

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

James David Olds and  
Mobile Petro Vac, Inc.,

Respondents.

ODS File No. 10-017

**NOTICE OF SERVICE ON THE ADMINISTRATOR**  
**AND**  
**AFFIDAVIT OF COMPLIANCE**

STATE OF OKLAHOMA    )  
                                  )        SS.  
COUNTY OF OKLAHOMA )

The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities (Department).

2. That a copy of the attached *Order to Cease and Desist and Notice of Opportunity for Hearing* (Order) was delivered to Affiant in the office of the Administrator of the Department (Administrator) pursuant to Section 1-611 of the Oklahoma Uniform Securities Act (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2009).

3. That the Administrator has received service of process on behalf of James David Olds and Mobile Petro Vac, Inc. pursuant to Section 1-611 of the Act.

4. That a copy of the Order, and a copy of this *Notice of Service on the Administrator and Affidavit of Compliance* are being sent this 30th day of September, 2010, by certified mail, return receipt requested, delivery restricted to addressee, to the last known address of each Respondent, in compliance with Section 1-611 of the Act.

5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 1-611 of the Act.

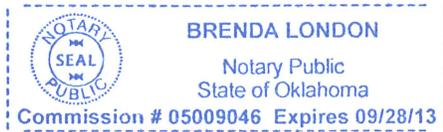
FURTHER AFFIANT SAYETH NOT.

Dated this 30th day of September, 2010.

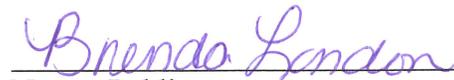
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Irving L. Faught, Administrator

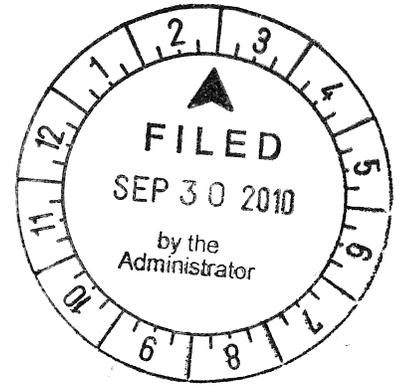
Subscribed and sworn to before me this 30th day of September, 2010.



SEAL

  
\_\_\_\_\_  
Notary Public

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
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In the Matter of:

James David Olds and  
Mobile Petro Vac, Inc.,

Respondents.

ODS File No. 10-017

**ORDER TO CEASE AND DESIST**  
**AND**  
**NOTICE OF OPPORTUNITY FOR HEARING**

**ORDER TO CEASE AND DESIST**

Pursuant to Section 1-602 of the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2009), the Oklahoma Department of Securities (Department) conducted an investigation into the activities of James David Olds and Mobile Petro Vac, Inc. (collectively "Respondents"), in connection with the offer and sale of fractional interests in an oil and gas lease.

Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator of the Department (Administrator), or his designee, in support of the issuance of an order to cease and desist.

**Findings of Fact**

1. At all times relevant hereto, James David Olds ("Olds") was a resident of Duncan, Oklahoma, and the president of Mobile Petro Vac, Inc.
2. At all times relevant hereto, Mobile Petro Vac, Inc., an Oklahoma corporation, ("Mobile Petro Vac") maintained a business address of 1111 West Willow, Duncan, Oklahoma.
3. Beginning in approximately 2006, Respondents mailed solicitation letters to physicians offering to sell fractional interests in an oil and gas lease described in sales literature as the "Sloan F" lease (the "Sloan F Working Interests"). Each well to be drilled on the Sloan "F" lease was described by Respondents as offered on a "turnkey" basis, that is, for a fixed price to each investor for lease costs, geology, drilling and testing each well to a specified depth.

4. At least one person, a resident of Illinois ("Investor R.L."), purchased a Sloan F Working Interest in December 2006. Investor R.L. did not receive a copy of the "Sloan F" lease.

5. Following repeated requests for information by Investor R.L., Respondent Olds stated in correspondence to Investor R.L., dated January 21, 2009, that no drilling had taken place on the "Sloan F" lease. The records of the Texas Railroad Commission indicate that as of September 29, 2010, no drilling had commenced on the "Sloan F" lease.

6. In connection with the offer and sale of the Sloan F Working Interests, Respondents represented that Mobile Petro Vac, Inc. would commence drilling operations "...at the very earliest possible date." Respondents omitted to state that the lease would expire if not maintained by Respondent Mobile Petro Vac, Inc. through production from the lease or the payment of delay rentals to the lessor.

