

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

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 2021/November 14, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16000

In the Matter of

HOUSTON AMERICAN ENERGY CORP.,	:	PROTECTIVE ORDER
JOHN F. TERWILLIGER, JR.,	:	
UNDISCOVERED EQUITIES INC., and	:	
KEVIN T. MCKNIGHT	:	

On November 14, 2014, this Office received the proposed protective order of Netherland, Sewell & Associates, Inc. (Netherland, Sewell), which was submitted by the Division of Enforcement (Division) along with a Notice of Filing of Proposed Protective Order (Notice). The Notice represents that the Division, Respondents Houston American Energy Corp. and John F. Terwilliger, Jr. (Houston American Respondents), and non-party Netherland, Sewell conferred and agreed to the entry of the proposed protective order.

IT IS THEREFORE ORDERED that the following provisions shall govern the production, handling, and review of the documents produced by Netherland, Sewell to the Houston American Respondents and the Division pursuant to the Subpoena issued October 7, 2014, as modified by the Order issued November 7, 2014, which include the following: (a) documents and data regarding pre-drill and exploration resource assessments or reports concerning potential oil resources or reserves on any one or more of the following concessions in 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/or (11) Alicante (collectively, the Pre-drill/Exploration Assessment Documents); and (b) emails and the attachments to such emails containing documents and data referring to or referencing “recoverable reserve” or “recoverable reserves” in a manner that differs from how that terms 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 (collectively, the Emails and Attachments).

1. Except as otherwise provided herein, the attorneys employed by the law firms that have been engaged to represent the Houston American Respondents in this proceeding (Respondents’ Counsel) and the Division shall not disclose the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or any information contained therein to any person other than: (a) the Houston American

Respondents; (b) office personnel of the Respondents' Counsel who are engaged in the preparation for the hearing in this proceeding; (c) independent outside persons (*i.e.*, persons not employees of or business consultants of a Respondent) requested by Respondents' Counsel to furnish technical or expert services or to give testimony in this proceeding who execute an acknowledgment agreeing to be bound by and to comply with the terms of this Protective Order; (d) the presiding Administrative Law Judge, including necessary administrative, stenographic, secretarial, and clerk personnel assisting the Administrative Law Judge; (e) the person or entity whose confidential, proprietary, and trade-secret information are reflected in the Pre-drill/Exploration Assessment Documents and/or the Emails and Attachments; (f) persons other than those listed in subpart 2(f) who are potential witnesses in the administrative proceeding, provided that (i) the identity of each such person and the documents to be shown to such person are first disclosed in writing to Netherland, Sewell (and Netherland, Sewell shall not disclose this information to any other parties), (ii) and Netherland, Sewell shall have two (2) business days to either agree or disagree to such proposed disclosure, (iii) if Netherland, Sewell agrees to such disclosure, then those persons so identified shall execute an acknowledgment agreeing to be bound by and to comply with the terms of this Protective Order, and shall not be permitted to keep copies of the documents, but (iv) if Netherland, Sewell objects to such disclosure, Netherland, Sewell shall on the next business day following the day that Netherland, Sewell objects to such proposed disclosure submit the objection and the grounds therefor to this Office for resolution; and (g) any other persons as the parties and non-party Netherland, Sewell may agree to in writing or as the Commissioners or Administrative Law Judge may, upon hearing, so direct.

