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MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

ORIGINAL



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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Jeff Hatch-Miller, Chairman  
William A. Mundell  
Mike Gleason  
Kristin K. Mayes  
Barry Wong

Arizona Corporation Commission

DOCKETED

DEC 27 2006

FROM: Matthew J. Neubert  
Director of Securities

DOCKETED BY

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DATE: December 27, 2006

RE: *Mid America Energy, Inc. et. al S-20442A-06-0110*

CC: Brian C. McNeil, Executive Director

AZ CORP COMMISSION  
DOCUMENT CONTROL

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RECEIVED

Attached hereto you will find the following: Order to Dismiss James Whatcott and Rita Whatcott ("Dismissal of Whatcotts").

This case involves the offer and sale of interests in limited liability partnerships in oil and gas wells claimed to be drilled in Adair County, Kentucky. A Temporary Order to Cease and Desist and Notice of Opportunity for Hearing was entered on February 28, 2006. This Order was amended on September 8, 2006 and will be referred to as the First Amended TC&D. The First Amended TC&D involves four entities and seven individuals. Both orders required respondents immediately cease and desist from violating the Securities Act.

At the January 9, 2007, open meeting, the Division will be requesting that the Commission approve the entry of an order dismissing James and Rita Whatcott without prejudice. The following comments pertain to this request:

Dismissal of Whatcotts

- James Whatcott ("Whatcott") was first an investor in Mid America Energy, Inc. ("MAE") and Mid America Oil & Gas, LLC ("MAOG"). He then began to offer to his friends and family and appears to have re-invested his commissions into more oil and gas wells with MAE and MAOG. Whatcott's only Arizona investor was his brother from whom he did not

receive a commission. Whatcott's primary occupation is in the construction business – namely installing drywall.

- Whatcott cooperated extensively with the Division and provided detailed information concerning MAE and MAOG. Whatcott also gave his testimony under oath. In view of the circumstances, the Division recommends that Whatcott be dismissed without prejudice. The information he has provided is corroborated by information received by other cooperating agencies.
- Whatcott's wife, Rita Whatcott, was joined solely for purposes of determining the liability of the marital community and therefore her dismissal is recommended.

The Division has had discussions with counsel for the Whatcotts. Counsel is in favor of the dismissal of the Whatcotts.

The Division believes that the proposed orders are appropriate to protect the public welfare and are in the best interest of the investors.

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

In the matter of:  
  
Mid America Energy, Inc.,  
a Nevada Corporation  
321 Victor Reiter Parkway  
Portland, TN 37148  
  
Mid America Oil & Gas, LLC  
a Kentucky Limited Liability Company,  
493 Pleasant Run Church  
Campbellsville, KY  
  
Gary M. Milby a/k/a  
Gary Moss Milby a/k/a  
Gary M. Milley  
and Wanda Milby,  
husband and wife  
321 Victor Reiter Parkway  
Portland, TN 37148  
  
Jim and Rita Whatcott,  
husband and wife  
222 Basin Creek Road  
Durango, CO 81303-3647  
  
John and Lucille Blitz,  
husband and wife  
225 Marneh Avenue  
Santa Cruz, CA 95062  
  
Clinton Goff a/k/a Clint Goff,  
an un-married man  
321 Victor Reiter Parkway  
Portland, TN 37148

) Docket No. S-20442A-06-0110

) DECISION NO. \_\_\_\_\_

) **ORDER OF DISMISSAL OF**  
) **RESPONDENTS JAMES WHATCOTT and**  
) **RITA WHATCOTT, WITHOUT**  
) **PREJUDICE**

1 Warren Exploration, LLC )  
2 A Nevada Limited Liability Company )  
3 321 Victor-Reiter Parkway )  
4 Portland, TN 37148 )

5 Energy Marketing, Inc., )  
6 a Nevada Corporation )  
7 129 Haven Street, Unit A )  
8 Hendersonville, TN 37075 )

9 Respondents. )  
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9 A Temporary Order to Cease and Desist and Notice of Opportunity for Hearing was entered  
10 on February 28, 2006 against, James Whatcott and Rita Whatcott. A First Amended Temporary  
11 Order to Cease and Desist and Notice of Opportunity for Hearing was subsequently filed on  
12 September 8, 2006 that included these two Respondents. The Arizona Corporation Commission  
13 having reviewed this matter and being advised in the premises,

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IT IS HEREBY ORDERED:

Dismissing James Whatcott and Rita Whatcott from these proceedings, without prejudice.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
Executive Director of the Arizona Corporation  
Commission, have hereunto set my hand and caused the  
official seal of the Commission to be affixed at the  
Capitol, in the City of Phoenix, this \_\_\_\_\_ day of  
\_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
BRIAN C. McNEIL  
Executive Director

\_\_\_\_\_  
DISSENT

\_\_\_\_\_  
DISSENT

This document is available in alternative formats by contacting Linda Hogan, Executive Assistant  
to the Executive Director, voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

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