BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of the
DESIST AND REFRAIN ORDER
Issued To:

GARY M. MILBY; MID AMERICA ENERGY, INC.; MID-AMERICA OIL & GAS, L.L.C.; CLINTON C. GOFF; and BOB McGREGOR,
Respondents.

) OAH No. N2006060324
) RESPONDENTS GARY M. MILBY; MID AMERICA ENERGY, INC.; MID-AMERICA OIL & GAS, L.L.C.; CLINTON C. GOFF; AND BOB McGREGOR STIPULATION TO ORDER TO DESIST AND REFRAIN FROM THE UNQUALIFIED OFFER OR SALE OF SECURITIES AND THE MAKING OF MISREPRESENTATIONS AND OMISSIONS IN THE OFFER OR SALE OF SECURITIES

IT IS HEREBY STIPULATED BY AND BETWEEN THE RESPONDENTS GARY M. MILBY, MID AMERICA ENERGY, INC., MID-AMERICA OIL & GAS, L.L.C., CLINTON C. GOFF, BOB McGREGOR ("RESPONDENTS"), AND PRESTON DuFAUCHARD, CALIFORNIA CORPORATIONS COMMISSIONER ("COMMISSIONER"), AS FOLLOWS:

WHEREAS, RESPONDENTS admit the jurisdiction of the CALIFORNIA DEPARTMENT OF CORPORATIONS over their persons and over the subject matter of this Stipulation.

WHEREAS, RESPONDENTS waive the right of hearing, including that provided by California Corporations Code sections 25532 subdivision (d) and 25609. Further, RESPONDENTS
waive any and all review by a court of law, including that provided by California Government Code section 11523.

WHEREAS, all terms used, but not defined herein, shall have the meaning assigned to them by the California Corporations Code.

WHEREAS, RESPONDENTS represent that no promises of any kind or nature whatsoever were made to induce them to enter into this Stipulation, and that this Stipulation is a voluntary act on the part of RESPONDENTS.

WHEREAS, on May 5, 2006, the COMMISSIONER issued a Desist and Refrain Order ("Order") against GARY M. MILBY, BOB McGREGOR, STACY TERRELL, CLINTON C. GOFF, MID AMERICA ENERGY, INC., MID-AMERICA OIL & GAS, L.L.C. and ENERGY MARKETING for offering and/or selling unqualified non-exempt securities, in the form of limited liability partnership units in oil and gas developmental well projects, and for making misrepresentations and omissions of material fact in the offer and/or sale of said securities. This Order is attached hereto as Exhibit A.

WHEREAS, RESPONDENTS GARY M. MILBY, MID AMERICA ENERGY, INC., MID-AMERICA OIL & GAS, L.L.C., CLINTON C. GOFF and BOB McGREGOR timely requested a hearing on the Order, as permitted by law, and hereby acknowledge and agree that the COMMISSIONER is ready, willing and able to grant a hearing in relation to the Order, that said RESPONDENTS have a right to such a hearing to challenge the Order, and that RESPONDENTS hereby voluntarily waive their right to such a hearing in the interest of avoiding the expense, time and uncertainty of such a hearing.

WHEREAS, RESPONDENTS, without admitting or denying any of the findings contained within the Order or this Stipulation, hereby agree and stipulate to the Order, including but not limited to the opinions and findings made by the COMMISSIONER that:

1. At all relevant times, Gary M. Milby ("Milby") was the President, Secretary and Treasurer of Mid America Energy, Inc., a Nevada corporation, incorporated on June 25, 2004. Its principal place of business is at 105 Mallard Drive, Hendersonville, TN 37075. According to records

RESPONDENTS GARY M. MILBY; MID AMERICA ENERGY, INC.; MID-AMERICA OIL & GAS, L.L.C.; CLINTON C. GOFF; AND BOB McGREGOR STIPULATION TO ORDER TO DESIST AND REFRAIN FROM THE UNQUALIFIED OFFER OR SALE OF SECURITIES AND THE MAKING OF MISREPRESENTATIONS AND OMISSIONS IN THE OFFER OR SALE OF SECURITIES
of the Tennessee Secretary of State, Mid America Energy, Inc. also maintains a place of business at
321 Victor Reiter Parkway, #119, Portland, TN 37178.

