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MAIL: P.O. BOX 15167
AUSTIN, TEXAS 78711-5167

206 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
Phone (512) 305-8300
FAX (512) 305-8310
<http://www.ssb.state.tx.us>

JACK D. LADD
MEMBER

SSB Docket No. 02-23

IN THE MATTER OF
WARREN RESOURCES COMPANY,
WARREN RESOURCES COMPANY
#1, LLC AND
BRYCE PATRICK PHILLIPS

§
§
§
§
§

Order No. CDO-1468

TO: Mr. Bryce Patrick Phillips, President
Warren Resources Company
3513 Arbor Lawn Drive
Ft. Worth, TX 76109

Warren Resources Company #1, LLC
c/o: Bryce Patrick Phillips, President
Warren Resources Company
3513 Arbor Lawn Drive
Ft. Worth, TX 76109

Mr. Bryce Patrick Phillips
3513 Arbor Lawn Drive
Ft. Worth, TX 76109

CEASE AND DESIST ORDER

Be it remembered that Warren Resources Company ("Respondent Warren"), by and through its President, Bryce Patrick Phillips, Warren Resources Company #1, LLC ("Respondent Warren #1"), by and through its manager, Respondent Warren and Bryce Patrick Phillips, and Bryce Patrick Phillips ("Respondent Phillips"), individually, (collectively "Respondents") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and Undertaking and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and hearing in this matter; (b) Respondents' right to appear and present evidence in this matter; (c) Respondents' right to appeal this Order; and (d) all other procedural rights granted

to Respondents by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2002) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2002) ("Administrative Procedure Act").

2. Respondent Warren is a Texas corporation with its principal office located at 3513 Arbor Lawn Drive, Ft. Worth, Texas 76109. Respondent Phillips is president of Respondent Warren with the same business address as Respondent Warren. Respondent Warren #1 is a Texas limited-liability company with its principal office located at 3513 Arbor Lawn Drive, Ft. Worth, Texas 76109. Respondent Warren is the parent company of Respondent Warren #1.
3. From on or about December 31, 1998 to on or about July 15, 1999, Respondent Phillips, on behalf of Respondent Warren and/or Respondent Warren #1, contacted potential investors and made available for purchase one (1) Class B unit in Respondent Warren #1 per \$1,080.00 loaned to Respondent Warren. The loan was guaranteed by Respondent Phillips, on behalf of Respondent Warren, by the execution of promissory notes for the exact amount loaned by the investors. Respondent Phillips, on behalf of Respondent Warren, accepted funds from investors as consideration for the loan and purchase of the Class B units in Respondent Warren #1 and executed the promissory notes on behalf of Respondent Warren to the investors, which guaranteed the exact amounts loaned by the investors.
4. The Class B units in Respondent Warren #1 were not registered with the Securities Commissioner by qualification, notification or coordination and no permit was granted for the sale of the interests in the State of Texas. The promissory notes executed by Respondent Phillips, on behalf of Respondent Warren, were not registered with the Securities Commissioner by qualification, notification or coordination and no permit was granted for the sale of the interests in the State of Texas.
5. Respondents, at all times relevant to this Order, were not registered with the Securities Commissioner as a securities dealer, agent, or investment adviser.

UNDERTAKING

1. Respondents hereby undertake and agree that they will not offer for sale or sell securities from within the State of Texas or to a Texas resident unless the Respondents are registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act, or are exempt from the registration requirements thereof.
2. Respondents further undertake and agree that they will not offer for sale or sell securities from within the State of Texas or to a Texas resident unless the securities are registered with the Securities Commissioner as required by Section 7 of the Texas Securities Act, or are exempt from the registration requirements thereof.

3. Respondents further undertake and agree to disclose the foregoing Order to potential investors in all future offerings.

