

4. **MICHAEL SUAREZ (“SUAREZ”)** during all times relevant was represented in **NADC** documents to be the Director of Joint Venture Operations for **NADC** with a principle business address of 3101 Premier Drive, Plano, Texas 75075.

5. **DEREK CASTLEBERRY (“CASTLEBERRY”)** during all times relevant was represented in **NADC** documents to be Vice President and Director of Exploration for **NADC** with a principle business address of 3101 Premier Drive, Plano, Texas 75075.

6. **HARLEY GARVIN (“GARVIN”)** during all times relevant was represented in **NADC** documents to be Director of Business Development for **NADC** with a principle business address of 3101 Premier Drive, Plano, Texas 75075.

7. **JERRY ZEPEDA (“ZEPEDA”)** during all times relevant was represented in **NADC** documents to be Director of Field Operations for **NADC** with a principle business address of 3101 Premier Drive, Plano, Texas 75075.

8. **MATTHEW NERBONNE (“NERBONNE”)** during all times relevant was represented in **NADC** documents to be Director of Marketing for **NADC** with a principle business address of 3101 Premier Drive, Plano, Texas 75075.

STATEMENT OF FACTS

9. On November 30, 2009, in response to an inquiry from the Commission, **NADC** reported one sale of **TIX** to an Alabama resident. The date of the sale was November 5, 2009 in the amount of \$10,000. **NADC** also provided a copy of the **TIX** confidential private placement memorandum (“**PPM**”)

10. The Commission also received information that in or about September 2009, **GARVIN**, representing **NADC**, cold called an Alabama resident, with whom neither **GARVIN** nor any other **RESPONDENT** had a previous business relationship, to offer an investment in a joint venture called **TIX Rancher Well #1 Joint Venture (“TIX”)**. **GARVIN** made approximately four or five subsequent phone calls to the Alabama

resident and sent the **PPM** and subscription documents to the Alabama resident. The subscription documents included a joint venture agreement, a subscription agreement and a purchaser questionnaire. On January 6, 2010, **GARVIN** sent an e-mail to the Alabama resident titled "TIX Well Prospect Update". The e-mail stated that **NADC** "cannot begin to get this well completed without your completion funds so please make arrangement with your **NADC** representatives to send in your funds immediately."

11. The **PPM** identifies **TIX** as a "Texas Joint Venture Partnership" with up to 87.5 joint venture interests. The price was \$27,000 per interest with a minimum investment of one quarter ($\frac{1}{4}$) interest.

12. The **PPM** stated that "the joint venture will be formed to participate in the acquisition of up to eighty seven and a half percent (87.5%) of the working interest in the TIX Ranch Well #1 Joint Venture Well to be drilled in Nolan County, Texas."

13. The **PPM** identified **NADC** as the Managing Venturer of the joint venture.

14. The **PPM** identified the following **RESPONDENTS** as part of the management of **NADC**: **KOONCE**, Director and President; **CASTLEBERRY**, Vice President; **GARVIN**, Director of Business Development; **SUAREZ**, Director of Joint Venture Operations; **ZEPEDA**, Director of Field Operations and **NERBONNE**, Director of Marketing.

15. In or about January 2009, **ZEPEDA** cold called an Alabama resident, with whom neither **ZEPEDA** nor any other **RESPONDENT** had a previous business relationship, to offer an investment in **TIX**.

16. In or about January or February 2009, **SUAREZ** cold called an Alabama resident, with whom neither **SUAREZ** nor any other **RESPONDENT** had a previous business relationship, to offer an investment in **TIX**. **SUAREZ** also sent several e-mails to this Alabama resident from March 2009 through December 2009 giving drilling updates for **TIX** and other wells and soliciting investments for **NADC**. An e-mail dated

May 29, 2009, from **SUAREZ** stated, "THIS IS HUGE!!! WE'RE ONTO SOMETHING BIG HERE...THIS IS YOUR LAST CHANCE TO BUY!!!!...DON'T MISS OUT!!!!..." An e-mail dated June 29, 2009 from **SUAREZ** stated "To act now call me at 866-681-2811 ext. 108." This same e-mail also contains contact information for **CASTLEBERRY**. An e-mail dated May 27, 2009 from **SUAREZ** refers to "Bynum Well #1 Update" and stated "We still have room for ownership. Please contact me ASAP!!!!" This e-mail also contained a solicitation from **KOONCE** regarding "Bynum Three Well Joint Venture" with wiring instructions on how to send investment funds.

17. The **PPM** failed to disclose that **GARVIN** was a respondent in an Emergency Cease and Desist Order issued by the Texas State Securities Board, Order No. ENF-09-CDO-1666, on January 27, 2009. According to this order **GARVIN** and the other respondents were making fraudulent offers regarding stock shares in VADC, Inc and units of interest in the Golden Triangle Energy Corp PMC-JV-1 Joint Venture. **GARVIN** and the respondents were ordered to cease and desist. According to the Central Registration Depository ("CRD"), this order was resolved on March 2, 2009. The final resolution was that all respondents, including **GARVIN**, were ordered to cease and desist from engaging in any fraud in connection with the offer for sale of any security in Texas.

