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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
whether there has been a violation
of the Securities Act of Washington by:

MCube Petroleum, Inc.;
Laramie Petroleum, Inc.;
Diski Petroleum, LLC;
Basilam Petroleum, LLC;
Halmahera - Rembang, LLC;
George Atwater;
and Robert Miracle,

Respondents.

Order Number S-06-101-07-FO01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST AND
IMPOSE FINES AND CHARGE COSTS

10 THE STATE OF WASHINGTON TO:

MCube Petroleum, Inc.
Laramie Petroleum, Inc.
Diski Petroleum, LLC
Basilam Petroleum, LLC
Halmahera - Rembang, LLC
George Atwater
Robert Miracle

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INTRODUCTION

15 On December 12, 2006, the Securities Administrator of the State of Washington issued a Statement
16 of Charges and Notice of Intent to Issue an Order to Cease and Desist, Impose Fines, and Charge Costs S-
17 06-101-06-SCO1, hereinafter referred to as the "Statement of Charges" against the Respondents MCube
18 Petroleum, Inc.; Laramie Petroleum, Inc.; Basilam, LLC; Diski, LLC; and Halmahera – Rembang, LLC;
19 George Atwater; and Robert Miracle, hereinafter referred to as "Respondents". The Statement of Charges,
20 together with Notices of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as
21 "Notice of Opportunity for Hearing" and Applications for Adjudicative Hearing, hereinafter referred to as
22 "Application for Hearing", were personally served on the Respondents on December 15, 2006. The Notice
of Opportunity for Hearing advised the Respondents that a written application for an administrative

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ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST AND
IMPOSE FINES AND CHARGE COSTS

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 hearing on the Statement of Charges must be received within twenty days from the date of receipt of the
2 notice. The Respondents all initially requested administrative hearings, but later the Respondents
3 submitted written statements withdrawing their requests for an administrative hearing.

4 After the entry of the Statement of Charges, certain information came to the attention of the
5 Securities Administrator that required the amendment of the Statement of Charges. Among other things,
6 the Securities Administrator learned that the scope of the securities offering was much greater, in terms of
7 number of investors and investment amounts, than had been disclosed to Securities Division staff and that
8 the offering had continued after the Respondents had been advised that it appeared to be in violation of the
9 Securities Act of Washington.

10 On February 21, 2007 the Securities Administrator of the State of Washington issued an Amended
11 Statement of Charges and Summary Order to Cease and Desist, Impose Fines, and Charge Costs S-06-101-
12 07-TOO2, hereinafter referred to as the "Summary Order." The Summary Order together with Notice of
13 Opportunity for Hearing and an Application for Hearing, were personally served on Respondents Robert
14 Miracle; MCube Petroleum, Inc.; Laramie Petroleum, Inc.; Basilam, LLC; Diski, LLC; and Halmahera –
15 Rembang, LLC on February 21, 2007 and on Respondent George Atwater on February 27, 2007. The
16 Notice of Opportunity for Hearing advised the Respondents that a written application for an administrative
17 hearing on the Summary Order must be received within twenty days from the date of receipt of the notice.

18 On March 15, 2007, the Respondents returned the Applications for Hearings to the Securities
19 Administrator and indicated in writing that they did not request an administrative hearing. Subsequent to
20 this the Respondents withdrew their hearing requests on the Statement of Charges. On March 19, 2007,
21 George Atwater withdrew his hearing request. On March 26, 2007, Robert Miracle withdrew his hearing
22 request. On April 4, 2007, MCube Petroleum, Inc.; Laramie Petroleum, Inc.; Basilam, LLC; Diski, LLC;
23 and Halmahera – Rembang, LLC withdrew their hearing requests.

24 The Securities Administrator therefore will adopt as final the findings of fact and conclusions of law
as set forth in the Statement of Charges.