2. At all relevant times, Milby was the Manager of Mid-America Oil and Gas, L.L.C., a
Kentucky limited liability company, formed on October 18, 2002. Its principal place of business is at
2023 Earl Pearce Circle, Mount Juliet, TN 37122.

3. Beginning in or about March 2006, Bob McGregor ("McGregor") was a sales
representative of Mid America Energy, Inc.

4. At all relevant times, Stacy Terrell ("Terrell") was the registered contact person for
Energy Marketing, a fictitious business name filed with the county clerk's office in Sumner County,
Tennessee on April 7, 2006. Its principal place of business is at 321 Victor Reiter Parkway, #199,
Portland, TN 37148. Terrell, doing business as Energy Marketing, arranges radio advertisements for
Milby, Mid America Energy, Inc., and Mid-America Oil and Gas, L.L.C.

5. Beginning in or about March 2006, Clinton C. Goff ("Goff") was the Operations
Manager for Mid America Energy, Inc.

6. Beginning in or about August 2005, Milby, Mid America Energy, Inc. and Mid-
America Oil & Gas, L.L.C. offered and sold securities in the form of limited liability partnership units
in oil and gas developmental well projects such as Freedom Oil #1, L.L.P., Big Creek Oil #1, L.L.P.,
Black Gold Oil #1, L.L.P., Fort Knox #8, L.L.P., Fort Knox #10, L.L.P., all of which are Tennessee
limited liability partnerships, to California residents.

7. Through general solicitations in the form of a Web site at www.mid-
americaoilandgas.com and radio advertisements on XM Satellite Radio, Milby, McGregor, Terrell,
Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing offered and
sold limited liability partnership units in oil and gas developmental well projects, the cost per unit
varying from well to well.

8. As of August 2005 the Web site located at www.mid-americaoilandgas.com identifies
Mid-America Oil & Gas, L.L.C. as a company engaged in "developmental drilling" in Adair and
Cumberland counties, Kentucky. "For clarification on the two most common types of drilling,
exploration drilling involves drilling on a site with the hopes of finding oil, whereas, developmental
drilling involves drilling in a field where there is known to be oil. We are not engaged in exploratory drilling, these wells will yield oil and natural gas!” The purported purpose of the limited liability partnership offerings is to raise funds to acquire working ownership interests in oil and gas developmental wells. “Once all shares are purchased, a drill date is set and the well is drilled. Once the drilling is complete and the oil and natural gas is flowing … Investors receive a monthly check.”

9. The Web site also contains a personal greeting from Milby stating that “Mid-America Energy represents the culmination of everything” Milby has “learned in the petroleum business over the last two decades” and invites prospective “Clients” to “join our team at Mid-America Oil & Gas, LLC for what I believe will be a long and prosperous relationship.”

10. In or about January 2006, Terrell, doing business as Energy Marketing, began arranging radio spots aired on XM Satellite Radio advertising the oil and gas securities offered and sold by Milby, McGregor, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C. The radio advertisements invite listeners to contact Energy Marketing at 1 (800) 810-7500. Interested listeners that contact Energy Marketing are then solicited, by sales representatives such as McGregor, to purchase the limited liability partnership units offered by Milby, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C.

11. These securities were offered and sold in the State of California in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell these securities in this state.

12. In connection with these offers and sales, Milby, McGregor, Terrell, Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing misrepresented to investors that Mid-America Oil & Gas, L.L.C. is a registered Operator with the Railroad Commission of Texas and “is in good standing with all regulating bodies in the state of Texas.” In fact, on June 9, 2005, the Office of the General Counsel of the Railroad Commission of Texas served and filed a complaint against “Gary M. Milby, Mgr/President” of Mid-America Oil & Gas, L.L.C. for violations of four regulatory rules in relation to the operation of an oil well lease in Runnels County, Texas. The violations include failure to timely plug the subject oil well and failure to properly maintain a reserve pit, which according to the Railroad Commission of Texas “are serious and threaten the public health