18. The **PPM** failed to disclose that **NERBONNE** was a respondent in a Summary Order to Cease and Desist issued by the Pennsylvania Securities Commission, Docket No. 2006-11-20, on December 6, 2006. According to this order, **NERBONNE** offered for sale unregistered units in the "King-Ernest #3-H Joint Venture" and the "2006 A-D Drilling Fund XI". On August 28, 2007, the Summary Order to Cease and Desist was rescinded for **NERBONNE**. **NERBONNE** and other respondents were permanently ordered to cease and desist from violating the Pennsylvania Securities Act of 1972 and ordered to pay \$2500 in investigative and legal costs and a \$12,500 administrative assessment.

19. The **PPM** failed to disclose that **KOONCE** was a respondent in an Order to Show Cause issued by the Utah Division of Securities, docket no. SD-05-0042, on August 15, 2005. The order alleged that **KOONCE** and the other respondents engaged

in the sales of unregistered securities in an offering called "The Northstar Las Raices Prospect". According to an official with the Utah Division of Securities, this matter is still pending.

20. The **PPM** failed to disclose that **CASTLEBERRY** filed a voluntary petition for Chapter 7 bankruptcy in the United States Bankruptcy Court, Eastern District of Texas, on December 12, 2003. The bankruptcy was discharged on March 30, 2004.

21. On February 1, 2010, a search of the United States Securities and Exchange Commission, EDGAR database website, disclosed a Form D filing by **TIX** for the joint venture interests on October 5, 2009. This filing lists **KOONCE**, **SUAREZ**, **CASTLEBERRY**, **GARVIN**, **ZEPEDA** and **NERBONNE** as executive officers for **TIX**.

22. On February 4, 2010, a review of the Commission's registration files disclosed a Reg. D, Rule 506 Noticing Filing in the State of Alabama for **TIX**. The date of the Notice Filing is November 13, 2009.

23. On February 4, 2010, a review of the Commission's registration files disclosed no record of registration for the **RESPONDENTS** as a Dealer or Agent for securities in the state of Alabama.

24. On December 14, 2005, the Commission issued a Cease and Desist Order, CD-2005-0053. **KOONCE** was one of the respondents in this order. According to the order, **KOONCE** and the other respondents offered and sold unregistered securities to Alabama residents. On May 14, 2008, the Commission issued a Limited Consent Order, CO-2005-0053, which included **KOONCE**. As part of this order, **KOONCE** agreed to refrain from effecting securities transactions into, within or from the State of Alabama until such time as the securities were properly registered or an appropriate exemption from registration had been perfected. This information is disclosed in the **PPM**.

CONCLUSIONS OF LAW

25. Pursuant to Section 8-6-2(10), Code of Alabama 1975, Alabama's statutory definition of a security includes any certificate of interest or participation in an oil, gas or mining title or lease or in payments out of production under such title or lease. The interests in **TIX** offered by the **RESPONDENTS** constitute certificates of interest or participation in an oil, gas or mining title lease or in payments out of production under such title or lease. The investment offered by the **RESPONDENTS** as units of interest in **TIX** are securities under the Act.

26. Pursuant to Section 8-6-2(2), Code of Alabama 1975, the definition of "agent" includes any individual who represents a dealer or an issuer in effecting or attempting to effect sales of securities. **KOONCE, SUAREZ, CASTLEBERRY, GARVIN** and **ZEPEDA** by soliciting securities, to wit; the interests in **TIX**, to Alabama residents are securities "Agents" as defined by the Act.

27. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for a person to transact business in this state as an agent for securities unless such person is registered under the Act. **KOONCE, SUAREZ, CASTLEBERRY, GARVIN** and **ZEPEDA** solicited sales of securities to Alabama residents while not registered as agents with the Commission in violation of the Act.

28. **RESPONDENTS** offered securities to Alabama residents pursuant to a notice filing in Alabama which claimed an exemption from registration for limited offering of securities under Regulation D, Rule 506 of the Securities Act of 1933. **GARVIN, ZEPEDA** and **SUAREZ** made cold calls to Alabama residents in violation of United States Securities and Exchange Commission Regulation 230.502(c), regarding Limitation on Manner of Offering which prohibits any type of general solicitation in the offer of securities subject to the exemption. Based on **RESPONDENTS** violation of SEC Rule 230.502(c), **RESPONDENTS** are not eligible for, nor were the securities offered subject to any perfected exemption.

29. Section 8-6-4, Code of Alabama 1975 states: It is unlawful for any person to offer or sell any security in this state unless it is registered under the Act; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11. The securities offered and sold, to wit; the interests in **TIX** by the **RESPONDENTS** were neither registered nor exempt from registration in Alabama in violation of the Act.

30. Section 8-6-17(2), Code of Alabama 1975 states: It is unlawful for any person, in connection with the offer, sale or purchase of any security to directly or indirectly make any untrue statement of a material fact or to omit to state a material fact. The **PPM** omitted material facts by failing to disclose enforcement actions against **GARVIN**, **NERBONNE** and **KOONCE**. The **PPM** also failed to disclose **CASTLEBERRY'S** bankruptcy.

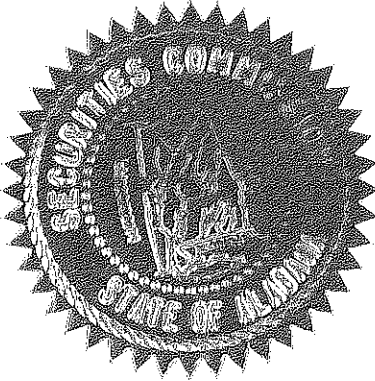
This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, AL, this 18th day of February, 2010.



ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
Montgomery, AL 36104
(334) 242-2984
BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. A vertical line extends downwards from the signature.

Joseph P. Borg
Director