 3129.1; and (3) the original search report I received from Lawyers Land Abstract. As you can see, the property was and is owned only by the two individual defendants. The corporation did not and does not have a record interest in the real estate, which means the Commonwealth's lien for corporate taxes, which is payable only by the corporation, never attached to the property and is not a lien of any kind. Accordingly, we take the position that the claim for corporate taxes does not attach to the property as a lien. Meditates objects to not paying those taxes as part of its bid price.

It is clear that liens for sales tax (which are governed by 72 P.S. §7242) and liens for personal income tax and employer withholding tax (which are governed by 72 P.S. §7345), are subordinate to preexisting liens. Such liens are not entitled to the general rule of "super" priority because of a specific statutory declaration to the contrary. See Gregory v. Bill's Auto Exchange, Inc., 29 D. & C. 2d 285 (Montg. Co. 1964) (specific provision for priority of mortgages in sales tax law prevails over general provision of "super" priority in 72 P.S. §1401).

In light of the foregoing, we intend to tender a bid covering all real estate taxes, costs and

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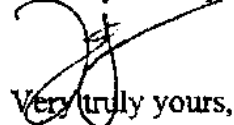
Sheriff Harry A. Roadarmel, Jr.

June 11, 1997

Page 4

poundage, but excluding the Commonwealth taxes because the Commonwealth's liens are not entitled to priority.

Thank you for your assistance.



Very truly yours,

Jack M. Seitz

JMS/7sk
midzola.she

Enc.

cc: Mr. Douglas Bartzatt (w/enc.)

This Indenture

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF REVENUE	
REALTY TRANSFER TAX	SEP 24 1993 19.11343
000.00	
Amount of Realty Transfer Tax Paid \$3300.00 9/24/93 <i>LD</i>	

MADE the 20th day of September,
in the year of our Lord one thousand nine hundred and ninety-three (1993)

BETWEEN GUARANTY BANK, N.A., a banking corporation organized and existing
under the laws of the United States of America with its principal office in the City of Shamokin, County
of Northumberland and Commonwealth of Pennsylvania, party of the first part,

AND

DANIEL A. ZOLA and DONNA R. ZOLA, his wife, of 1405 East Broad Street,
Hazleton, Pennsylvania, Grantees and parties of the second part.

WITNESSETH, that the said party of the first part, for and in consideration of the sum of
Three Hundred Thirty Thousand Dollars (\$330,000.00), lawful money of the United States of America,
well and truly paid by the said parties of the second part to the said party of the first part, at and before
the sealing and delivery of these presents, the receipt whereof is hereby acknowledged has granted,
bargained, sold, aliened, enfeoffed, released, conveyed and confirmed, and by these presents does grant,
bargain, sell, alien, enfeoff, release, convey and confirm unto said parties of the second part, their heirs
and assigns forever, as tenants by the entirety.

ALL THAT CERTAIN piece, parcel and tract of land situate in the Town of Bloomsburg,
County of Columbia, Commonwealth of Pennsylvania, bounded and described as follows:

BEGINNING at a railroad spike found on the northerly right-of-way line of U.S. Route 11,
said railroad spike being on the westerly right-of-way line of a private access easement; thence along the
northerly right-of-way line of U.S. Route 11 in a westerly direction on a curve to the right having a Delta
Angle of 1 degree 33 minutes 00 seconds, a Radius of 5,729.65 feet and a Tangent of 77.50 feet for an
Arc Length of 155.00 feet (Chord = South 70 degrees 56 minutes 02 seconds West, 155.00 feet) to a
railroad spike found, a Point of Compound Curve; thence along same on a curve to the right having a
Delta Angle of 36 degrees 03 minutes 50 seconds, a Radius of 124.70 feet and a Tangent of 40.59 feet
for an Arc Length of 78.49 feet (Chord = South 89 degrees 44 minutes 27 Seconds West, 77.20 feet)
to a Point of Compound Curve; thence along same on a curve to the right having a Delta Angle of 08
degrees 30 minutes 34 seconds, a Radius of 717.55 feet and a Tangent of 16.18 feet for an Arc Length
of 32.11 feet (Chord = North 67 degrees 58 minutes 23 seconds West, 32.28 feet) to a railroad spike
found, a Point of Compound Curve; thence along same on a curve to the right having a Delta Angle of

