

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: HEI RESOURCES, INC., THEIR OFFICERS )  
AND DIRECTORS, AGENTS, EMPLOYEES, AFFILIATES, PARTNERS) FILE NO. 0800618  
MANAGERS, MEMBERS, SUCCESSORS AND ASSIGNS, AND )  
CHARLES REED CAGLE, AND JOHN SCHIFFNER, INDIVIDUALLY )

CORRECTED TEMPORARY ORDER OF PROHIBITION

TO RESPONDENTS: HEI Resources, Inc.  
2864 S. Circle Dr, Suite 310  
Colorado Springs, Colorado 80906

Charles Reed Cagle  
2864 S. Circle Dr, Suite 310  
Colorado Springs, Colorado 80906

John Schiffner  
2864 S. Circle Dr, Suite 310  
Colorado Springs, Colorado 80906

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

1. That HEI Resources, Inc., a Texas Corporation (hereinafter "HEI"), formerly known as Heartland Energy, Inc., a Texas Corporation (hereinafter "Heartland") a foreign entity authorized to transact business in Colorado maintains its principal address at 2864 S. Circle Dr, Suite 310, Colorado Springs, Colorado 80906.
2. That Charles Reed Cagle, (hereinafter "Cagle") president and CEO of HEI and Heartland maintains a business address at 2864 S. Circle Dr, Suite 310, Colorado Springs, Colorado 80906.
3. That John Schiffner, (hereinafter "Schiffner" collectively with HEI, Heartland, and Cagle "Respondents") vice-president of HEI and Heartland maintains a business address at 2864 S. Circle Dr, Suite 310, Colorado Springs, Colorado 80906.

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4. That during June 2005, or thereabouts, Respondents through John Schiffner cold-called one or more Illinois residents offering to sell participation interests in a joint venture called Heartland Energy, Inc., Los Ojeuelos #1 Joint Venture to be formed under Texas partnership law to engage in exploration, production from, and operation of an oil and gas well in Webb County, Texas.
5. That subsequent to the foregoing telephone solicitation, Respondent caused to be sent to one or more Illinois residents a "Confidential Information Memorandum", a copy of the Joint Venture Agreement, an Execution Page and Limited Power of Attorney Joint Venture Agreement, a Purchaser Questionnaire, a Representative Questionnaire, and an Application Agreement for the Offering (the "Offering Documents").
6. That the Offering Documents require a minimum investment of one (1) participation interest unit in the Joint Venture at a cost of ten thousand (98,000.00) dollars.
7. That the Respondents sold participation interests in Los Ojeuelos #1 Joint Venture to at least one Illinois resident (Investor).
8. That during June 2005 through December 2005, or thereabouts, Respondents through John Schiffner on several occasions called the Investor offering to sell and thereafter delivering Offering Documents for participation interests in the following joint ventures:
  - a. Heartland Energy, Inc., Los Ojeuelos #2 Joint Venture to be formed under Texas partnership law to engage in exploration, production from, and operation of an oil and gas well in Webb County, Texas at ninety-eight thousand (\$ 98,000.00) dollars per unit.
  - b. Heartland Energy, Inc., Los Ojeuelos #3 Joint Venture to be formed under Texas partnership law to engage in exploration, production from, and operation of an oil and gas well in Webb County, Texas at one hundred twenty-five thousand (\$125,000.00) dollars per unit.
  - c. Heartland Energy, Inc., Los Ojeuelos #4 Joint Venture to be formed under Texas partnership law to engage in exploration, production from, and operation of an oil and gas well in Webb County, Texas at one hundred twenty-five thousand (\$125,000.00) dollars per unit.
  - d. Heartland Energy, Inc., Los Ojeuelos #5 Joint Venture to be formed under Texas partnership law to engage in exploration, production from, and operation of an oil and gas well in Webb County, Texas at forty-one thousand and six hundred (\$41,600.00) dollars per unit.

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- e. Heartland Energy, Inc., North Garcia #1 Joint Venture to be formed under Texas partnership law to engage in exploration, production from, and operation of an oil and gas well in Webb County, Texas at eighty-five thousand (\$85,000.00) dollars per unit.
9. That following the solicitations referred to in paragraphs 8.a. through 8.e. above Respondents sold Investor one participation unit in each of the Joint Ventures referred to in paragraphs 8.a through 8.e.
10. That the activities described in paragraphs 4 through 9 above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
11. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
12. That Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the security was not registered pursuant to Section 5 of the Act prior to its offer and sale in the State of Illinois.
13. That Section 12.A of the Act provides, inter alia, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
14. That Section 12.D of the Act provides, inter alia, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
15. That by virtue of the foregoing, Respondents have violated Sections 12.A and 12.D of the Act.
16. That the aforementioned findings are based upon credible evidence.
17. That Section 11.F(2) of the Act provides, inter alia, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.

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18. That the entry of this Temporary Order prohibiting Respondents, or their officers, directors, agents, employees, members, managers, partners, affiliates, and successors, from offering or selling the above-referenced securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents, Heartland Energy, Inc., HEI Resources, Inc., Charles Reed Cagle, and John Schiffner their officers, directors, agents, employees, members, managers, partners, affiliates, and successors are PROHIBITED from offering or selling securities in or from this State until further Order of the Secretary of State.

NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for sixty days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

ENTERED: This 11<sup>th</sup> day of March 2009.

  
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JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

Samuel F. Freiman  
Illinois Securities Department  
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Chicago, Illinois 60602  
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