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2 **STATE OF CALIFORNIA**
3 **BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY**
4 **DEPARTMENT OF BUSINESS OVERSIGHT**

5 **TO: Earth Energy Exploration, Inc. doing business as Earth Energy Exploration, LLC**
6 **Bruce Fox**
7 **HydroCarb X3, LLP**
8 **Jason W. Towe**
9 **Leeville #1, LLP**
10 204 East 3rd Avenue
11 Cheyenne, Wyoming 82001

12 2510 Warren Avenue, Suite 3386
13 Cheyenne, Wyoming 82001

14 **DESIST AND REFRAIN ORDER**

15 **(For violation of section 25110 of the Corporations Code)**

16 The Commissioner of Business Oversight (“Commissioner”) finds that:

- 17 1. At all relevant times, Earth Energy Exploration, Inc. doing business as Earth Energy
18 Exploration, LLC (hereafter “EEE”) was a Wyoming corporation formed in September 1996 with a
19 principal place of business located at 204 East 3rd Avenue, Cheyenne, Wyoming, 82001.
- 20 2. At all relevant times, Bruce Fox (“Fox”) was the president of EEE.
- 21 3. At all relevant times, HydroCarb X3, LLP (“HydroCarb”) was a Wyoming limited
22 liability partnership formed in March 2009 with a principal place of business located at 2510 Warren
23 Avenue, Suite 3386, Cheyenne, Wyoming, 82001.
- 24 4. At all relevant times, EEE purported to be the manager of HydroCarb.
- 25 5. Beginning as early as June 2009, EEE and Fox offered and sold securities in the form of
26 limited liability partnership units in HydroCarb to at least one California investor with whom none of
27 the entities or persons had a preexisting relationship. The purpose of the offering in HydroCarb was
28 to raise funds to develop and drill three domestic oil or natural gas wells located in Louisiana,
Michigan, and Texas. HydroCarb interests were offered at \$36,575 per unit for a total offering of
\$1,645,875.

1 6. Earth Energy Developments, LLC (“EED”) was a Wyoming limited liability company
2 formed in June 2008 with a principal place of business located at 2510 Warren Avenue, Suite 3386,
3 Cheyenne, Wyoming, 82001.

4 7. EEE Holdings, LLC (“EEE Holdings”) was a Wyoming limited liability company formed
5 in April 2009 with a principal place of business located at 700 Missouri Avenue, Jeffersonville,
6 Indiana, 47130.

7 8. Leeville #1, LLP (“Leeville #1”) was a Wyoming limited liability partnership formed in
8 April 2009 with a business address of P.O. Box 328, Hillview, Kentucky, 40129.

9 9. At all relevant times, Jason W. Towe (“Towe”) was a managing member or partner of
10 EED, EEE Holdings, and Leeville #1.

11 10. Beginning as early as July 2009, Fox and Towe offered and sold securities in the form of
12 limited liability partnership units in Leeville #1 to at least one California investor. Working interests
13 in Leeville #1 were offered at \$14,600 for the total offering of \$1,460,000.

14 11. In October 2009, the Pennsylvania Securities Commissioner ordered HydroCarb, EED
15 doing business as EEE, and Towe to cease and desist from offering and selling unregistered,
16 nonexempt securities in that state.

17 12. In September 2010, the Colorado Securities Commissioner entered a final cease and desist
18 order against EED doing business as EEE, Towe, and other individuals, finding they had violated the
19 securities registration, licensing and anti-fraud provisions of that state.

20 13. The Commissioner finds that the securities of HydroCarb and Leeville #1 were offered
21 and sold in this state in an issuer transaction.

22 14. The Commissioner has not issued a permit or other form of qualification authorizing EEE,
23 Fox, HydroCarb, Towe, Leeville #1, or any other person to offer and sell these securities in this state.

24 Based on the foregoing, the Commissioner is of the opinion that the securities in the form of a
25 limited liability partnership units offered by Earth Energy Exploration, Inc. doing business as Earth
26 Energy Exploration, LLC, Bruce Fox, HydroCarb X3, LLP, Jason W. Towe, and Leeville #1, LLP are
27 securities subject to qualification under the California Corporate Securities Law of 1968.
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Pursuant to section 25532 of the California Corporate Securities Law of 1968, Earth Energy Exploration, Inc. doing business as Earth Energy Exploration, LLC, Bruce Fox, HydroCarb X3, LLP, Jason W. Towe, and Leeville #1, LLP are hereby ordered to desist and refrain from the further offer and sale in the State of California of securities including, but not limited to, limited liability partnership units unless and until qualification has been made under said law or unless exempted.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the California Corporate Securities Law of 1968.

Dated: July 9, 2013
Sacramento, California



Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division