

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

_____)
IN THE MATTER OF: ROSEWOOD ENERGY, INC.,)
its officers and directors, agents, employees, affiliates,)
successors and assigns.)
_____)

FILE NO. 0200040

CONSENT ORDER OF PROHIBITION, RESCISSION and COSTS;
and VACATING PRIOR ORDER

TO RESPONDENT: Rosewood Energy, Inc.
 3255 Wilshire Blvd., Ste. 1004
 Los Angeles, CA 90010

WHEREAS, Rosewood Energy, Inc. on the 13th day of September, 2005, executed a certain Stipulation to Enter Consent Order of Prohibition, Rescission, and Costs (the "Stipulation"), which hereby is incorporated by reference herein;

WHEREAS, by means of the Stipulation, Respondent acknowledged that an Order of Prohibition was entered on August 11, 2003 more than 30 days subsequent to a Temporary Order of Prohibition being issued on June 19, 2003 and Respondent not thereafter having requested a hearing.

WHEREAS, by means of the Stipulation, Respondent acknowledged that they desire to enter into a Consent Order offering Rescission to the purchaser(s) of the unregistered, non-exempt security described at paragraphs 2 through 4, below, paying costs to the Department and vacating the Order of Prohibition entered August 25, 2004 according to the terms of the Stipulation, and in consideration thereof the Department has agreed that it is appropriate in the public interest and for the protection of investors; and

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Temporary Order of Prohibition shall be adopted as the Secretary of State's Findings of Fact:

1. That Rosewood Energy, Inc., a Nevada corporation (hereinafter "Respondent"), maintains a business address at 3255 Wilshire Blvd., Ste. 1004, Los Angeles, CA 90010.

Consent Order of Prohibition, Rescission, and Costs
and Vacating Prior Order

-2-

2. That during March and April, 2001, or thereabouts, a representative of Respondent, cold-called at least one Illinois resident ("the Investor") offering to sell working interest participation units in the James Coffee Prospect Lease, Russell County, Kentucky, (the "Offering").
3. That subsequent to the foregoing telephone solicitation, Respondent caused to be sent to the Investor Subscription instructions, a Participation Agreement, a Confidential Private Placement Memorandum and Offering Summary (the "Offering Documents") for the Offering.
4. That the Investor on April 13, 2001, sent his check in the amount of ten thousand (\$10, 000.00) dollars as payment for one participation unit along with the executed documents to Respondent with the FedEx pre-printed, bill recipient Airbill provided by Respondent, the receipt of which was acknowledged.
5. That the activities described in paragraphs 2, 3 and 4 above constitute the offer and sale of a security and therefore a security as those terms are defined in Sections 2.1, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
6. 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.
7. That Respondent 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 in the State of Illinois.
8. 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.
9. 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.

WHEREAS, by means of the Stipulation, Respondent acknowledged, without admitting or denying the averments, that the following shall be adopted as the adopted as the Secretary of State's Conclusions of Law:

Respondent Rosewood Energy, Inc. has violated Sections 12.A and 12.D of the Illinois Securities Act.

Consent Order of Prohibition, Rescission, and Costs
and Vacating Prior Order

-3-

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent Rosewood Energy, Inc. its officers and directors, agents, employees, affiliates, successors and assigns:

1. Are and shall PROHIBITED from issuing, offering or selling any securities in or from the State of Illinois EXCEPT in compliance with the law; AND
2. They shall make an offer of rescission to the Illinois purchaser(s) (the "Offerees") of securities of non-exempt transactions and/or to whom unregistered or non-exempt securities issued by or sold by Respondent have been sold as referred to herein in paragraphs 2, 3 and 4. Said rescission offer shall be in the form of Exhibit "A", attached hereto and incorporated herein, and shall be completed in accordance with established Secretary of State, Illinois Securities Department guidelines as follows:
 - a) Within five (5) business days of the entry of the Order to Dismiss, Respondent shall deliver the above referenced offer of rescission of the purchase of unregistered participation units and or non-exempt transactions and/or non-exempt securities, referred to hereinabove in paragraphs 2, 3 and 4, issued by or sold by Respondent which shall provide for the return of the original amount invested, plus interest at the rate of ten (10) % per annum from the date of purchase, less any amounts already returned, to each of the offerees by means of certified or registered mail, return receipt requested;
 - b) Within five (5) business days from the delivery of the above-referenced rescission offer, Respondent shall provide a notarized affidavit copies of each such offer to the Department;
 - c) Within five (5) business days of obtaining either the certified or registered mail return receipt, Respondent shall provide a notarized affidavit copies of those receipts to the Department; and
 - d) Within five (5) business days of the conclusion of the rescission offer, Respondent shall provide a notarized affidavit that shall fully detail the results of this offer of rescission.
 - e) Within thirty (30) business days after conclusion of the rescission offer, Respondent shall provide a notarized affidavit that shall fully detail proof of payment to each and every offeree who has accepted the offer of rescission and attach thereto the results of this offer of rescission.

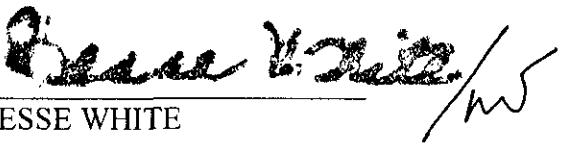
Consent Order of Prohibition, Rescission, and Costs
and Vacating Prior Order

-4-

3. They shall pay the sum of \$1500.00 to the Office of Secretary of State, Investors Education Fund as reimbursement towards the costs of in this matter. Said sum shall be payable by means of certified or cashier's check within thirty (30) days of the entry of this Order.

4. The Order of Prohibition, entered August 11, 2003, is hereby VACATED by the Department without prejudice to reinstate in the event Respondent fail to comply with the terms of the Rescission offer detailed at 2a through e of this Order; attached hereto; it is appropriate in the public interest and for the protection of investors.

Dated: This 26th day of January 2006.



JESSE WHITE
Secretary of State
State of Illinois

Samuel F. Freiman
Illinois Securities Department
69 West Washington Street
Suite 1220
Chicago, Illinois 60602
312-793-3988