BY 5111111111

JMS:mtgforclmidzola.set-04/07/97

filed
04/10/97

IN THE COURT OF COMMON PLEAS
OF COLUMBIA COUNTY, PENNSYLVANIA

MIDSTATES RESOURCES CORP.,)	
)	
Plaintiff)	
)	
v.)	Case No. 97-CV-121
)	
DANIEL A. ZOLA, DONNA R. ZOLA)	
AND LAFAYETTE REALTY &)	
CONSTRUCTION CO.,)	
)	
Defendants)	

AFFIDAVIT PURSUANT TO RULE 3129.1

Midstates Resources Corp., Plaintiff herein, sets forth, as of the date the Praecipe for Writ of Execution was filed, the following information concerning a parcel of real property known as 327 New Berwick Highway (Routes 11 and 487), Bloomsburg, Columbia County, Pennsylvania (Tax Parcel No. 05E-03-307):

1. Owners: The name(s) and address(es) of the owner(s) or reputed owner(s) are as follows: Daniel A. Zola, P.O. Box 164, Hazleton, Pennsylvania 18201; and Donna R. Zola, P.O. Box 164, Hazleton, Pennsylvania 18201. Upon information and belief, the Zolas' residence address is 845 North Laurel Street, Apt. A, Hazleton, Pennsylvania 18201.

2. Defendants: The name(s) and address(es) of the Defendant(s) in the judgment are as follows: Daniel A. Zola, P.O. Box 164, Hazleton, Pennsylvania 18201; Donna R. Zola, P.O. Box 164, Hazleton, Pennsylvania 18201; and Lafayette Realty & Construction Co., P.O. Box 164, Hazleton, Pennsylvania 18201.

LAWYERS LAND ABSTRACT, INC.
107 NORTH FRANKLIN STREET
WILKES-BARRE, PA 18701

(717) 824-0700
(717) 459-5673
FAX 824-6813

Applicant: Tiffany K. Noble
Applicant No. 11619-97

Lawyers Land Abstract, Inc. hereby certifies that based upon the examination of the recorded evidence of the title in COLUMBIA County and the making of appropriate searches from the public records, the premises herein described are subject to the liens, encumbrances and objections to title hereinafter set forth. This Certificate does not guarantee title and upon payment of the basic fee, liability hereunder is assumed by the Company solely in its capacity as an Abstractor, for its negligence, mistakes or omissions in a sum not exceeding One Thousand Dollars.

1. Purpose: Title Search

Deed from:

To:

dated

recorded

in Record Book page

Mortgage from

To:

dated

recorded

in Mortgage Book page

2. Recorded Title vested in: Daniel A. Zola and Donna R. Zola,
his wife

3. Short description of Schedule "A": 327 New Berwick Highway,
Bloomsburg City, COLUMBIA
County

4. Mortgages:

✓ Mortgage from Daniel A. Zola and Donna R. Zola to The Hazleton National Bank, dated 9/22/93 and recorded 9/24/93 in Record Book 547, page 840 in the original amount of \$823,000.00. Mortgage Modification Agreement by and between Daniel A. Zola and Donna R. Zola, his wife AND Hazleton National Bank, now by merger and acquisition, First Valley Bank dated 3/31/94 and recorded 3/31/94 in Record Book 564, page 778.

✓ Mortgage from Daniel A. Zola and Donna R. Zola to SEDA, COG Local Development Corp., RR 1, Box 372, Lewisburg, Pa. 17837, dated 3/28/94 and recorded 3/31/94 in Record Book 564, page 780 in the original amount of \$383,000.00. Assignment to Small Business Administration recorded 4/8/94 in Record Book 565, page 337.

