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BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-12-0138

ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

Order No. S-12-0138-14-OR01

**DENVER ENERGY
EXPLORATION, LLC**

RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509 (“Act”), the Rules of the Arkansas Securities Commissioner (“Rules”) promulgated under the Act and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219 in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“Staff”) and Denver Energy Exploration, LLC (“Denver Energy”) in full and final settlement of all claims that could be brought against Denver Energy by the Staff on the basis of the facts set forth herein.

Denver Energy admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waives its right to a formal hearing, without admitting or denying the findings of fact or conclusions of law, consents to the entry of this order, and agrees to abide by its terms. Denver Energy also agrees that entry of this order has no impact on its potential civil liability to Arkansas investors under Ark. Code Ann. § 23-42-106 for the violations detailed below.

FINDINGS OF FACT

1. Denver Energy is a limited liability company with its principal place of business located at 747 Oasis Street, New Braunfels, Texas.

2. At all times mentioned herein, Chip Statham was employed by Denver Energy as the Vice President of Sales and signed a vice-president agreement on March 17, 2010. Statham is no longer employed by Denver Energy. Statham has never been registered with the Department in any capacity. Statham received commissions based upon the participants in the project.

3. On or about December 26, 2010, agents or employees of Denver Energy made a sale of securities in an offering to an Arkansas resident. The offering was for percentage working interests in joint venture oil well projects. AR1, a resident of Hot Springs Village, Arkansas, executed a joint venture agreement on December 26, 2010, and purchased units for \$9,668.00. AR2, a resident of Van Buren, Arkansas, executed a joint venture agreement for a different well in the same offering on April 27, 2011, and purchased units for \$35,000.00.

4. On or about June 17, 2011, Denver Energy filed a Notice of Sale of Securities on United States Securities and Exchange Commission (“SEC”) Form D with the Department pursuant to Rule 506 of Regulation D (“Reg D”), codified at 17 C.F.R. §§ 230.501 through 230.508.

5. Form D indicated that Statham was the individual who received sales compensation for the sales in Arkansas. Statham received a commission of \$1,465.60 for his sale to AR1.

CONCLUSIONS OF LAW

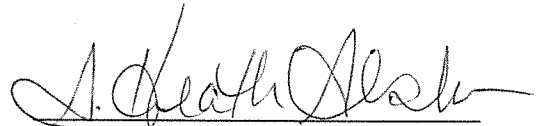
6. The Act’s definition of a “security” includes any certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease. Ark. Code Ann. § 23-42-102(17)(xvi).

7. The Commissioner, by rule or order, may require the issuer to file a Form D no later than fifteen days after the first sale of a covered security under Section 18(b)(4)(E) of the Securities Act of 1933. Ark. Code Ann. § 23-42-509(c)(1) and Rule 509.01(b). In violation of Ark. Code Ann. § 23-42-509(c)(1) and Rule 509.01(b)(2), Denver Energy failed to file the Notice of Sale of Securities on SEC Form D with the Department concerning the sale of securities in Arkansas within the required fifteen days.
8. It is unlawful for an issuer to employ an unregistered agent “except a nonresident agent who is registered by any other state securities administrator and who effects transactions in this state exclusively with registered broker-dealers. Ark. Code Ann. § 23-42-301(b)(1).
9. Any person who represents an issuer in effecting transactions in covered securities exempted by Section 18(b)(4)(E) of the Securities Act of 1933 is not an agent if no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective purchaser in Arkansas pursuant to Rule 509.02(b).
10. Statham received a commission or other remuneration from Denver Energy, then operating as Denver Energy, for the services he provided to Denver Energy, including but not limited to, solicitation of AR1 to purchase securities in the Denver Energy offering. Pursuant to Rule 509.02(b), Statham is an agent of the issuer. Statham was not registered as an agent of the issuer. Therefore, Denver Energy violated Ark. Code Ann. § 23-42-301(b).
11. Denver Energy’s filing of the Notice of Sale of Securities on SEC Form D with the Department approximately seven months after the sale of securities in the offering to

an Arkansas resident is a violation of Ark. Code Ann. § 23-42-509(c)(1) and Rule 509.01(b)(2).

ORDER

IT IS THEREFORE ORDERED that Denver Energy pay a fine in the amount of \$2,000.00.



A. Heath Abshure
Arkansas Securities Commissioner

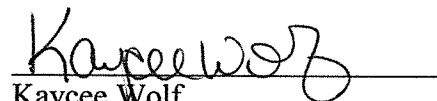
01/05/2014
Date

Denver Energy Exploration, LLC

By: [Signature]

Title: Manager

Date: 12/29/14



Kaycee Wolf
Staff Attorney