

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER

DON A. RASCHKE  
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300  
Facsimile: (512) 305-8310



## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.state.tx.us

JOSE ADAN TREVINO  
CHAIRMAN

NICHOLAS C. TAYLOR  
MEMBER

KENNETH W. ANDERSON, JR.  
MEMBER

JACK D. LADD  
MEMBER

BRYAN K. BROWN  
MEMBER

---

IN THE MATTER OF  
MID-CONTINENT OIL AND GAS, INC.  
AND STEVEN LEE WHITE

---

§  
§  
§

Order No. **ENF-04-FIN-1557**

TO: Mid-Continent Oil and Gas, Inc.  
2700 Southwest 16th Street, Suite 411  
Amarillo, Texas 79102

Steven Lee White  
2700 Southwest 16th Street, Suite 411  
Amarillo, Texas 79102

### AGREED ORDER ASSESSING AN ADMINISTRATIVE FINE

Be it remembered that Mid-Continent Oil and Gas, Inc. ("Respondent MOGI"), by and through its President, Steven Lee White, and Steven Lee White ("Respondent White"), individually (collectively "Respondents"), appeared before the Securities Commissioner of Texas ("Securities Commissioner") and consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

#### FINDINGS OF FACT

1. Respondents have waived (a) Respondents' right to notice and a 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. 2004) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2004) ("Administrative Procedure Act").
2. Respondent MOGI is a Texas company whose current address is 2700 Southwest 16th Street, Suite 411, Amarillo, Texas 79102.
3. Respondent White is an individual who, at all times material hereto, has been President of Respondent MOGI and has the same last known business address as Respondent MOGI.

4. Respondents placed, or permitted to be placed, an advertisement on the Internet, located at website <http://www.mcog.org> ("the website"), which describes a number of current oil and gas projects, including the Smith Prospect # 2 in Denton County, Texas; the Beard Prospect in Tarrant County, Texas; and the Elder Prospect in Parker County, Texas. The website indicates that more information may be requested from Respondent MOGI regarding "Investment Opportunities."
5. On or about February 27, 2003, a representative of Respondent MOGI contacted by telephone at least one Texas resident ("the Offeree") who had submitted an information request form provided on the above-described website, and described an investment in the North Denton Prospect, Smith # 2.
6. Thereafter, the Offeree received various written materials, including a letter agreement, from Respondents describing the investment as the purchase of a working interest and net revenue interest in the North Denton Prospect oil, gas and mineral lease, Denton County, Texas. The investment was further described in the letter agreement as the sale of units representing interests in the Prospect wells and equating said units to percentages of working interests after tanks and yielding net revenue interests ("the interests" or "the investment").
7. Additionally, with the above-described written materials, a cover letter was sent with the signature line executed as follows: "Steve White/President", on Mid-Continent Oil and Gas letterhead. These materials were forwarded with a return address of Mid-Continent Oil & Gas, 3218 I-30, Mesquite, Texas, and contained a Federal Express air bill for return of the investor agreement and check c/o Cathy Johnson, 5700 Granite Parkway, Suite 200, Plano, Texas (the previous address of Respondent MOGI).
8. On or about March 4, 2003, a representative of Respondent MOGI contacted the Offeree by telephone and further described the investment in the North Denton Prospect, Smith # 2.
9. Respondents have not been registered with the Securities Commissioner as securities dealers, agents, investment advisers or investment adviser representatives at any time material hereto and Respondents have not submitted a notice filing as investment advisers or investment adviser representatives at any time material hereto.
10. The North Denton Prospect interests have not been registered by Respondent MOGI with the Securities Commissioner by qualification, notification or coordination and no permit has been granted for their sale within Texas at any time material hereto.
11. On March 7, 2003, the Securities Commissioner issued Emergency Cease and Desist Order CDO-1498, SSB Docket No. 03-008 (the "Emergency Order"), against Respondents based on the conduct, events and circumstances identified above and

related conduct. The Emergency Order has been in force and effect from March 7, 2003.

12. On or about January 23, 2004, a Notice of Hearing was filed in the State Office of Administrative Hearings ("SOAH") seeking to affirm the Emergency Order (SOAH Docket No. 312-04-2359; SSB Docket No. 03-008) and for other remedies.
13. By executing this Order and upon entry of the Order by the Securities Commissioner, Respondents agree that their request for a hearing on the Emergency Order is withdrawn and non-appealable. Respondents agree that the Emergency Order remains in full force and effect and is non-appealable. Respondents further agree not to oppose a motion for dismissal of the SOAH proceeding and further agree that this Order and the Emergency Order may be used by the staff of the Texas State Securities Board to prove the underlying facts herein in any subsequent proceeding relating to the registration of Respondents to sell or issue securities or render investment advice.

#### CONCLUSIONS OF LAW

1. The working interests and net revenue interests in the North Denton Prospect are interests in or under an oil, gas or mining lease and are securities, as the term "securities" is defined in Section 4.A of the Texas Securities Act.
2. Respondents have offered for sale securities in Texas, as the term "offer for sale" is defined in Section 4.E of the Texas Securities Act.
3. Respondents violated the Texas Securities Act by engaging in the offer for sale of securities in Texas 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 and/or agents, as the terms "dealers" and "agents" are defined in Sections 4.C and 4.D 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 assessment of an Administrative Fine pursuant to Section 23-1 of the Texas Securities Act.

#### ORDER

1. It is therefore ORDERED that Respondent MOGI is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of One Thousand Two Hundred and Fifty Dollars (\$1,250.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of One Thousand Two Hundred and Fifty

Dollars (\$1,250.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

2. It is further ORDERED that Respondent White is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of One Thousand Two Hundred and Fifty Dollars (\$1,250.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of One Thousand Two Hundred and Fifty Dollars (\$1,250.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

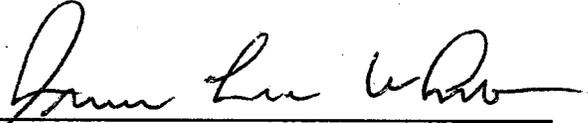
SIGNED AND ENTERED by the Securities Commissioner this 15<sup>th</sup> day of March, 2004.



DENISE VOIGT CRAWFORD  
Securities Commissioner

Respondents:

Mid-Continent Oil and Gas, Inc.



Steven Lee White, President



Steven Lee White, Individually

Approved as to Form:

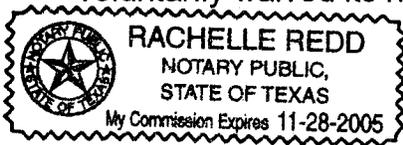


John R. Morgan  
Director  
Enforcement Division

**ACKNOWLEDGMENT**

On the 9<sup>th</sup> day of March, 2004, Mid-Continent Oil and Gas, Inc. ("Respondent MOGI"), by and through its President, Steven Lee White, personally appeared before me, executed the foregoing Order and acknowledged that:

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



[affix notary seal here]

Rachelle Redd  
Notary Public in and for  
the State of Texas

My commission expires on: 11-28-05

**ACKNOWLEDGMENT**

On the 1<sup>st</sup> day of March, 2004, Steven Lee White ("Respondent White"), personally appeared before me, executed the foregoing Order and acknowledged that:

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



[affix notary seal here]

Rachelle Redd  
Notary Public in and for  
the State of Texas

My commission expires on: 11.28.05