7. In connection with the offer and sale of the Sloan F Working Interests, Respondents represented that participation in the lease through the purchase of the Working Interests was offered on a "turnkey" basis to the investors. The purchase price of the Working Interests by investors included all costs associated with each well to the point of completion or plugging and abandonment. Respondents omitted to state whether or not Respondent Mobile Petro Vac, Inc. had sufficient capital resources to fulfill its obligations under a "turnkey" agreement should costs exceed the amount paid by Working Interest purchasers.

8. In connection with the offer and sale of the Sloan F Working Interests, Respondents represented that each well would be drilled and completed in a "good and workmanlike manner." Respondents omitted to state that Mobile Petro Vac, Inc. and Olds had been the subject of at least two enforcement actions by the Texas Railroad Commission ("Railroad Commission") for failure to follow the regulations and orders of the Railroad Commission, including at least one adjudicative order finding that certain operations constituted a public health and water hazard.

9. The Sloan F Working Interests are not, and were not at any time material hereto, registered under the Act.

To the extent any of these Findings of Fact should be considered Conclusions of Law, they should be so considered.

#### **Authorities**

1. Section 1-102 of the Act provides in pertinent part:

32. "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided

interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security," or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing[.]

2. Section 1-301 of the Act provides:

It is unlawful for a person to offer or sell a security in this state unless:

1. The security is a federal covered security;
2. The security, transaction, or offer is exempted from registration under Sections 6 through 8 of this act [Sections 1-201 through 1-203 of this title]; or
3. The security is registered under this act.

3. Section 1-501 of the Act provides in part:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

1. To employ a device, scheme, or artifice to defraud;
2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

4. Section 1-602 of the Act provides in part:

A. The Administrator may:

1. Conduct public or private investigations within or outside of this state which the Administrator considers necessary or appropriate to determine whether a person has violated, is violating, or is about to violate this act or a rule adopted or order issued under this act, or to aid in the enforcement of this act or in the adoption of rules and forms under this act[.]

5. Section 1-604 of the Act provides in pertinent part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has materially aided, is materially aiding, or is about to materially aid in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act[.]

\* \* \*

B. An order under subsection A of this section is effective on the date of issuance. Upon issuance of the order, the Administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing and the hearing shall be commenced within fifteen (15) days of the matter being set for hearing. If a person subject to the order does not request a hearing and none is ordered by the Administrator, within thirty (30) days after the date of service of the order, the order, that may include a civil penalty or costs of the investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

**Conclusions of Law**

1. The Sloan F Working Interests are securities as defined by Section 1-102 of the Act.
2. Respondents offered and sold unregistered securities in this state, in violation of Section 1-301 of the Act.
3. Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the offer, sale and/or purchase of securities in violation of Section 1-501 of the Act.
4. The Administrator has the authority to order Respondents to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Act.
5. It is in the public interest to order Respondents to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Act.

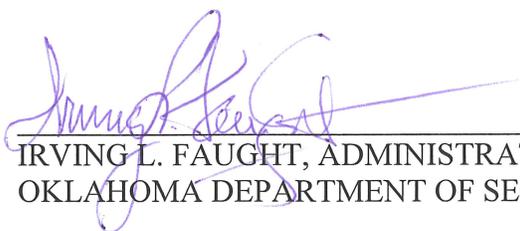
To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

**ORDER**

**NOW THEREFORE**, it is hereby ordered that Respondents cease and desist from engaging in any act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 30th day of September, 2010.

(SEAL)

  
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IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

**NOTICE OF OPPORTUNITY FOR HEARING**

Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing. The request for hearing must be received by the Administrator within thirty (30) days after service of the Order to Cease and Desist (Order). The request for hearing must be in writing and Respondents shall specifically admit or deny each allegation that is contained in the Order.

Within fifteen (15) days after receipt of a request for hearing from Respondents, this matter will be scheduled for hearing. The hearing shall commence within fifteen (15) days of the matter being set for hearing. Notice of the date, time and location of the hearing shall be given to Respondents. If a hearing is requested, the Administrator may modify or vacate the Order or extend it until final determination.

If a Respondent does not request a hearing within thirty (30) days after the date of service of the Order and none is ordered by the Administrator, the Order becomes final as to that Respondent by operation of law.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 30th day of September, 2010.

(SEAL)

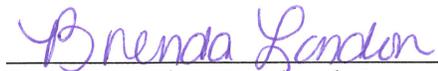
  
\_\_\_\_\_  
IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

**CERTIFICATE OF MAILING**

The undersigned hereby certifies that on the 30th day of September, 2010, a true and correct copy of the above and foregoing *Order to Cease and Desist and Notice of Opportunity for Hearing* was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

James David Olds  
1111 W. Willow  
Duncan, OK 73533

Mobile Petro Vac, Inc.  
1111 W. Willow  
Duncan, OK 73533

  
\_\_\_\_\_  
Brenda London, Paralegal