2. All persons obtaining access to the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or information contained therein, including Respondents' Counsel, the Houston American Respondents, and the Division, shall use those documents and that information solely for preparation for the hearing in this proceeding, including any appeal, and shall not use those documents or information for any other purpose. In no event, other than during the presentation of evidence in the public hearing in this matter, shall the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or information contained therein be disclosed to any person other than: (a) the Houston American Respondents and Respondents' Counsel and their office personnel engaged in the preparation for the hearing in this proceeding; (b) independent outside persons (*i.e.*, persons not employees of or business consultants of a Respondent) requested by Respondents' Counsel to furnish technical or expert services or to give testimony in this proceeding who execute an acknowledgment agreeing to be bound by and to comply with the terms of this Protective Order; (c) the Division and their office personnel engaged in the preparation for the hearing in this proceeding; (d) independent outside persons (*i.e.*, persons not employees of or business consultants of the Division) requested by the Division to furnish technical or expert services or to give testimony in this proceeding who execute an acknowledgment agreeing to be bound by and to comply with the terms of this Protective Order; (e) the Administrative Law Judge, including necessary administrative, stenographic, secretarial, and clerk personnel assisting the Judge; (f) the person or entity whose confidential, proprietary, and

trade-secret information are reflected in the Pre-drill/Exploration Assessment Documents and/or the Emails and Attachments; (g) persons other than those listed in subpart 2(f) who are potential witnesses in the administrative proceeding, provided that (i) the identity of each such person and the documents to be shown to such person are first disclosed in writing to Netherland, Sewell (and Netherland, Sewell shall not disclose this information to any other parties), (ii) and Netherland, Sewell shall have two (2) business days to either agree or disagree to such proposed disclosure, (iii) if Netherland, Sewell agrees to such disclosure, then those persons so identified shall execute an acknowledgement agreeing to be bound by and to comply with the terms of this Protective Order, and shall not be permitted to keep copies of the documents, but (iv) if Netherland, Sewell objects to such disclosure, Netherland, Sewell shall on the next business day following the day that Netherland, Sewell objects to such proposed disclosure submit the objection and the grounds therefor to this Office for resolution; and (h) any other persons as the parties and non-party Netherland, Sewell may agree to in writing or on the record, or as the Commissioners or Administrative Law Judge may, upon hearing, so direct. The acknowledgement required to be executed by each independent outside person to whom disclosure may be made shall be retained by the Respondents' Counsel or the Division that engages such person and need not be disclosed except at the direction of the Administrative Law Judge.

3. If the Houston American Respondents or the Division file any Pre-drill/Exploration Assessment Documents or any Emails and Attachments with the Securities and Exchange Commission (Commission) without first providing advance notice to non-party Netherland, Sewell, those documents filed shall be (a) clearly labeled on the cover page as containing confidential information subject to this Protective Order, and (b) filed in sealed envelopes or other appropriate sealed containers on which shall be listed the title of this proceeding, an indication of the nature of its contents, and a statement substantially in the following terms:

CONFIDENTIAL. Filed Pursuant to Protective Order. Not to be opened nor the contents revealed except (1) to the Administrative Law Judge and his staff in the Commission's Office of Administrative Law Judges, (2) by agreement of the parties and Netherland, Sewell, or (3) by prior order of the Administrative Law Judge.

4. The Houston American Respondents or the Division may file Pre-drill/Exploration Assessment Documents or Emails and Attachments with the Commission in unsealed form provided that Respondents' Counsel or the Division provide to non-party Netherland, Sewell a written list of the specific other Pre-drill/Exploration Assessment Documents and/or Emails and Attachments it intends to file. Within ten (10) business days after receipt of this notice, non-party Netherland, Sewell will state whether it has any objection to the filing of any such documents in unsealed form. In the event of a dispute between Respondents' Counsel or the Division, on the one hand, and non-party Netherland, Sewell, on the other hand, as to whether any Pre-drill/Exploration Assessment Document and/or Email and Attachment, or the

information derived from those documents should be filed without sealing, that dispute shall be submitted to the Administrative Law Judge for a ruling.