RESPONDENTS GARY M. MILBY; MID AMERICA ENERGY, INC.; MID-AMERICA OIL & GAS, L.L.C.; CLINTON C. GOFF; AND BOB McGRGOR STIPULATION TO ORDER TO DESIST AND REFRAIN FROM THE UNQUALIFIED OFFER OR SALE OF SECURITIES AND THE MAKING OF MISREPRESENTATIONS AND OMISSIONS IN THE OFFER OR SALE OF SECURITIES
and safety.” This complaint ultimately resulted in the Railroad Commission of Texas entering a Final
Order on January 24, 2006, levying administrative penalties in the amount of $4,000.00 and forbidding
Milby, or any organization in which he may hold a position of ownership or control, from drilling oil
in Texas for a period of seven years.

13. In connection with these offers and sales, Milby, McGregor, Terrell, Goff, Mid
America Energy, Inc., Mid-America Oil and Gas, L.L.C. and Energy Marketing omitted to disclose to
investors that Milby filed a Chapter 7 bankruptcy petition on November 5, 2003 resulting in discharge

WHEREAS, RESPONDENTS agree and acknowledge that nothing in this Stipulation shall
preclude the Commissioner, his agents, officers, or employees, to the extent authorized by law, from
referring any evidence or information regarding this matter to any other state or federal law
enforcement official, or from assisting cooperating, or co-prosecuting with regards to any investigation
and/or action.
WHEREFORE, RESPONDENTS GARY M. MILBY, MID AMERICA ENERGY, INC., MID-AMERICA OIL & GAS, L.L.C., CLINTON C. GOFF and BOB Mcgregor stipulate and agree to the finality of the COMMISSIONER’S Order. RESPONDENTS understand and agree not to represent that this Stipulation is a settlement or a withdrawal of the COMMISSIONER’S Order. RESPONDENTS further understand and agree that the Order remains in full effect, and that they cannot deny the violations cited in the COMMISSIONER’S Order or make any statement or representation that is inconsistent with this Stipulation or the Order. RESPONDENTS further understand and agree this Stipulation does not prevent the COMMISSIONER from taking future action in regard to this matter.

Dated: 7/24/06

GARY M. MILBY, President and Manager
MID AMERICA ENERGY, INC.
MID-AMERICA OIL & GAS, L.L.C.

By:

Dated: 7/25/06

By:

Dated: 7/25/06

By:

Dated: 7/25/06

By:

Dated: 7/25/06

PRESTON DUFAUCHARD
California Corporations Commissioner

By:

RESPONDENTS GARY M. MILBY; MID AMERICA ENERGY, INC.; MID-AMERICA OIL & GAS, L.L.C.; CLINTON C. GOFF; AND BOB Mcgregor stipulation to order to desist and refrain from the unqualified offer or sale of securities and the making of misrepresentations and omissions in the offer or sale of securities.
STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Gary M. Milby, President
    Mid America Energy, Inc.
    Mid-America Oil & Gas, L.L.C.
    6100 Neil Road, Suite 500
    Reno, NV 89511
    and
    129 Haven Street, Unit A
    Hendersonville, TN 37075
    and
    105 Mallard Drive
    Hendersonville, TN 37075

    Clinton Goff, Operations Manager
    Bob McGregor
    Mid America Energy, Inc.
    129 Haven Street, Unit A
    Hendersonville, TN 37075
    and
    105 Mallard Drive
    Hendersonville, TN 37075

    Stacy Terrell
    Energy Marketing
    321 Victor Reiter Parkway, #119
    Portland, TN 37178
    and
    2023 Earl Pearce Circle
    Mount Juliet, TN 37122

DESIST AND REFRAIN ORDER
(For violations of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Gary M. Milby ("Milby") was the President, Secretary and Treasurer of Mid America Energy, Inc., a Nevada corporation, incorporated on June 25, 2004. Its principal place of business is at 105 Mallard Drive, Hendersonville, TN 37075. According to records of the Tennessee Secretary of State, Mid America Energy, Inc. also maintains a place of business at 321 Victor Reiter Parkway, #119, Portland, TN 37178.

