BEFORE THE  
STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES

In the Matter of  
GATES OIL & GAS, LTD.,  
NORTH AMERICAN ENERGY  
EXCHANGE, INC.,  
MICHAEL K. GRAY,  
CHRISTIAN G. COLIN, and  
JOHN R. KETCHMARK,  

PETITION FOR ORDER  

File No. S-227714(EX)  

Respondents.

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("the Division"), has conducted an investigation in this matter pursuant to Wis. Stat. § 551.602, and as a result thereof alleges as follows:

1. Gates Oil & Gas, Ltd. ("Gates") is an Oklahoma corporation organized on August 1, 2012, with a last known address at PO Box 1103, Duncan, Oklahoma 73534.

2. North American Energy Exchange, Inc. ("NAEE") is a California corporation organized on May 2, 2011, with a last known address at 10137 Riverside Drive, Suite 203, Toluca Lake, California 91602.

3. Michael K. Gray ("Gray") is an Oklahoma resident born in 1964, who is an owner, officer and/or controlling person of Gates, whose last known business address is that of Gates.

4. Christian G. Colin ("Colin") is a California resident born in 1937, who is an owner, officer and/or controlling person of NAEE and whose last known business address is that of NAEE.

5. John R. Ketchmark ("Ketchmark") is a California resident born in 1967 whose last known business address is that of NAEE.

6. In December 2012, Ketchmark placed an unsolicited telephone call to a person in Wisconsin with an offer to sell securities. Specifically, Ketchmark explained that he was offering to sell working interests in an oil and gas well located in Stephens County, Oklahoma and owned and operated by Gates, called the "Paul Ray No. 1 Well." Ketchmark provided a prospectus to the person in Wisconsin, which explained that the investors in the well would have no duties or responsibilities beyond their investment and would be totally dependent on Gates to operate and manage the well.

7. The working interests in the Paul Ray No. 1 Well were undivided fractional interests in oil, gas or other mineral rights, and therefore constitute securities as defined by Wis. Stat. § 551.102(2).
8. The Gates' securities have never been registered with the Division for offer and sale in Wisconsin pursuant to Wis. Stats. Ch. 551.

9. Respondents violated Wis. Stat. § 551.301 by offering unregistered securities to at least one person in Wisconsin.

10. NAEE transacted business in Wisconsin as a "broker-dealer," as that term is defined by Wis. Stat. § 551.102(4).

11. At no time has NAEE been registered with the Division as a securities broker-dealer pursuant to Wis. Stats. Ch. 551.

12. NAEE violated Wis. Stat. § 551.401(1), by transacting business in Wisconsin as a broker-dealer without registering with the Division.

13. Ketchmark transacted business in Wisconsin as an "agent" for NAEE, as that term is defined by Wis. Stat. § 551.102(2).

14. At no time has Ketchmark been registered with the Division as a securities agent pursuant to Wis. Stats. Ch. 551.

15. Ketchmark violated Wis. Stat. § 551.402(1) by transacting business in Wisconsin as a securities agent without registering with the Division.


Therefore, the staff of the Division petitions the Administrator of the Division of Securities for the issuance of the attached Orders pursuant to Wis. Stats. Ch. 551.

Dated this 6th date of September, 2013.

Mark E. Dorman
Examiner

Andrew J. Parrish
Staff Attorney