✓ 5. Judgments:

Judgment of Midstates Resources Corp.

VS. Daniel A. Zola and Donna R. Zola AND Lafayette Realty and Construction Co. entered 1-21/97 in the amount of \$484,433.50 in the Court of Common Pleas COLUMBIA County, Pennsylvania at #97-CV-121. (MORTGAGE FORECLOSURE)

6. Tax Liens: (including Federal): NONE

STATE OF PENNSYLVANIA }
COUNTY OF COLUMBIA } SS:

Paula J. Barry, Publisher's assistant
....., being duly sworn according to law deposes
and says that Press Enterprise is a newspaper of general circulation with its principal office and
place of business at 3185 Lackawanna Avenue, Bloomsburg, County of Columbia and State of
Pennsylvania, and was established on the 1st day of March, 1902, and has been published daily
continuously in said Town, County and State since the date of its establishment: that hereto
attached is a copy of the legal notice or advertisement in the above entitled proceeding which
appeared in the issue of said newspaper on May .22., .29., June .5, 19. 97. exactly
as printed and published; that the affiant is one of the owners and publishers of said newspaper
in which legal advertisement or notice was published; that neither the affiant nor Press
Enterprise are interested in the subject matter of said notice and advertisement, and that all of
the allegations in the foregoing statement as to time, place, and character of publication are true.

..... Paula J. Barry

Sworn and subscribed to before me this 9th day of June 19. 97.

.....
.....

(Notary Public)

My Commission Expires

Notarial Seal
Dennis L. Ashenfelter, Notary Public
Scott Twp., Columbia County
My Commission Expires July 3, 1998

And now,, 19, I hereby certify that the advertising and
publication charges amounting to \$ for publishing the foregoing notice, and the
fee for this affidavit have been paid in full.

.....

BLANK ROME COMISKY & McCAULEY
COUNSELORS AT LAW

FOUR PENN CENTER PLAZA
PHILADELPHIA, PA 19103-2599
215-569-5500

1400 N. PROVIDENCE RD., SUITE 301
MEDIA, PA 19063-2051
610-891-7800

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CHERRY HILL, NJ 08002-1164
609-779-3600

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ALLENTOWN, PENNSYLVANIA 18104-2255
610-395-1010
FAX 610-395-6995

1220 MARKET STREET, 8TH FLOOR
WILMINGTON, DE 19801-2535
302-425-6400

1156 15TH STREET, NW, SUITE 550
WASHINGTON, DC 20005-1704
202-785-4100

1401 FORUM WAY
WEST PALM BEACH, FL 33401-2353
407-666-6100

April 9, 1997

Sheriff of Columbia County
Columbia County Courthouse
P.O. Box 380
Bloomsburg, PA 17815

RE: Midstates Resources Corp. v. Daniel A. Zola, et al.
No. 97-CV-121 (C.C.P. Columbia)

To Whom It May Concern:

Enclosed for processing for the next available Sheriff's Sale are the following mortgage foreclosure execution documents:

1. a check in the amount of \$900.00 for costs;
2. a Waiver of Watchman/Waiver of Insurance;
3. five copies of the property legal description;
4. an original and one copy of an Affidavit Pursuant to Rule 3129.1;
5. an original and one copy of a Notice of Sheriff's Sale of Real Property for each Defendant (**Note: The scheduled Sheriff's Sale date and time must be inserted on each Notice of Sheriff's Sale of Real Property**);
6. an original and six copies of a Writ of Execution Notice (two copies for each Defendant);
7. an original and six copies of a Claim for Exemption (two copies for each Defendant);

April 9, 1997

Page 2

8. **an original and one copy of a Notice Under Rule 2958.2 of Judgment and Execution Thereon for Defendants, Daniel A. Zola and Donna R. Zola**; and

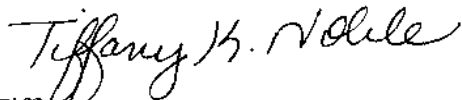
****The scheduled Sheriff's Sale date must be inserted on each Notice Under Rule 2958.2 of Judgment and Execution Thereon. This Notice must be served on the Defendants, Daniel A. Zola and Donna R. Zola. Your Return of Service for each Defendant must refer to the Notice Under Rule 2958.2 of Judgment and Execution Thereon specifically by name. Please return a copy of each Notice Under Rule 2958.2 of Judgment and Execution Thereon, with the scheduled Sheriff's Sale date inserted, with your Return of Service for each Defendant.**

9. an Order for Service for each Defendant.