1 **FINDINGS OF FACT**

2 Respondents

3 1. Laramie Petroleum, Inc. (“Laramie”), a Washington corporation, was incorporated on
4 August 16, 2004 and is currently conducting business at 601 Union Street Suite 4620 Seattle, WA
5 98101. Laramie is purportedly an oil and gas service provider who supplies technology to find,
6 develop, construct, produce and manage petroleum preserves.

7 2. MCube Petroleum, Inc. (“MCube”), a Washington corporation, was incorporated on May
8 5, 2005 and is currently conducting business at 601 Union Street Suite 4620 Seattle, WA 98101.
9 MCube Petroleum is a company whose stated business purpose is to develop and operate foreign oil
10 and gas blocks, specifically in Malaysia.

11 3. Diski Petroleum, LLC (“Diski”), a Washington limited liability company, was filed with
12 the Secretary of State on December 8, 2005 and is currently conducting business at 601 Union Street
13 Suite 4620 Seattle, WA 98101. Diski, LLC was established for operation of the Diski block, which is
14 located in Indonesia. MCube purportedly owns 46% of the 130 outstanding Diski LLC units.

15 4. Basilam Petroleum, LLC (“Basilam”), a Washington limited liability company, was filed
16 with the Secretary of State on March 8, 2006 and is currently conducting business at 601 Union Street
17 Suite 4620 Seattle, WA 98101. Basilam, LLC was established for operation of the Batumandi and
18 Basilam blocks, which are located in Indonesia. MCube purportedly owns 48% of the 160 outstanding
19 Basilam LLC units.

20 5. Halmahera – Rembang, LLC (“Halrem”), a Washington limited liability company, was
21 filed with the Secretary of State March 27, 2006 and is currently conducting business at 601 Union
22 Street Suite 4620 Seattle, WA 98101. Halrem was formed as an investment vehicle to participate in

1 the oil and gas revenues from two blocks in Indonesia, the Halmahera block and Rembang block.
2 MCube purportedly owns 112 of the 250 outstanding LLC units of Halrem.

3 6. George Atwater (“Atwater”) is a resident of Everett, Washington. Atwater is the
4 Secretary and Treasurer of Laramie Petroleum, Inc. and the Secretary of MCube Petroleum, Inc.

5 7. Robert Miracle (“Miracle”) is a resident of Clyde Hill, Washington. Miracle is the
6 President of Laramie Petroleum, Inc. and the CEO of MCube Petroleum, Inc.

7 Nature of the Offering

8 8. Between October 2005 and to present, Miracle and Atwater offered and sold investments
9 in MCube, Laramie, Diski, Basilam and Halrem to at least 238 investors. Some of the investors are
10 not accredited or sophisticated and have little or no experience investing in oil and gas ventures. The
11 forms of the investments include: promissory notes, common stock, and LLC units. The minimum
12 investment amounts ranged from \$25,000 to \$100,000. The investments made total at least
13 \$33,640,402.

14 *Laramie Petroleum, Inc.*

15 9. As early as August 2004, Washington residents received shares of Laramie common
16 stock in consideration for work on prior business ventures with Miracle. The recipients of the shares
17 did not receive any offering or disclosure documents in connection with the offers and sales.

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20 *MCube Petroleum, Inc.*

21 10. MCube offered and sold promissory notes as early as October 2005 to at least 18
22 investors. The investors were approached by employees of Laramie and/or MCube. The investors met

1 with Miracle, Atwater and employees of Laramie and/or MCube at the Seattle MCube offices where
2 they were offered an investment opportunity in the company. The rate of return on the promissory
3 note was 12% per annum. The minimum investment amount ranged from \$25,000 to \$100,000 per
4 note. With the purchase of a note investors also received shares of MCube common stock. Investors
5 did not receive any offering or disclosure documents in connection with the offering. MCube raised at
6 least \$935,000 with the offer and sale of the promissory notes and common stock.

