

STATE OF MAINE  
OFFICE OF SECURITIES  
121 STATE HOUSE STATION  
AUGUSTA, ME 04333

IN RE:

North Coast Energy, Inc. and  
McDonald Investments Inc.

CONSENT AGREEMENT

04-093-CAG

This Consent Agreement is entered into between the Office of Securities ("the Office"), North Coast Energy, Inc. ("North Coast") and McDonald Investments Inc. ("McDonald"). North Coast is an oil and gas exploration company with a principal place of business at 1993 Case Parkway, Twinsburg, Ohio 44087-2343. McDonald is a licensed broker-dealer with a principal place of business at 800 Superior Avenue, Cleveland, Ohio 44114-2603.

**WHEREAS** the parties agree as follows:

1. At all relevant times, section 10204 of the Revised Maine Securities Act, 32 M.R.S.A. §§ 10101-10713 (the "Act"), has provided that no person may make or cause to be made, in any document filed with the administrator, any statement that the person knows or has reasonable grounds to know is, at the time and in light of the circumstances under which it is made, false and misleading in any material respect.
2. At all relevant times, section 10401 of the Act has provided that no person may offer or sell a security in Maine unless the security is registered or is exempt from registration under the Act or the security is a federal covered security.
3. At all relevant times, section 10505(2) of the Act provided that the notice filing requirements for federal covered securities offered and sold in Maine in reliance on section 18(b)(4)(D) of the United States Securities Act of 1933 (the "1933 Act") are set forth in section 10502(2)(R) of the Act. Those requirements are that, no later than fifteen days after the first sale in Maine, the issuer shall file with the Office a notice on United States Securities and Exchange Commission Form D and a consent to service of process, and must pay a filing fee.
4. In December 2001, McDonald offered and sold to nine Maine residents an investment in the North Coast Energy 2001-2002 Private Development Drilling Program Limited Partnership.
5. On or about March 13, 2002, North Coast filed a notice with the Office regarding the offering of this investment in Maine. The notice filing included a federal Form D, an Appendix, a written consent to service of process, and a filing fee. The notice filing did

not indicate that any sales had been made in Maine. On or about January 27, 2005, North Coast filed an amended Form D reflecting the Maine sales.

6. It is the Office's position that, by failing to disclose the Maine sales that had been made before the date of the notice filing, North Coast violated section 10204 of the Act.
7. It is the Office's position that, because the issuer did not file the notice until about three months after the first sale in Maine, North Coast cannot rely on the investments being federal covered securities under section 18(b)(4)(D) of the 1933 Act and section 10505(2) of the Act and therefore McDonald's sales of the investment amounted to sales of unregistered securities in violation of section 10401 of the Act.
8. North Coast has represented to the Office that the failure to disclose the sales to Maine residents and the lateness of the notice filing were both inadvertent mistakes.
9. The parties desire an expeditious resolution of this matter.

**NOW, THEREFORE**, without trial or adjudication of any issue of fact or law, and without North Coast or McDonald admitting or denying that their conduct violated the Revised Maine Securities Act, it is agreed that:

1. North Coast will comply with the requirements of the Act concerning notice filings for federal covered securities;
2. North Coast and McDonald will jointly pay a civil penalty of \$6,000; and
3. This Consent Agreement constitutes the entire agreement between the Office, North Coast, and McDonald. North Coast and McDonald confirm that in entering into this agreement they are not relying on any representations, promises, or understandings other than those expressed herein.

Date: April 27, 2005

North Coast Energy, Inc.

By:

Name: s/Harold L. Hickey

Title: President

Date: April 26, 2005

McDonald Investments Inc.

By:

Name: s/Charles R. Shaw

Title: CEO

Date: April 29, 2005

s/Christine A. Bruenn  
Christine A. Bruenn  
Securities Administrator

Reviewed by:

Date: April 29, 2005

s/Bonnie E. Russell  
Bonnie E. Russell  
Assistant Securities Administrator

Presented by:

Date: April 29, 2005

s/Michael W. Atleson  
Michael W. Atleson  
Staff Attorney