CONCLUSIONS OF LAW

1. The above-referenced units in Respondent Warren #1 and the promissory notes issued by Respondent Warren are securities as defined in Section 4.A of the Texas Securities Act.
2. The conduct of the Respondents described in the Findings of Fact constitutes the offer for sale and sale of securities as defined by Section 4.E of the Texas Securities Act.
3. Respondents violated the Texas Securities Act by offering for sale in Texas the above-described securities without the securities being registered with the Securities Commissioner, as required by Section 7 of the Texas Securities Act.
4. Respondents have acted as dealers in securities as those terms are defined in Section 4.C of the Texas Securities Act.
5. Respondents violated the Texas Securities Act by offering securities for sale in Texas without being registered with the Securities Commissioner, as required by Section 12 of the Texas Securities Act.
6. The foregoing violations constitute bases for the issuance of a cease and desist order pursuant to Section 23.A of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that Warren Resources Company, Warren Resources Company #1, LLC, and Bryce Patrick Phillips CEASE AND DESIST from acting as a dealer until they are registered with the Securities Commissioner or exempt from the dealer registration requirements of the Texas Securities Act.
2. It is further ORDERED that Warren Resources Company, Warren Resources Company #1, LLC, and Bryce Patrick Phillips CEASE AND DESIST from the offer for sale and sale of securities until the securities are registered with the Securities Commissioner or exempt from the securities registration requirements of the Texas Securities Act.
3. It is further ORDERED that Warren Resources Company, Warren Resources Company #1, LLC and Bryce Patrick Phillips COMPLY with the terms of the Undertaking set forth herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 8th day
of August, 2002.

Denise Voigt Crawford

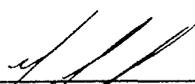
DENISE VOIGT CRAWFORD
Securities Commissioner

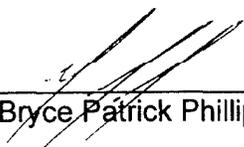
Respondents:

Warren Resources Company

By: 
Bryce Patrick Phillips, President

Warren Resources Company #1, LLC

By: 
Warren Resources Company
Bryce Patrick Phillips, President


Bryce Patrick Phillips, Individually

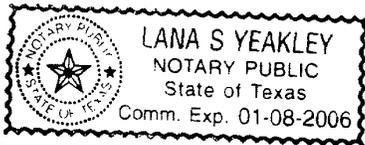
Approved as to Form:


David Grauer
Director
Enforcement Division

ACKNOWLEDGMENT

On the 7 day of August, 2002, Bryce Patrick Phillips ("Respondent Phillips"), personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Respondent Phillips has read the foregoing Order and Undertaking;
2. Respondent Phillips has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent Phillips knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent Phillips, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



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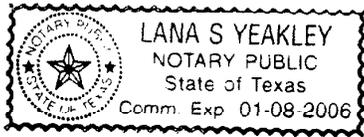
Lana S Yeakley
Notary Public in and for
the State of Texas

My commission expires on: 1-8-06

ACKNOWLEDGMENT

On the 7 day of August, 2002, Warren Resources Company ("Respondent Warren"), by and through Bryce Patrick Phillips, its President, personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Bryce Patrick Phillips is duly authorized to enter into the foregoing Order and Undertaking on behalf of Respondent Warren;
2. Bryce Patrick Phillips has read the foregoing Order;
3. Respondent Warren has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent Warren knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent Warren, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

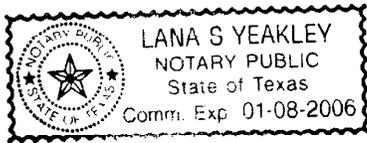
Lana S. Yeakley
Notary Public in and for
the State of Texas

My commission expires on: 1-8-06

ACKNOWLEDGMENT

On the 7 day of August, 2002, Warren Resources Company #1, LLC ("Respondent Warren #1"), by and through Warren Resources Company and its President, Bryce Patrick Phillips, personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Bryce Patrick Phillips is duly authorized to enter into the foregoing Order and Undertaking on behalf of Respondent Warren #1;
2. Bryce Patrick Phillips has read the foregoing Order;
3. Respondent Warren #1 has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent Warren #1 knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent Warren #1, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

Lana S. Yeakley
Notary Public in and for
the State of Texas

My commission expires on: 1-8-06