7 *Diski Petroleum, LLC*

8 11. Diski, through MCube, conducted an offering of 64 LLC units in Diski for a total
9 offering of \$3.2 million. In December 2005, investors were invited to a MCube shareholder meeting
10 where they were told by Miracle about a new offering in Diski. Investors had the option to “roll-over”
11 their MCube promissory notes and invest additional funds to purchase Diski LLC units. Units were
12 sold to investors for \$50,000. The Diski offering materials projected there would be a return of
13 \$572,320 on the \$50,000 Diski investment over the life of 3.2 million barrel reserves. The offering
14 documents also specified the offering period was from December 9, 2005 through December 15, 2006.
15 Diski raised approximately \$3.25 million with the offer and sale of LLC units.

16 12. The Diski block is purportedly located in Indonesia. The Indonesian government oil
17 agency, Pertamina, has a Technical Assistance Contract with an undisclosed Indonesian entity.
18 MCube represents that it has entered into a Joint Operating Agreement with the undisclosed
19 Indonesian entity whereby MCube manages business revenues and costs related to the fields.

20 *Basilam Petroleum, LLC*

21 13. Basilam, through MCube, conducted an offering of 80 LLC units in Basilam for a total
22 offering of \$4 million. Units were sold to investors for \$50,000. Investors had the option to “roll-

1 over” their previous investments to purchase Basilam LLC units. The Basilam offering materials
2 projected there would be a return \$324,456 on the \$50,000 Basilam investment by 2010 (within six
3 years). The offering materials did not include financial statements, a detailed use of proceeds, general
4 risks associated with the oil and gas production or specific risks related to foreign business transactions
5 and entities, foreign law, or foreign government stability. The offering documents specified the
6 offering period was from February 10, 2006 through February 28, 2006. Basilam raised approximately
7 \$4 million with the offer and sale of LLC units.

8 14. The Basilam operation purportedly includes two oil blocks in Indonesia, Batumandi and
9 Basilam. The operation of these blocks is controlled by two Indonesian entities. The Indonesian
10 government oil agency, Pertamina, has agreements with the Indonesian entities in the form of a
11 Technical Assistance Contract or a Production Sharing Agreement. MCube represents that it has
12 entered into a Joint Operating and Cost Sharing Agreement with the two Indonesian entities whereby
13 MCube manages business revenues and costs related to the fields.

14 *Halmahera - Rembang Petroleum, LLC*

15 15. Halrem, through MCube, conducted an offering of 600 LLC units in Halrem for a total
16 offering of \$60 million. Units were sold to investors for \$100,000. Investors were solicited to attend
17 presentations at the MCube offices in Seattle regarding the Halrem offering. The units were offered
18 and sold from March 2006 through September 2006. MCube has purportedly sold 138 of these units
19 for a total investment of approximately \$13.8 million.

20 16. The Indonesian government oil agency, BP Migas, is said to have awarded the operation
21 and control of the Halmahera block to Halmahera Petroleum, Ltd, a British Virgin Islands entity,
22

1 wholly owned by MCube. MCube purportedly manages the business revenues and costs related to the
2 fields.

3 17. At the MCube presentations in May 2006, Miracle spoke and offered the attendees an
4 investment opportunity in Halrem. While at the meetings potential investors were given a three ring
5 binder containing offering documents and a subscription agreement. Some of the binders contained
6 offering documents describing the investment as LLC units of Halrem and other binders contained
7 offering documents describing the investment as convertible promissory notes. Also included in the
8 three ring binders was a spreadsheet entitled "Rembang Halmahera Eighteen Year Forecast." The
9 document included year-by-year cash flow forecasts based on a \$100,000 investment in Halrem for a
10 period of eighteen years. The yearly forecasts ranged from \$5,128 in "year one" to \$444,673 in "year
11 six". The total return per \$100,000 share over 18 years was \$5,090,760.