Please forward copies of all Returns of Service to this office in the enclosed self-addressed, stamped envelopes.

Thank you for your cooperation. If you have any questions, please do not hesitate to contact me.

Very truly yours,



Tiffany K. Noble
Paralegal

Enc.
pc: Douglas Bartzatt
jmsl\midzola.ccs

IN THE COURT OF COMMON PLEAS
OF COLUMBIA COUNTY, PENNSYLVANIA

MIDSTATES RESOURCES CORP.,)	
)	
Plaintiff)	
)	
V.)	Case No. 97-CV-121
)	
DANIEL A. ZOLA, DONNA R. ZOLA)	28 E.D. 1997
AND LAFAYETTE REALTY &)	
CONSTRUCTION CO.,)	
)	
Defendants)	

NOTICE UNDER RULE 2958.2
OF JUDGMENT AND EXECUTION THEREON

NOTICE OF DEFENDANT'S RIGHTS

TO: Donna R. Zola
845 North Laurel Street, Apt. A
Hazleton, PA 18201

Defendant

A judgment in the amount of \$484,433.50 has been entered against you and in favor of the Plaintiff without any prior notice or hearing based on a confession of judgment contained in a written agreement or other paper allegedly signed by you. The court has issued a writ of execution which directs the sheriff to levy upon and sell certain real property owned by you to pay the judgment. The sheriff's sale has been scheduled for JUNE 12, 1997.


You may have legal rights to defeat the judgment or to prevent or delay the sheriff's sale.

I. YOU MUST FILE A PETITION SEEKING RELIEF FROM THE JUDGMENT OR DELAY OF THE SHERIFF'S SALE PRIOR TO THE SHERIFF'S SALE OR YOU MAY LOSE YOUR RIGHTS.

II. YOU MUST FILE A PETITION SEEKING RELIEF FROM THE JUDGMENT AND PRESENT IT TO A JUDGE WITHIN THIRTY (30) DAYS AFTER THE DATE ON WHICH THIS NOTICE IS SERVED ON YOU OR YOU MAY LOSE YOUR RIGHTS.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

**PENNSYLVANIA LAWYER REFERRAL SERVICE
PENNSYLVANIA BAR ASSOCIATION
P.O. BOX 186
HARRISBURG, PA 17108
(800) 692-7375**



ATTORNEY FOR PLAINTIFF:
Jack M. Seitz, Esquire
Attorney No. 37026
1620 Pond Road, Suite 200
Allentown, PA 18104
(610) 395-1010

HARRY A. ROADARMEL, JR.



