

FROM: SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
NEW YORK, NEW YORK

Litigation Release No.

SEC v. Petro Natural Resource Corporation and

Eugene L. Colman

(S.D.N.Y.) 79 Civil 6977 (LFM)

Stephen L. Hammerman, Administrator of the New York Regional Office of the Securities Exchange Commission, and Robert Abrams, New York State Attorney General, jointly announced the filing of Complaints in the United States District Court for the Southern District of New York and the New York State Supreme Court, respectively, on December 26, 1979, against Petro Natural Resource Corporation ("Petro"), a Delaware Corporation located in New York, New York and Eugene L. Colman ("Colman") of New York, New York.

The Commission's action seeks to enjoin Petro and Colman from further violations of the registration and anti-fraud provisions of the federal securities laws. During the period alleged in the Commission's Complaint, Colman and Petro engaged in the offer and sale of securities in the form of tax-sheltered limited partnership interests in Navidad Natural Gas Program 1979 ("Navidad"), a limited partnership in formation under the laws of Texas. Colman is the president and sole shareholder of Petro. Petro was incorporated in Delaware in March 1979 for the purpose of offering such tax-sheltered limited partnership interests. Its first and only offering was Navidad, where Petro acted as Navidad's exclusive selling agent.

The Commission's Complaint alleges that from July 1979 through September 1979, the defendants offered for sale and sold to investors unregistered securities in the form of limited partnership interests, in violation of Section 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act"). The Complaint also alleges that, in connection with their solicitation of approximately 300 prospective investors, the defendants made false and misleading statements in violation of Sections 17(a) of the Securities Act, Section 10(b) of the Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder. The false and misleading statements concerned, among other things, the nature and degree of the risks associated with the Navidad offering, the sponsor and author of certain offering materials mailed to prospective investors, and the defendants' prior experience in offering similar securities.

The New York Attorney General's action seeks to enjoin and permanently bar Colman and Petro from future public securities business within or from the State of New York. The Attorney General's Complaint alleges that defendants violated the registration and anti-fraud provisions of the New York State Blue Sky Law in connection with the offering of tax-sheltered limited partnership interests within the state.

Simultaneously with the filing of the Attorney General's Complaint, defendants Colman and Petro consented to a permanent bar from future securities transactions with the public within or from New York State.