5. If any party receiving Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or information contained therein (a) is subpoenaed in another action or proceeding, served with a demand in another action or proceeding in which it is a party, or is served with any other legal process (or other request for production with which it intends to comply) seeking the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or information contained therein; or (b) is subject to a court order, administrative ruling, or statutory or regulatory obligation seeking to compel the disclosure of any such material (collectively, a compelled disclosure), the party shall give actual prompt written notice to counsel for non-party Netherland, Sewell, by hand, email or facsimile transmission, but in no event later than three (3) business days after receipt of such compelled disclosure. Unless otherwise ordered by a court or appropriate tribunal, the receiving party shall not produce any of the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or information contained therein for a period of at least ten (10) days after providing the required notice to non-party Netherland, Sewell. During that ten-day period, non-party Netherland, Sewell may seek protection from, or file objections to, the production of the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or information contained therein in the appropriate forum. Provided that the appropriate notice set forth in this Paragraph was given, only non-party Netherland, Sewell shall be responsible for asserting any objection to the requested production. Nothing herein shall be construed as requiring the receiving party or anyone else covered by this Protective Order to (a) challenge or appeal any order issued in another proceeding that requires production or disclosure of any Pre-drill/Exploration Assessment Documents, Emails and Attachments, or information contained therein, (b) subject himself/itself to any penalties for non-compliance with any legal process, order, or statutory or regulatory obligation, or (c) seek any relief in the appropriate forum.
6. If, during the hearing in this proceeding, a party intends to offer into evidence any of the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or exhibits, testimony, or other materials that reveal or may tend to reveal information in the Pre-drill/Exploration Assessment Documents or the Emails and Attachments that have not already been the subject of an agreement between the offering party and non-party Netherland, Sewell, counsel for the party shall provide non-party Netherland, Sewell with as much notice as practicable, and thereafter counsel for all parties shall meet and confer in an attempt to agree on the procedures for offering into evidence at hearing the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or the information contained therein. If the parties and non-party Netherland, Sewell are unable to agree, they shall submit to the Administrative Law Judge their proposals for such procedures.
7. In the event of an unauthorized use or disclosure of a Pre-drill/Exploration Assessment Document, Email and Attachment, or any information contained therein, the party responsible for such use or disclosure shall notify counsel for non-party

Netherland, Sewell immediately and make good faith efforts to remedy the unauthorized use or disclosure and prevent further unauthorized use or disclosure.

8. The restrictions on dissemination of the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, or the information contained therein, shall not apply to information which is public knowledge or which, after disclosure, becomes public knowledge other than through a violation of the terms of this Protective Order or any applicable confidentiality agreement.
9. This Protective Order shall remain in force and effect until modified, superseded, or terminated on the record by agreement of the parties and non-party Netherland, Sewell or by order of the Administrative Law Judge.
10. Upon final termination of this proceeding, the Division and each Respondent that is subject to this Protective Order shall either destroy or assemble and return to non-party Netherland, Sewell all of the Pre-drill/Exploration Assessment Documents and the Emails and Attachments in its possession, and all items containing the information found in the Pre-drill/Exploration Assessment Documents or the Emails and Attachments, including all copies of such matter which may have been made, but not including record files or attorney-work product files. Any documents permitted to be retained under this provision shall remain, at all times, subject to this Protective Order. If a Respondent or the Division elects to destroy the Pre-drill/Exploration Assessment Documents, the Emails and Attachments, and other materials containing information obtained therefrom, that Respondent or the Division shall by letter, within thirty (30) days of the final termination of this proceeding, certify that all Pre-drill/Exploration Assessment Documents, the Emails and Attachments, and materials containing information obtained therefrom (subject to the exceptions noted herein) have been destroyed.
11. Any notice required or permitted herein shall be made to counsel of record in this proceeding or such other persons as subsequently may be designated by a party or by non-party Netherland, Sewell. Notice may be made by either facsimile or email, provided that a hard copy is provided by hand delivery or overnight courier.
12. The parties and Netherland, Sewell have agreed that Netherland, Sewell shall (a) produce the documents responsive to Request No. 1 as modified by the Order within three (3) business days after the date this Protective Order is entered, and (b) produce the documents responsive to Request No. 4 as modified by the Order not later than November 24, 2014.

IT IS SO ORDERED.

Jason S. Patil
Administrative Law Judge