2. At all relevant times, Milby was the Manager of Mid-America Oil and Gas, L.L.C., a Kentucky limited liability company, formed on October 18, 2002. Its principal place of business is at 2023 Earl Pearce Circle, Mount Juliet, TN 37122.
3. At all relevant times, Bob McGregor ("McGregor") was a sales representative of Mid America Energy, Inc.

4. At all relevant times, Stacy Terrell ("Terrell") was the registered contact person for Energy Marketing, a fictitious business name filed with the county clerk's office in Sumner County, Tennessee on April 7, 2006. Its principal place of business is at 321 Victor Reiter Parkway, # 119, Portland, TN 37148. Terrell, doing business as Energy Marketing, arranges radio advertisements for Milby, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C.

5. At all relevant times, Clinton Goff ("Goff") was the Operations Manager and a sales representative for Mid America Energy, Inc. Goff also arranges radio advertisements for Milby, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C.

6. Beginning in or about August 2005, Milby, Mid America Energy, Inc. and Mid-America Oil & Gas, L.L.C. offered and sold securities in the form of limited liability partnership units, in oil and gas developmental well projects such as Freedom Oil #1, L.L.P., Big Creek Oil #1, L.L.P., Black Gold Oil #1, L.L.P., Fort Knox #8, L.L.P. and Fort Knox #10, L.L.P., all of which are Tennessee limited liability partnerships, to California residents.

7. Through general solicitations in the form of a Web site at www.mid-americaoilandgas.com and radio advertisements on XM Satellite Radio, Milby, McGregor, Terrell, Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing offered and sold limited liability partnership units, in oil and gas developmental well projects, the cost per unit varying from well to well.

8. As of August 2005 the Web site located at www.mid-americaoilandgas.com identifies Mid-America Oil & Gas, L.L.C. as a company engaged in "developmental drilling" in Adair and Cumberland counties, Kentucky. "For clarification on the two most common types of drilling,
exploratory drilling involves drilling on a site with the hopes of finding oil, whereas, developmental drilling involves drilling in a field where there is known to be oil. We are not engaged in exploratory drilling, theses wells will yield oil and natural gas!” The purported purpose of the limited liability partnership offerings is to raise funds to acquire working ownership interests in oil and gas developmental wells. “Once all shares are purchased, a drill date is set and the well is drilled. Once the drilling is complete and the oil and natural gas is flowing … Investors receive a monthly check.”

9. The Web site also contains a personal greeting from Milby stating that “Mid-America Energy represents the culmination of everything” Milby has “learned in the petroleum business over the last two decades” and inviting prospective “Clients” to “join our team at Mid-America Oil & Gas, LLC for what I believe will be a long and prosperous relationship.”

10. In or about January 2006, Terrell and Goff, doing business as Energy Marketing, began arranging radio spots aired on XM Satellite Radio advertising the oil and gas securities offered and sold by Milby, McGregor, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C. The radio advertisements invite listeners to contact Energy Marketing at 1 (800) 810-7500. Interested listeners that contact Energy Marketing are then solicited, by sales representatives such as McGregor and Goff, to purchase the limited liability partnership units offered by Milby, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C.

11. These securities were offered and sold in this state in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell these securities in this state.

12. In connection with these offers and sales, Milby, McGregor, Terrell, Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing misrepresented to investors that Mid-America Oil & Gas, L.L.C. is a registered Operator with the Railroad Commission of Texas and “is in good standing with all regulating bodies in the state of Texas.” In fact, on June 9, 2005, the
Office of the General Counsel of the Railroad Commission of Texas served and filed a complaint against “Gary M. Milby, Mgr/President” of Mid-America Oil & Gas, L.L.C. for violations of four regulatory rules in relation to the operation of an oil well lease in Runnels County, Texas. The violations include failure to timely plug the subject oil well and failure to properly maintain a reserve pit, which according to the Railroad Commission of Texas “are serious and threaten the public health and safety.” This complaint ultimately resulted in the Railroad Commission of Texas entering a Final Order on January 24, 2006, levying administrative penalties in the amount of $4,000.00 and forbidding Milby, or any organization in which he may hold a position of ownership or control, from drilling oil in Texas for a period of seven years.


Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that the investments that are being or have been offered and sold by Gary M. Milby, Bob McGregor, Stacy Terrell, Clinton Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing are securities subject to qualification under the California Corporate Securities Law of 1968 and are being or have been offered and sold without being qualified in violation of Corporations Code section 25110. Pursuant to section 25532 of the Corporate Securities Law of 1968, Gary M. Milby, Bob McGregor, Stacy Terrell, Clinton Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities, including but not limited to investment contracts in the form of limited liability partnership units in oil and gas investments such as Freedom Oil #1, L.L.P., Big Creek Oil #1, L.L.P., Black Gold Oil #1, L.L.P., Fort Knox #8, L.L.P. and Fort Knox #10, L.L.P., unless and until qualification has been made under the law or unless exempt.
Further, the California Corporations Commissioner is of the opinion that the securities that are being or have been offered and sold by Gary M. Milby, Bob McGregor, Stacy Terrell, Clinton Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing were offered or sold in this state by means of written or oral communications which included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Gary M. Milby, Bob McGregor, Stacy Terrell, Clinton Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any security in the State of California, including but not limited to investment contracts in the form of limited liability partnership units in oil and gas investments, by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: May 5, 2006
Sacramento, California

WAYNE STRUMPFER
Acting California Corporations Commissioner

By
ALAN S. WEINGER
Acting Deputy Commissioner
Enforcement Division
STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

DESIST AND REFRAIN ORDER
(For violations of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Gary M. Milby ("Milby") was the President, Secretary and Treasurer of Mid America Energy, Inc., a Nevada corporation, incorporated on June 25, 2004. Its principal place of business is at 105 Mallard Drive, Hendersonville, TN 37075. According to records of the Tennessee Secretary of State, Mid America Energy, Inc. also maintains a place of business at 321 Victor Reiter Parkway, # 119, Portland, TN 37178.

2. At all relevant times, Milby was the Manager of Mid-America Oil and Gas, L.L.C., a Kentucky limited liability company, formed on October 18, 2002. Its principal place of business is at 2023 Earl Pearce Circle, Mount Juliet, TN 37122.
3. At all relevant times, Bob McGregor ("McGregor") was a sales representative of Mid America Energy, Inc.

4. At all relevant times, Stacy Terrell ("Terrell") was the registered contact person for Energy Marketing, a fictitious business name filed with the county clerk’s office in Sumner County, Tennessee on April 7, 2006. Its principal place of business is at 321 Victor Reiter Parkway, #119, Portland, TN 37148. Terrell, doing business as Energy Marketing, arranges radio advertisements for Milby, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C.

5. At all relevant times, Clinton Goff ("Goff") was the Operations Manager and a sales representative for Mid America Energy, Inc. Goff also arranges radio advertisements for Milby, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C.

6. Beginning in or about August 2005, Milby, Mid America Energy, Inc. and Mid-America Oil & Gas, L.L.C. offered and sold securities in the form of limited liability partnership units, in oil and gas developmental well projects such as Freedom Oil #1, L.L.P., Big Creek Oil #1, L.L.P., Black Gold Oil #1, L.L.P., Fort Knox #8, L.L.P. and Fort Knox #10, L.L.P., all of which are Tennessee limited liability partnerships, to California residents.

7. Through general solicitations in the form of a Web site at www.mid-americoilandgas.com and radio advertisements on XM Satellite Radio, Milby, McGregor, Terrell, Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing offered and sold limited liability partnership units, in oil and gas developmental well projects, the cost per unit varying from well to well.

8. As of August 2005 the Web site located at www.mid-americoilandgas.com identifies Mid-America Oil & Gas, L.L.C. as a company engaged in “developmental drilling” in Adair and Cumberland counties, Kentucky. “For clarification on the two most common types of drilling,
exploratory drilling involves drilling on a site with the hopes of finding oil, whereas, developmental drilling involves drilling in a field where there is known to be oil. We are not engaged in exploratory drilling, theses wells will yield oil and natural gas!" The purported purpose of the limited liability partnership offerings is to raise funds to acquire working ownership interests in oil and gas developmental wells. “Once all shares are purchased, a drill date is set and the well is drilled. Once the drilling is complete and the oil and natural gas is flowing … Investors receive a monthly check.”

