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## State Securities Board

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KENNETH W. ANDERSON, JR.  
MEMBER

SSB DOCKET NO. 99-048

IN THE MATTER OF BUCKEYE ENERGY  
CORPORATION AND PHILLIP SHARP

§  
§

Order No. CDO/FIN-1377

TO: Buckeye Energy Corporation  
32 Courthouse Square  
Byrdstown, TN 38549

Phillip Sharp  
32 Courthouse Square  
Byrdstown, TN 38549

### CEASE AND DESIST ORDER

Be it remembered that Buckeye Energy Corporation ("Respondent Buckeye"), by and through its President, Phillip Sharp, and Phillip Sharp, individually ("Respondent Sharp"), (collectively "Respondents") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner"), and without admitting or denying any of the Findings of Fact or Conclusions of Law set forth herein, consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

### FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 1999) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 1999) ("Administrative Procedure Act").
2. Respondent Buckeye is a Tennessee corporation with its principal offices located at 32 Courthouse Square Byrdstown, Tennessee 38549.
3. Respondent Sharp is the President of Buckeye Energy Corporation.

4. Respondents are engaged in the business of offering and selling working interests in oil and gas programs.
5. The working interests offered by Respondents are securities as defined in Section 4.A of the Texas Securities Act.
6. Respondents have offered for sale these working interests in the State of Texas at a time when said securities were not registered with the Securities Commissioner pursuant to Section 7 of the Texas Securities Act.
7. Respondents have offered for sale said unregistered securities in the State of Texas through the use of unregistered sales agents. Specifically, Respondents have offered for sale working interests in the Northeast Carney Prospect, a Four-Well Oil Development Drilling Prospect located in Lincoln County, Oklahoma, through the use of two sales agents, Jim Wilkerson and Chris Somers, at a time when said sales agents were not registered as required by Section 12 of the Texas Securities Act. Respondents have also offered for sale working interests in the Carney Prospect, a Multi-Well Development Drilling Prospect located in Lincoln County, Oklahoma, and the China Grove Lower Tuscaloosa Prospect, a Multi-Well Exploration Drilling Prospect located in Pike County, Alabama, through two additional sales agents at a time when said sales agents were not registered as required by Section 12 of the Texas Securities Act.
8. Respondents have acted as dealers in the offer for sale of working interests in oil and gas programs in the State of Texas at a time when Respondents were not registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act.
9. In connection with the offer for sale of working interests in the State of Texas, Respondents have failed to disclose, both through their offering materials and their sales agents, the material fact that on June 10, 1999, the Missouri Commissioner of Securities ordered Respondents to stop offering and selling investments in an oil and gas well development drilling program called the "Good Hope Prospect" to Missouri residents until such securities were registered in the State of Missouri or exempt from registration, and until Respondents were registered to sell such securities in the State of Missouri.

#### CONCLUSIONS OF LAW

1. A basis for the issuance of a cease and desist order exists pursuant to Section 23.A of the Texas Securities Act.
2. Pursuant to Section 23-1 of the Texas Securities Act, the foregoing violations of the Texas Securities Act constitute bases for the issuance of an order assessing an administrative fine against dealers.

UNDERTAKING

1. Respondents agree to disclose the foregoing Order, together with the Missouri Order, to potential and actual investors in the current and in all future offerings.

ORDER

1. It is therefore ORDERED that Respondents CEASE AND DESIST from the offer of working interests in oil and gas programs until such interests are registered or an available exemption is utilized.
2. It is further ORDERED that Respondents CEASE AND DESIST from acting as dealers, directly or through the use of unregistered sales agents, until registered or an available exemption is utilized.
3. It is further ORDERED that Buckeye Energy shall pay an ADMINISTRATIVE FINE in the amount of Five Thousand Dollars (\$ 5,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Five Thousand Dollars (\$ 5,000.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 16<sup>th</sup> day of December, 1999.

*Denise Voigt Crawford*

DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondent:  
Buckeye Energy Corporation

By: *Phillip J. Sharp*  
Phillip Sharp, President

Respondent  
Phillip Sharp, Individually

*Phillip J. Sharp*

Approved as to Form:

A handwritten signature in black ink, appearing to read "David Grauer", written over a horizontal line.

David Grauer, Director  
Enforcement Division

A handwritten signature in black ink, appearing to read "Sonia M. Mayo", written over a horizontal line.

Sonia M. Mayo, Attorney  
Enforcement Division

**ACKNOWLEDGMENT**

On the 2<sup>nd</sup> day of December, 1999, Buckeye Energy Corporation ("Respondent Buckeye"), by and through Phillip Sharp, its President, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Phillip Sharp is duly authorized to enter into the foregoing Order on behalf of Respondent Buckeye;
2. Phillip Sharp has read the foregoing Order;
3. Respondent Buckeye has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent Buckeye knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent Buckeye, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



Notary Public in and for  
the State of Louisiana

[affix notary seal here]

My commission expires on: 7-23-2000

**ACKNOWLEDGMENT**

On the 2<sup>nd</sup> day of September, 1999, Phillip Sharp ("Respondent Sharp"), individually, personally appeared before me, executed the foregoing Order, and acknowledged that:

1. Respondent Sharp has read the foregoing Order;
2. Respondent Sharp has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent Sharp knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent Sharp, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.

  
 Notary Public in and for  
 the State of Kentucky

[affix notary seal here]

My commission expires on: 7-23-2000