



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: March 2, 2006
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KENTUCKY OIL AND GAS VENTURES UNDER SCRUTINY, REGULATORS ALLEGE FRAUD

PHOENIX – The Arizona Corporation Commission’s Securities Division issued a temporary cease and desist order today in connection with multiple oil and natural gas promotions targeting Arizona investors. The Commission advises investors that it is against the law for anyone to offer or sell these investments in Arizona while this temporary cease and desist order is in effect.

Named as respondents in the action are:

- Mid America Energy, Inc., Hendersonville, TN
- Mid America Oil & Gas, Mount Juliet, TN
- Gary M. Milby a/k/a Gary Moss Milby and Gary M. Miley of Hendersonville, TN
- Jim Whatcott of Durango, CO
- John Blitz of Hendersonville, TN

Increased gas and oil prices may be one reason investors are attracted by these investments. The Tennessee-based respondents claim to be engaged in developmental drilling in several Kentucky locations. They appear to be offering partnership interests in several oil drilling programs under various names including, but not limited to: Big Creek Oil #1 through #6, Black Gold Oil #1 through #6, LLP, Fort Knox #15, LLP and Eagle Oil #6, LLP.

Another reason investors may be lured is because respondents allegedly promise thousands of dollars in monthly returns for up to 30 years for a one-time investment. The Division alleges that respondents have been directly promoting the investment opportunity through advertisements in *The Arizona Republic* and a website.

An investigation by the Commission's Securities Division revealed that the advertisements appeared in the classified section as well as the online version of the newspaper. One ad stated: "Make up to \$4,800 per month on a 49K oil investment..."

The 13-page temporary order outlines multiple alleged violations. The Commission's Securities Division alleges that the respondents have:

- Falsely represented that Mid America Energy's oil drilling is a private placement registered with the U.S. Securities and Exchange Commission;
- Failed to disclose to investors that Mid America Energy, Inc. and Milby have a cease and desist order entered against them in Pennsylvania;
- Failed to inform prospective investors that Milby filed for Chapter 7 bankruptcy in November 2003, and
- Falsely represented that Mid America Oil and Gas, LLC is active and in good standing with the Texas oil and gas regulator, when in fact it is has been inactive since August 2005.

None of the respondents are registered to offer or sell securities in or from the state of Arizona. The Commission's temporary order gives the respondents 30 calendar days to request a hearing and to respond to the charges.

Anyone who has invested with the respondents is urged to contact the Commission's Securities Division at 602-542-4242 or toll free, 1-866-VERIFY-9 and ask for an investigator assigned to the case. To access the full text of the Commission's action, please click on the following link:

<http://www.ccsd.cc.state.az.us/enforcement/Orders/2006/Feb28-06.pdf>.

Caution for Investors

Before investing, people should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242 or toll free outside the Phoenix metropolitan area and Arizona at 1-866-VERIFY-9. The Division's investor education website also has helpful information at www.azinvestor.gov.

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