

STATEMENT OF FACTS

5. The Commission is in receipt of information that in August of 2004, unregistered representatives of HEARTLAND, cold called an Alabama resident and engaged in the offer of and/or sale of unregistered securities, to wit: "Units" of HEARTLAND – APPALACHIAN DEVELOPMENT, LP, HEARTLAND – EASTERN KENTUCKY DEVELOPMENT, GP, and HEARTLAND – PRAIRIE FIRE #1, GP, of HEARTLAND, multiple sales were made in which the Alabama resident invested a total of \$160,234.00.

6. A review of the files of the Commission, disclosed that HEARTLAND did file for an exemption under Reg D Rule 506 filing with the U.S. Securities and Exchange Commission on September 9, 2005, and the Alabama Securities Commission in November 2005. However; this was after the stated sales were made.

7. Information made available to the Commission indicates that FLOWERS made a general solicitation ("cold call") to an Alabama investor. This conduct is in violation of the United States Securities and Exchange Regulation 230.502(c), regarding Limitation on Manner of Offering. The exemption for registration concerning Reg. D 506 filing (Limited Offering) is conditional to the issuer abiding by the rules against general solicitation

8. Offering materials were also mailed to the Alabama resident by representatives of HEARTLAND. The materials indicated that STEWART was the CEO of HEARTLAND. STEWART was also listed on the Rule 506 filing as a Promoter, Beneficial Owner, Executive Officer, and Director of HEARTLAND. A review of the Commission files disclosed that STEWART was neither registered nor exempt from registration to sell securities in Alabama prior to the 506 filing.

9. Commission records show that HAYNES was also listed on the Rule 506 filing as a Promoter, Executive Officer, and Director of HEARTLAND. A review of the

Commission files disclosed that HAYNES was neither registered nor exempt from registration to sell securities in Alabama prior to the 506 filing.

10. A search of the Central Registration Depository shows no record of registration for HEARTLAND, FLOWERS, STEWART, or HAYNES as securities brokers or dealers.

11. Interviews with the Alabama resident clearly demonstrated that he was not sophisticated in the terms of the offered product, oil and gas well ventures. The interviews further confirmed that Alabama resident did not initiate these transactions and did not have a pre-existing relationship with HEARTLAND, FLOWERS, STEWART, or HAYNES.

CONCLUSIONS OF LAW

12. Section 8-6-2 (10), Code of Alabama 1975, defines a certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, or any right to subscribe to any of the foregoing, as a security.

13. Consequently, the Participation Agreements offered and sold by the RESPONDENTS to the Alabama resident are securities.

14. Section 8-6-3 (a), Code of Alabama 1975 states: "It is unlawful for any person to transact business in this state as a dealer or agent for securities unless he is registered under this article. It is unlawful for any dealer or issuer to employ an agent unless the agent is registered."

15. 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 this article; 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 by the RESPONDENTS were neither registered nor exempt from registration in Alabama.

16. The violation committed by FLOWERS voids any exemption claimed by HEARTLAND concerning the offering of common stock in the private placement memorandum issued by the company. This conduct is in violation of the United States Securities and Exchange Regulation 230.502(c), regarding Limitation on Manner of Offering. The exemption for registration concerning Reg. D 506 filing (Limited Offering) is conditional to the issuer abiding by the rules against general solicitation.

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

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

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, Alabama, this 22ND day of March, 2006.



JPB/ndw

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BY:


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