12 18. In addition, in the summer of 2006, previous MCube investors who did not attend the
13 presentations were approached by MCube with the Halrem LLC unit offering. Investors did not
14 review or receive a prospectus or other offering materials related to Halrem but spoke to Miracle and
15 several MCube company representatives about the offering. Some of these investors "split" these
16 \$100,000 LLC units with other unknown investors because they could not afford to purchase an entire
17 unit.

18 *Continued Offer and Sale of Securities*

19 19. On May 24, 2006 MCube was served with a subpoena and a warning letter indicating
20 that the Division had information that the company was violating the Securities Act of Washington.

21 20. In August of 2006 the Division received information that MCube was continuing to
22 offer investment opportunities in Halrem to individuals who had not previously invested. Potential

1 investors were approached by friends about the offering. Carrie Lau (“Lau”) of MCube emailed one
2 potential investor the following: a Halrem Investment Memorandum, a Halrem Subscription
3 Agreement, a Halrem LLC Agreement, and Halrem Bank Information. Another investor spoke to
4 Miracle prior to investing. Miracle told the investor that he was aware of the Division’s investigation
5 but was still offering and selling Halrem LLC units.

6 21. On October 12, 2006 Division staff met with Miracle, Atwater, Lau and MCube’s
7 attorney at the Division’s office. At the meeting Miracle, Atwater and Lau were again informed that
8 the offer and sale of unregistered securities might be in violation of the Securities Act of Washington.
9 After the meeting the Respondents continued to offer and sell securities.

10 22. On December 12, 2006 the Division entered a Statement of Charges and Notice of Intent
11 to Cease and Desist against the Respondents. After the Statement of Charges was entered the
12 Respondents continued to offer current investors new investment opportunities and to encourage the
13 current investors to solicit friends to invest.

14 23. Sometime around December 21, 2006 a potential investor was approached by some
15 friends about an investment opportunity with MCube. He had received paperwork from MCube and
16 was in the process of filling it out when he was notified that MCube was working with the Division to
17 “redraft the offering”. He was not notified of the Statement of Charges issued against the entities and
18 individuals.

19 24. Sometime after the Statement of Charges was issued, another investor was approached
20 by some friends who had invested in MCube. The investor did not receive any offering materials from
21 the company but he did call and speak to a company representative who told him about MCube. The
22 investor was told that the president of the company was Indonesian and there were three oil wells

1 producing and paying in Indonesian. The investor knew that MCube could not offer or sell securities
2 because they were not registered. However, he was given the opportunity to invest with Robert
3 Miracle in the form of a promissory note with a six month term which was guaranteed to pay at least
4 1% a month. The investor invested \$50,000 via cashiers check.

5 25. Sometime prior to January 15, 2007 another potential investor was approached by an
6 acquaintance about an investment opportunity with MCube. The acquaintance had already invested in
7 MCube. The potential investor did some research prior to investing and saw a statement on the
8 MCube website (www.mcubepetroleum.com) dated December 18, 2006 regarding the Division's
9 investigation which stated: "REALLY BIG NEWS: The State of Washington, Department of
10 Financial Institutions has finished their investigation begun in May. They have determined that the
11 company committed procedural errors in the sale and/or original gifting of shares. The company has
12 received a small fine and directions to make sure to follow all state and federal securities laws in any
13 future offerings. This is a very good result for the company—as good as could be expected
14 considering the fact that document and regulatory filings were done incorrectly when the company was
15 younger." At least one MCube investor received an email from the company with the same statement
16 regarding the Division's investigation.

17 26. In January 2007 an investor received a monthly dividend check from MCube. He
18 deposited the check into his bank account. Shortly after depositing the check he received a phone call
19 from someone at MCube indicating the check was going to bounce and that he should come to the
20 office to pick up a replacement check. While at the MCube office, the investor was offered another
21 investment opportunity. The form of the investment was called a "loan" with an interest rate of 2% a
22 month without a specified maturity date. The investor was told that the reason MCube needed the

1 money was because the Indonesian government had frozen the company's assets in a routine audit.
2 MCube wanted to continue to work on the oil fields and pay contractors but needed funds in order to
3 continue the work. The MCube representative told him that the fields looked very promising and they
4 did not want to lose any time.

