STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

SOUTHEASTERN ENERGY, INC 207 Shirley St., Suite 3 Edmonton, Kentucky 42129;	)	Order No. CD-01-17
G. ALAN MURRELL 207 Shirley St., Suite 3 Edmonton, Kentucky 42129; and	)	
BUDDY HARPER 207 Shirley St., Suite 3 Edmonton, Kentucky 42129,	)	
Respondents.	)	

ORDER TO CEASE AND DESIST

On the 24th day of May 2001, John Ellis, Chief of Enforcement for the Securities Division, submitted a petition for a cease and desist order. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

FINDINGS OF FACT

1. Southeastern Energy, Inc. is a Kentucky corporation engaged in oil and gas exploration projects and has an address of 207 Shirley St., Suite 3, Edmonton, Kentucky 76450.

2. G. Alan Murrell is the president of Southeastern Energy.

3. Buddy Harper purports to be a sales agent for Southeastern Energy.

4. Sometime prior to April 25, 2000, a Missouri resident received a telephone call from Murrell on behalf of Southeastern Energy soliciting an investment in a limited partnership engaged in the drilling and completion of oil and gas wells.

5. Sometime prior to April 25, 2000, a Missouri resident received a telephone call from Murrell soliciting an investment in an oil and gas offering through Southeastern Energy. During this telephone conversation, the Missouri resident told Murrell that the Missouri resident had never invested in an oil and gas venture.

6. On or about April 25, 2000, the Missouri resident received a packet of information from Southeastern Energy that included, in part, a business card from Murrell, promotional video, subscription agreement and limited partnership agreement for the Dale Hollow Prospect.

7. Subsequent to April 25, 2000, the Missouri resident received at least three telephone solicitations from Harper to purchase an interest in the Dale Hollow Prospect.

8. In connection with these offers, the Missouri resident stated that the Missouri resident did not know and had not done business with any of the Respondents before being solicited to purchase these securities.

9. Sometime in April 2000, the Missouri Securities Division received information indicating that Respondents may have engaged in the offer of unregistered securities in the State of Missouri.

10. A check of the records maintained by the Missouri Commissioner of Securities confirmed no registration or granted exemption for Murrell or Harper to sell securities in the State of Missouri.

11. A check of the records maintained by the Commissioner confirmed a Regulation D, Rule 506 exemption filing for the offering made by Respondents as described above.

12. Based upon Respondents' use of general solicitation in connection with the above-mentioned offerings of securities, an investigator with the Division determined that Respondents' Regulation D, Rule 506 exemption may not be applicable.

13. On July 10, 2000, the Division sent a letter of inquiry to Respondents that requested a claim of exemption from registration or exception from definition upon which Respondents relied in offering unregistered securities in the State of Missouri. The letter also requested additional information and advised Respondents that failure to respond within a reasonable time as set by the Commissioner constituted proper grounds for the entry of an order suspending the right to offer and sell securities in the State of Missouri.

14. On August 1, 2000, the Division received a response from an attorney on behalf of the Respondents that stated, in part, "The claim made for an exemption for his private placement is under Section 506 of Regulation D which provides for the sale of securities to not more than thirty-five (35) unaccredited investors with an unlimited amount of accredited investors."

15. On December 28, 2000, the Division sent a second letter to Respondents requesting additional information about the above-described offering, including information about the specific details of any prior business or personal relationship Respondents may have had with the Missouri resident. A written response was requested on or before January 21, 2001.

16. To date, no additional response has been received from Respondents.

17. Respondents offered to sell securities in the form of an oil and gas limited partnership interest to a Missouri resident.

18. The exemption filed by Respondents is not applicable in that Respondents engaged in the general solicitation of a Missouri resident.

19. Respondents failed to provide information requested by the Division.

20. This Order is in the public interest.

CONCLUSIONS OF LAW

1. Section 409.401(o), RSMo 2000, includes within the definition of a security a "limited partnership interest." The limited partnership units offered by Respondents as described in the above findings of fact constitute securities.

2. Section 409.201(a), RSMo 2000, provides that it is unlawful for any person to transact business in this state as an agent unless he is registered as an agent under Sections 409.101 to 409.419. The conduct described in the above findings of fact constitutes violations of this section.

3. 17 CFR 230.502(c) provides that neither an issuer nor any person acting on behalf of an issuer shall offer or sell securities through the use of general solicitation. 17 CFR 230.508(a)(2) provides that failure to comply with 17 CFR 230.502(c) precludes an issuer or its agents from availing themselves of the exemption under Regulation D, therefore the security is not a federal covered security.

4. Section 409.301, RSMo 2000, provides that it is unlawful for any person to offer or sell any security in this state unless (1) it is registered under this act; (2) the security or transaction is exempted under section 409.402; or (3) it is a federal covered security. The conduct described in the above findings of fact constitutes violations of this section.

5. Section 409.408(b), RSMo 2000, provides, in part, that:

> If the commissioner shall believe, from evidence satisfactory to him, that such person is engaged or about to engage in any of the fraudulent or illegal practices or transactions above in this subsection referred to, he may issue and cause to be served upon such person and any other person or persons concerned or in any way participating in or about to participate in such fraudulent or illegal practices or transactions, an order prohibiting such person and such other person or persons from continuing such fraudulent or illegal practices or transactions or engaging therein or doing any act or acts in furtherance thereof.

6. Transacting business as an unregistered agent as described in the above findings of fact constitutes an illegal practice under section 409.408(b), RSMo 2000.

7. The offer or sale of unregistered securities as described in the above findings of fact constitutes an illegal practice under section 409.408(b), RSMo 2000.

8. Section 409.402(f), RSMo 2000, provides that the burden of proving an exemption or an exception from a definition is upon the person claiming it. As described in the above findings of fact, Respondents failed to prove an exemption from registration or an exception from the definition of a security.

9. Section 409.408(a), RSMo 2000, provides that the refusal to furnish information within a reasonable time as set by the Commissioner, shall be proper grounds for the entry of an order by the Commissioner suspending the right to offer and sell securities in the State of Missouri. As described in the above findings of fact, Respondents failed to furnish information as requested by the Commissioner.

10. The Missouri Commissioner of Securities is empowered to issue such orders as he may deem just. Section 409.408(b), RSMo 2000.

ORDER

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order are prohibited from:

A. Offering or selling limited partnership interests in the Dale Hollow Prospect; and

B. Offering or selling any other security in violation of Sections 409.201 or 409.301, RSMo 2000.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 8th DAY OF June, 2001.

MATT BLUNT
SECRETARY OF STATE

DOUGLAS M. OMMEN
COMMISSIONER OF SECURITIES

NOTICE

Respondents and any unnamed representatives aggrieved by this Order may request a hearing in this matter. Any request for a hearing should be sent, in writing to Douglas M. Ommen, Commissioner of Securities, Office of the Secretary of State, Missouri State Information Center, Room 229, 600 West Main Street, Jefferson City, Missouri, 65102, within thirty (30) days of the receipt of this Order. Section 409.412(a), RSMo 2000 and MO 15 CSR 30-55.020.