

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER

JOHN R. MORGAN  
DEPUTY SECURITIES COMMISSIONER

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## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
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IN THE MATTER OF §  
COTTONWOOD PETROLEUM COMPANY §

Order No. ENF-08-CDO-1656

TO: Joe Baker Owen, President  
Cottonwood Petroleum Company  
4625 North First Street  
Abilene, TX 79603-6540

### AGREED CEASE AND DESIST ORDER

Be it remembered that Cottonwood Petroleum Company ("Respondent Cottonwood"), by and through Joe Baker Owen its President, appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and the Conclusions of Law contained herein.

#### FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2007) ("Texas Securities Act") and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2007) ("Administrative Procedure Act").
2. Respondent Cottonwood is a Texas corporation that maintains a last known address at 4625 North First Street, Abilene, Texas 79603-6540.
3. Respondent has offered for sale in Texas interests ("Interests") in an oil and gas prospect referred to as the Hendrick "126-B" Well, Throckmorton County, Texas. Investors are told that each interest represents a 1/32 (3.125%) percent working interest that bears a 75% net revenue interest in the drilling unit and well proposed to be drilled on the prospect.
4. The Interests were not registered by qualification, notification, or coordination and no permit had been granted for their sale in Texas.
5. Respondent was not registered with the Securities Commissioner as a dealer or an agent at any time material hereto.

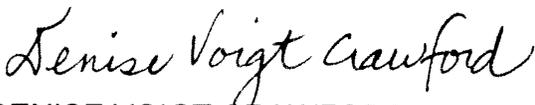
CONCLUSIONS OF LAW

1. The Interests are "securities" as that term is defined in Section 4.A of the Texas Securities Act.
2. Respondent has violated Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities were not registered with the Securities Commissioner, or otherwise exempt by law.
3. Respondent has violated Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered with the Securities Commissioner as a dealer or an agent, or otherwise exempt by law.

ORDER

1. It is therefore ORDERED that Respondent immediately CEASE AND DESIST from offering for sale any security in Texas until such security is registered with the Securities Commissioner or is qualified for exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondent immediately CEASE AND DESIST from offering any security in Texas through any person employed, appointed or authorized by Respondent, until Respondent and such persons are registered with the Securities Commissioner as a dealer or an agent, or such offer is qualified for exemption under the Texas Securities Act.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 27<sup>th</sup>  
day of June, 2008.

  
DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondent:

Cottonwood Petroleum Company

  
\_\_\_\_\_  
Joe Baker Owen, President

Approved as to Form:

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Joe J. Rotunda  
Director  
Enforcement Division

\_\_\_\_\_  
Scott Field  
The Field Law Firm

Respondent:

Cottonwood Petroleum Company

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Joe Baker Owen, President

Approved as to Form:



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Joe J. Rotunda  
Director  
Enforcement Division



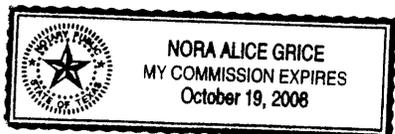
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Scott Field  
The Field Law Firm

## ACKNOWLEDGMENT

On the 18<sup>th</sup> day of June, 2008, Cottonwood Petroleum Company ("Respondent Cottonwood"), by and through Joe Baker Owen, its President, appeared before me, executed the foregoing Order, and acknowledged that:

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



[affix notary seal here]

Nora Alice Grice  
Notary Public in and for  
The State of Texas

My commission expires on: 10/19/08