SHERIFF OF COLUMBIA COUNTY

COURT HOUSE - P. O. BOX 300

SHERIFF'S SALE/REAL ESTATE OUTLINE

PHONE
(717) 389-5622

24 HOUR PHONE
(717) 784-6300

RECEIVE AND TIME STAMP WRIT April 2, 1996

DOCKET AND INDEX _____

SET FILE FOLDER UP 4

CHECK FOR PROPER INFO

WRIT OF EXECUTION 7

COPY OF DESCRIPTION 5

WHEREABOUTS OF LAST KNOWN ADDRESS ✓

NON-MILITARY AFFIDAVIT _____

NOTICES OF SHERIFF'S SALE ✓ 6

WATCHMAN RELEASE FORM ✓ 1

AFFIDAVIT OF LIENS LIST ✓

CHECK FOR ~~1000~~ ^{1000.00} 7100 OK 1/19/96

* IF ANY OF THE ABOVE ARE MISSING DO NOT PROCEED ANY FURTHER WITH SALE NOTIFY THE ATTY TO SEND ADDITIONAL INFO

SET SALE DATE AND ADV. DATES AND POSTING DATES _____

POST ALL DATES ON CALANDER _____

- * SET SALE DATE AT LEAST 2 MONTHS AFTER RECEIVING WRIT
- * SET ADV. DATES 3 THURSDAYS BEFORE SALE DATE TO RUN EVERY THURSDAY TILL SALE 3 TIMES
- * SET POSTING DATE NO LATER THAN 30 DAYS PRIOR TO SALE

SET DISTRIBUTION DATE _____

- * MUST BE FILED WITHIN 30 DAYS OF SALE (POSTED)
- * MUST BE PAID 10 DAYS AFTER IT HAS BEEN POSTED

FILL IN ALL NO'S ON EXECUTION PAPERS _____

TYPE PROPER INFO ON DESCRIPTION (refer to previous sales) _____

SERVICE

TYPE CARDS FOR DEFENDANTS _____

PUT PAPERS TOGETHER FOR DEFENDANTS _____

- * COPY OF WRIT FOR EACH DEFENDANT
- * NOTICE OF SHERIFF SALE
- * COPY OF DESCRIPTION

PUT TOGETHER PAPERS FOR LIEN HOLDERS _____

- * NOTICE OF SALE DIRECTED TO THEM

SEND NOTICES TO LIEN HOLDERS VIA CERT. MAIL OR SENDERS RECEIPT _____

- * DOCKET ALL DATES

ONCE DEFENDANTS ARE SERVED DOCKET COSTS AND INFO _____

HARRY A. ROADARMEL, JR.



SHERIFF OF COLUMBIA COUNTY

COURT HOUSE - P. O. BOX 380
BLOOMSBURG, PA 17815

24 HOUR PHONE
(717) 784-6300 (2)

PHONE
(717) 389-5622

SHERIFF'S SALE OUTLINE CON'T

SALE BILLS

SEND DESCRIPTION TO PRINTER _____
* THE FOLLOWING NOTICES REQUIRE A LETTER WITH EXPLANATIONS _____
SEND NOTICE TO PRESS DIRECTING WHEN TO ADV. _____
SEND NOTICES TO LOCAL TAX COLLECTORS _____
NOTICES TO WATER AND SEWER AUTH. _____
SEND NOTICES TO FEDERAL AND STATE TAX AUTH _____
IF BUSINESS SEND COPY TO SBA AUTH. _____

HANDBILLS

SEND COPIES OF HANDBILLS TO:
RECORDER'S OFFICE _____
TAX CLAIM OFFICE _____
TAX ASSESSMENT OFFICE _____
PROTH OFFICE(post on board) _____
POST IN FRONT LOBBY _____
POST IN SHERIFF'S OFFICE _____
SEND COPY TO ATTY _____
POST PROPERTY ACCORDING TO DATE SET _____
SEND RETURN OF POSTING TO ATTY _____
DOCKET ALL COSTS _____
PREPARE COST SHEET 2 DAYS BEFORE SALE _____
* BE SURE ALL COSTS ARE RECEIVED _____
PREPARE FINAL COSTS SHEET DAY OF SALE _____
HOLD SALE _____
POST PROPOSED SCHEDULE OF DISTRIBUTION ACCORDING TO DATE _____
PAY DISTRIBUTION ACCORDING TO DATE _____
* WHEN PAYING INCLUDE ADDRESS OF CHANGE OF OWNER TO WHOM IT MAY CONCERN _____
RECORD SHERIFF FEES COLLECTED ON MONTHLY REPORT _____
PREPARE DEED AND TAX AFFIDAVIT TO BE RECORDED _____
WHEN DEED IS RECORDED SEND TO BUYER _____
FILE FOLDER _____