

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of

PLANO OIL & GAS, L.L.C.,
LARRY M. KOONCE,
DEREK T. CASTLEBERRY,
RORY D. CHATRIAND, and
MICHAEL SUAREZ,

PETITION FOR ORDER

File No. S-08175(EX)

Respondents.

The staff of the Bureau of Enforcement of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to § 551.56, Wis. Stats.,¹ and as a result thereof alleges as follows:

1. Plano Oil & Gas, L.L.C. ("Plano") is a Texas limited liability company organized in 2005, with a last known business address of 3101 Premier Drive, Plano, Texas 75075.
2. Larry M. Koonce ("Koonce"), CRD # 4603240, is an individual who was born in July 1968, and who at all times material hereto has been an owner, officer, director or controlling person of Plano, with a last known business address of Plano, and a last known home address of 1709 Lake Crest Lane, Plano, Texas 75023.
3. Derek T. Castleberry ("Castleberry"), is an individual who was born in October 1967, and who at all times material hereto has been an owner, officer, director or controlling person of Plano, with a last known business address of Plano, and a last known home address of 1534 Bethlehem Road, Allen, Texas 75002-5314.
4. Rory D. Chatriand, ("Chatriand"), is an individual who was born in August 1977, who at all times material hereto has been a director and agent of Plano, Koonce and Castleberry, with a last known business address of Plano and a last known home address of 3800 Commerce Street, Apartment 117, Dallas, Texas 75226-2430.
5. Michael Suarez, age 35, is an individual who at all times material hereto has been a director and agent of Plano, Koonce and Castleberry, with a last known business address of Plano.
6. During November and December 2008, Chatriand and Suarez, on behalf of Plano, Koonce and Castleberry, offered working interests in a two-well drilling program in Texas to at least one person in Wisconsin. Investors pay an initial amount for the drilling and testing, and another amount for completion of the wells, and own working interests in the production of the wells. Plano makes all managerial decisions and manages day-to-day operations.
7. 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 is a security pursuant to § 551.02(13), Wis. Stats.

¹ Unless otherwise noted, the statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged herein and apply pursuant to § 551.703, Wis. Stats. (2007-08).

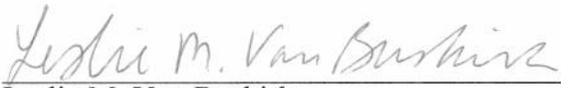
8. Pursuant to the offering materials sent by Respondents and received by the person in Wisconsin in November 2008, the North Crows Nest Joint Venture (“NCNJV”), of which Plano is the manager, will “engage primarily in the business of exploration, drilling, owning, and operating two or more hydrocarbon Wells . . . in Tom Green County, Texas and, if successful, the production of hydrocarbons there from.”
9. Pursuant to the offering materials sent by Respondents and received by the person in Wisconsin, the NCNJV plans to offer for sale up to 87.5 joint venture interests at a price of \$45,000 per interest, with a minimum investment of a ¼ interest.
10. The interests in NCNJV have not been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
11. Each Respondent has violated § 551.21(1), Wis. Stats., by directly or indirectly offering unregistered securities to a person in Wisconsin.
12. In connection with the offers of the securities described above, Chatriand and Suarez transacted business in Wisconsin as an "agent" for Plano, Koonce and Castleberry, as that term is defined by § 551.02(2), Wis. Stats.
13. At no time have either Chatriand or Suarez been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.
14. Chatriand and Suarez have violated § 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
15. Plano, Koonce and Castleberry have violated § 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
16. On September 2, 2003, the State of Texas issued a cease and desist order by consent against Koonce, Northstar Energy, Inc. (“Northstar”), and another officer of Northstar, prohibiting them from making further sales of oil and gas lease interests in Northstar to persons in Texas unless registered or exempt, and from conducting business as a dealer or agent in the State of Texas until registered to do so or exempt from registration.
17. On December 14, 2005, the State of Alabama issued a summary cease and desist order against Koonce, Northstar and others for the sale of unregistered, non-exempt securities to persons in Alabama, which was ultimately resolved by a May 14, 2008 Limited Consent Order in which Koonce agreed to comply with the registration requirements of Regulation D, Rule 506 in any future offers.
18. On September 26, 2008, the State of Pennsylvania issued summary cease and desist orders to Koonce and North American Drilling Corporation for the offer of unregistered securities to a person in Pennsylvania, but on December 1, 2009, the order was rescinded as to Koonce but North American Drilling Corporation was ordered to comply with the Pennsylvania Securities Act for selling unregistered securities and omissions in the sale of securities.

Therefore, the staff of the Bureau of Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Dated this 23rd day of September, 2010.



Mark Dorman, Examiner
Bureau of Enforcement



Leslie M. Van Buskirk
Attorney Supervisor
Bureau of Enforcement