5 27. On February 2, 2007 MCube held a shareholders meeting. Miracle spoke at the meeting
6 and represented that the Halrem fields were going to be ready for production much sooner than
7 anticipated. The initial projection disclosed to shareholders was that Halrem would take two years to
8 be ready for production. MCube now projected that Halrem would be ready for production by this
9 summer. Miracle also told the shareholders not to worry about the Division's investigation because
10 the matter was almost settled and he had one last meeting on February 21st, 2007 with the Division.
11 There was no discussion of the Indonesian government audit and frozen accounts or the need for more
12 funds and/or the new investment opportunity at the meeting.

13
14 Misrepresentations and Omissions in
15 Connection with the Offer and Sale of Securities

16 28. MCube failed to provide material information regarding the company including, but not
17 limited to: financial statements; use of proceeds; general risk factors related to oil and gas production;
18 and specific risk factors related to foreign business transactions and entities, foreign law, and foreign
19 government stability.

20 29. Diski failed to provide material information regarding the company including, but not
21 limited to: the name of the Indonesian company it entered into a Joint Operating Agreement with;
22 financial statements; use of proceeds; general risk factors related to oil and gas production; detailed
23 information regarding the oil block including the production, reserves, location, development and

1 nature of the interest; and specific risk factors related to foreign business transactions and entities,
2 foreign law, and foreign government stability.

3 30. Basilam failed to provide material information regarding the company including, but not
4 limited to: financial statements; use of proceeds; general risk factors related to oil and gas production;
5 detailed information regarding the oil blocks including the production, reserves, location, development
6 and nature of the interest; and specific risk factors related to foreign business transactions and entities,
7 foreign law, and foreign government stability.

8 31. Halrem failed to provide material information regarding the company including, but not
9 limited to: financial statements; use of proceeds; general risk factors related to oil and gas production;
10 detailed information regarding the oil block including the production, reserves, location, development
11 and nature of the interest; and specific risk factors related to foreign business transactions and entities,
12 foreign law, and foreign government stability.

13 32. MCube and Diski failed to provide a reasonable basis for its projections there would be a
14 return of \$572,320 on a \$50,000 Diski investment over the life of 3.2 million barrel reserves and failed
15 to disclose limitations on the projections.

16 33. MCube and Basilam failed to provide a reasonable basis for its projections there would
17 be a return of \$324,456 on a \$50,000 Basilam investment by 2010 (within six years) and failed to
18 disclose limitations on the projections.

19 34. MCube and Halrem failed to provide a reasonable basis for its projections there would be
20 a return \$5,090,760 on a \$100,000 Halrem investment within eighteen years and failed to disclose
21 limitations on the projections.

1 35. Respondents disclosed the existence of the Division's investigation by publishing
2 statements on the MCube website and sending an email to at least one investor. Respondents, while
3 disclosing the investigation, failed to disclose at the time the statements were made that the
4 investigation was still ongoing.

5 36. At the Shareholder's meeting Respondents contradicted previous written disclosures
6 regarding the status of the Division's investigation. In discussing potential settlement, Respondents
7 omitted to state material facts, such as the fact that the Respondents had requested a hearing on the
8 Statement of Charges, necessary in order to make the statements made, in light of circumstances under
9 which they were made, not misleading.

10 37. Respondents failed to disclose to potential investors the existence of the Indonesian
11 government's alleged audit and seizure of assets which jeopardized operations in Indonesia which an
12 MCube representative mentioned to one investor as described in paragraph 26 above.

13
14 Registration Status

15 38. MCube Petroleum, Inc. is currently not registered to sell its securities in the State of
16 Washington and has not previously been so registered.

