

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS

Release No. 1990/November 7, 2014

ADMINISTRATIVE PROCEEDING

File No. 3-16000

In the Matter of

HOUSTON AMERICAN ENERGY CORP.,
JOHN F. TERWILLIGER, JR.,
UNDISCOVERED EQUITIES INC., and
KEVIN T. McKNIGHT

ORDER ON
NETHERLAND, SEWELL
SUBPOENA

On October 7, 2014, this Office issued a subpoena duces tecum to Netherland, Sewell at the request of Respondents Houston American Energy Corp. and John F. Terwilliger, Jr. On October 20, 2014, Netherland, Sewell applied to quash or modify the subpoena (Application). On October 28, 2014, Respondents opposed the Application (Opposition). On October 29, 2014, Netherland, Sewell filed its reply in support of its Application.

Netherland, Sewell's Application is governed by Commission Rule of Practice 232(e)(2), under which it bears the burden to establish that complying with the subpoena would be "unreasonable, oppressive or unduly burdensome." 17 C.F.R. § 201.232(e)(2). Federal Rule of Civil Procedure 45 does not apply; nor does the subpoena seek non-retained expert testimony.

The information sought by the subpoena is relevant for the reasons set forth in this Office's Order of October 7, 2014. *Houston American Energy Corp.*, Admin. Proc. Rulings Release No. 1891, 2014 SEC LEXIS 3769.

Netherland, Sewell's concerns about publicly releasing competitively sensitive information, including trade secrets or other confidential research, development, or commercial information, are well taken. To alleviate that concern, Netherland, Sewell, upon consultation with the parties, is invited to propose a mutually agreeable protective order that will ensure that those materials are not publicly released. *See* 17 C.F.R. § 201.322. Although hearings are presumptively public, to the extent that any such competitively sensitive information is discussed at the hearing, this Office will take appropriate steps to ensure that it is not made part of the public record.

With regard to Request Nos. 1 and 4, the limitations proposed by Houston American, as implemented by this order, should be sufficient to ameliorate any undue burden on Netherland,

Sewell or adverse impact on its clients. Opp. at 6-7, 9-10. Given these substantial limitations, Netherland, Sewell has failed to establish that the subpoena seeking relevant information is unreasonable, oppressive, or unduly burdensome.

It is ORDERED that Netherland, Sewell's application to quash the subpoena is DENIED.

It is further ORDERED that Netherland, Sewell's application to modify the subpoena is GRANTED in part:

Request No. 1 is modified as follows:

Any pre-drill and exploration resource assessments or reports concerning potential oil resources or reserves on the following concessions in the Llanos Basin in the vicinity of CPO-4: (1) Cerrero; (2) Guatiquia; (3) Condor; (4) LLA 59; (5) Apiay; (6) CPO-10; (7) LLA 66; (8) CPO-5; (9) CPO-11; (10) Corcel; and (11) Alicante. To the extent that such pre-drill and exploration resource assessments or reports contain seismic data, well log data, production and reserve information, and data concerning the cost to drill and complete a well, Netherland, Sewell may redact such information, except if that data relates to one of the eleven preceding concessions.

Request No. 4 is modified as follows:

Emails and attachments referring to or referencing "recoverable reserve" or "recoverable reserves" in a manner that differs from how that term is defined by the Petroleum Resources Management System (PRMS) or differs from how that term is defined by the SEC for the purposes of SEC filings, including all documents using the term "recoverable reserve" or "recoverable reserves" in an exploratory or pre-drill context. Netherland, Sewell may produce all emails and attachments that contain those phrases, in order to ameliorate the burden of ascertaining whether their use differs from how those terms are defined in PRMS or by the SEC for the purposes of SEC filings. Netherland, Sewell need not review or produce Netherland, Sewell reports or Excel spreadsheets in response to this request.

It is further ORDERED that, in lieu of responding to Request No. 4, as modified, Netherland, Sewell, following appropriate consultation with the Division of Enforcement, may instead file and serve a declaration guaranteeing that none of its personnel will provide testimony in this proceeding about the purported "industry-accepted definition" of the phrase "recoverable reserve" or "recoverable reserves." The filing and service of such a declaration shall extinguish any obligation by Netherland, Sewell to respond to Request No. 4.

It is also ORDERED that by November 14, 2014, following consultation with the parties, Netherland, Sewell file a proposed protective order to permit the production of documents sought by the subpoena. The parties are ORDERED to confer promptly, and in good faith, with Netherland, Sewell in order to agree to such a protective order.

It is also ORDERED that by November 14, 2014, Netherland, Sewell produce all documents responsive to the subpoena that would not be subject to the proposed protective order.

This Office's order adopting the proposed protective order shall specify the date for the production of documents subject to that order.

Jason S. Patil
Administrative Law Judge