9. The Web site also contains a personal greeting from Milby stating that “Mid-America Energy represents the culmination of everything” Milby has “learned in the petroleum business over the last two decades” and inviting prospective “Clients” to “join our team at Mid-America Oil & Gas, LLC for what I believe will be a long and prosperous relationship.”

10. In or about January 2006, Terrell and Goff, doing business as Energy Marketing, began arranging radio spots aired on XM Satellite Radio advertising the oil and gas securities offered and sold by Milby, McGregor, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C. The radio advertisements invite listeners to contact Energy Marketing at 1 (800) 810-7500. Interested listeners that contact Energy Marketing are then solicited, by sales representatives such as McGregor and Goff, to purchase the limited liability partnership units offered by Milby, Mid America Energy, Inc. and Mid-America Oil and Gas, L.L.C.

11. These securities were offered and sold in this state in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell these securities in this state.

12. In connection with these offers and sales, Milby, McGregor, Terrell, Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing misrepresented to investors that Mid-America Oil & Gas, L.L.C. is a registered Operator with the Railroad Commission of Texas and “is in good standing with all regulating bodies in the state of Texas.” In fact, on June 9, 2005, the
Office of the General Counsel of the Railroad Commission of Texas served and filed a complaint against “Gary M. Milby, Mgr/President” of Mid-America Oil & Gas, L.L.C. for violations of four regulatory rules in relation to the operation of an oil well lease in Runnels County, Texas. The violations include failure to timely plug the subject oil well and failure to properly maintain a reserve pit, which according to the Railroad Commission of Texas “are serious and threaten the public health and safety.” This complaint ultimately resulted in the Railroad Commission of Texas entering a Final Order on January 24, 2006, levying administrative penalties in the amount of $4,000.00 and forbidding Milby, or any organization in which he may hold a position of ownership or control, from drilling oil in Texas for a period of seven years.


Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that the investments that are being or have been offered and sold by Gary M. Milby, Bob McGregor, Stacy Terrell, Clinton Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing are securities subject to qualification under the California Corporate Securities Law of 1968 and are being or have been offered and sold without being qualified in violation of Corporations Code section 25110. Pursuant to section 25532 of the Corporate Securities Law of 1968, Gary M. Milby, Bob McGregor, Stacy Terrell, Clinton Goff, Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities, including but not limited to investment contracts in the form of limited liability partnership units in oil and gas investments such as Freedom Oil #1, L.L.P., Big Creek Oil #1, L.L.P., Black Gold Oil #1, L.L.P., Fort Knox #8, L.L.P. and Fort Knox #10, L.L.P., unless and until qualification has been made under the law or unless exempt.
Further, the California Corporations Commissioner is of the opinion that the securities that are
being or have been offered and sold by Gary M. Milby, Bob McGregor, Stacy Terrell, Clinton Goff,
Mid America Energy, Inc., Mid-America Oil & Gas, L.L.C. and Energy Marketing were offered or
sold in this state by means of written or oral communications which included an untrue statement of a
material fact or omitted to state a material fact necessary in order to make the statements made, in the
light of the circumstances under which they were made, not misleading, in violation of section 25401
of the Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law
of 1968, Gary M. Milby, Bob McGregor, Stacy Terrell, Clinton Goff, Mid America Energy, Inc., Mid-
America Oil & Gas, L.L.C. and Energy Marketing are hereby ordered to desist and refrain from
offering or selling or buying or offering to buy any security in the State of California, including but not
limited to investment contracts in the form of limited liability partnership units in oil and gas
investments, by means of any written or oral communication which includes an untrue statement of a
material fact or omits to state a material fact necessary in order to make the statements made, in the
light of the circumstances under which they were made, not misleading.

This Order is necessary, in the public interest, for the protection of investors and consistent
with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: May 5, 2006
Sacramento, California

WAYNE STRUMPFER
Acting California Corporations Commissioner

By________________________________________

ALAN S. WEINGER
Acting Deputy Commissioner
Enforcement Division