**Section 130.291 Definition of the Terms "Fraudulent" and "Work or Tend to Work a Fraud or Deceit" as Used in Sections 11.E and 12.F of the Act for purposes of the Payment of Completion Costs in Connection with the Offer or Sale of Securities involving an Oil, Gas or Other Mineral Lease, Right or Royalty**

a) In connection with an offer or sale of a security involving an oil, gas or other mineral lease, right or royalty, the terms "fraudulent" and "work or tend to work a fraud or deceit" shall include activities such as the failure to disclose to the offeree, prior to payment of any completion costs, all material geological and other material information regarding the oil, gas or other mineral lease, right or royalty, including, without limitation, any of the following:

1) whether an issuer (or any controlling person of or dealer for an issuer, if such person or dealer has any share in such lease, right or royalty) has paid, and if not, whether such issuer (or such controlling person or dealer) is under an obligation to pay, a proportionate share of the completion costs, when completion costs have been or are to be included in the cost to the purchaser;

2) whether any parts or equipment to be used for completion are being sold or otherwise furnished by or for the benefit of an issuer (or any affiliate or controlling person of or dealer for an issuer) and, if so, whether and the extent to which the sales price or other charge to the purchaser for those parts or equipment exceeds actual costs and the amount which would have been charged by unaffiliated parties selling or furnishing parts or equipment in arms-length transactions under comparable circumstances;

3) whether upon resale of parts and equipment, the purchaser will receive his or her proportionate share of the proceeds of resale; and

4) whether the purchaser will be charged an amount for completion costs that exceeds his or her proportionate share of the actual costs of completion incurred by the issuer.

b) For purposes of this Section, completion costs shall include, but not be limited to, the cost of all parts, equipment, labor and service to place an oil, gas or other mineral lease, right or royalty into production after drilling or other operation to reach the mineral deposit has been terminated.

c) Disclosure of the information required by paragraph (a) above shall not affect the applicability of any limitation contained in the Act or this Part, including but not limited to Section 4.G.(1)(c) of the Act, upon the amount of commission, discount or other remuneration which may be paid or given, directly or indirectly, for or on account of the sale of securities.