17 39. MCube Petroleum, Inc. is not currently registered as a broker-dealer in the State of
18 Washington and has not previously been so registered.

19 40. Laramie Petroleum, Inc. is currently not registered to sell its securities in the State of
20 Washington and has not previously been so registered.

21 41. Diski Petroleum, LLC is currently not registered to sell its securities in the State of
22 Washington and has not previously been so registered.

1 8. Diski Petroleum, LLC violated 21.20.140 by offering and selling unregistered securities.

2 9. Basilam Petroleum, LLC violated 21.20.140 by offering and selling unregistered
3 securities.

4 10. Halmahera – Rembang, LLC violated 21.20.140 by offering and selling unregistered
5 securities.

6 11. The offer and/or sale of the MCube Petroleum, Inc.; Diski Petroleum, LLC; Basilam
7 Petroleum, LLC; and Halmahera - Rembang, LLC securities by Respondents were made in violation of
8 RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondents made
9 misstatements of material fact or omitted to state material facts necessary in order to make the
10 statements made, in light of circumstances under which they were made, not misleading.

11
12 **FINAL ORDER**

13 Based on the foregoing and finding it in the public interest:

14 NOW, THEREFORE, IT IS HEREBY ORDERED that Respondents, MCube Petroleum, Inc.;;
15 Laramie Petroleum, Inc.; Diski Petroleum, LLC; Basilam Petroleum, LLC; Halmahera - Rembang, LLC;
16 George Atwater; and Robert Miracle, and their agents and employees, shall each cease and desist from
17 violations of RCW 21.20.140.

18 IT IS FURTHER ORDERED that Respondents, MCube Petroleum, Inc.; Laramie Petroleum, Inc.;;
19 Diski Petroleum, LLC; Basilam Petroleum, LLC; Halmahera - Rembang, LLC; George Atwater; and
20 Robert Miracle, and their agents and employees, shall each cease and desist from violations of RCW
21 21.20.010.

1 IT IS FURTHER ORDERED that Respondents, MCube Petroleum, Inc.; George Atwater; and
2 Robert Miracle, and their agents and employees, shall each cease and desist from violations of RCW
3 21.20.040.

4 IT IS FURTHER ORDERED Respondents, MCube Petroleum, Inc.; Laramie Petroleum, Inc.; Diski
5 Petroleum, LLC; Basilam Petroleum, LLC; and Halmahera - Rembang, LLC, shall be jointly and
6 severally liable for and pay a fine of \$72,000.

7 IT IS FURTHER ORDERED Respondent Robert Miracle shall be liable for and pay a fine of
8 \$10,000.

9 IT IS FURTHER ORDERED Respondent George Atwater shall be liable for and pay a fine \$10,000.

10 IT IS FURTHER ORDERED that the Respondents, MCube Petroleum, Inc.; Laramie Petroleum,
11 Inc.; Diski Petroleum, LLC; Basilam Petroleum, LLC; Halmahera - Rembang, LLC; George Atwater; and
12 Robert Miracle, shall be liable for and pay the Securities Division the costs, fees and other expenses in the
13 amount of \$75,505 incurred in the conduct of the administrative investigation and hearing of this matter.

14 **AUTHORITY AND PROCEDURE**

15 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and Chapter 34.05
16 RCW. Respondents have the right to petition the superior court for judicial review of this agency
17 action under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition for
18 Judicial Review, see RCW 34.050.510 and sections following. Pursuant to 21.20.395, a certified copy
19 of this order may be filed in Superior Court. If so filed, the clerk shall treat the order in the same
20 manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or
21 satisfied in like manner.

22 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

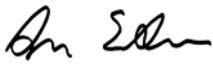
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DATED AND ENTERED this 10th day of April, 2007.



MICHAEL E. STEVENSON
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Compliance & Examinations

Presented by:



Angela R. Vogel
Enforcement Attorney