

MV Oil Trust
Form 10-Q
August 11, 2008

[QuickLinks](#) -- Click here to rapidly navigate through this document

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended
June 30, 2008**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 for the transition period
from to**

Commission File Number: 1-33219

MV OIL TRUST

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

06-6554331
(I.R.S. Employer
Identification No.)

**The Bank of New York Trust Company,
N.A., Trustee
Global Corporate Trust
919 Congress Avenue
Austin, Texas**

(Address of principal executive offices)

78701
(Zip Code)

1-800-852-1422

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Edgar Filing: MV Oil Trust - Form 10-Q

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of August 8, 2008 11,500,000 Units of Beneficial Interest in MV Oil Trust were outstanding.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

MV OIL TRUST

CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME

(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|-------------|------------------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| Income from net profits interest and hedge and other derivative activities | \$6,149,730 | \$6,133,463 | \$13,501,435 | \$18,103,262 |
| Advances from MV Partners (net of repayments) | 250,000 | | 370,000 | |
| Cash withheld for future Trust expenses | | | | (263,590) |
| Cash on hand used for current Trust expenses | 152 | 144,894 | 1,878 | 144,894 |
| General and administrative (includes \$15,000 and \$30,000 paid to MV Partners during the three months ended June 30, 2008 and 2007, respectively, and \$15,000 and \$60,000 during the six months ended June 30, 2008 and 2007, respectively) | (400,143) | (144,894) | (551,869) | (210,803) |
| Distributable income | \$5,999,739 | \$6,133,463 | \$13,321,444 | \$17,773,763 |
| Distributions per unit (11,500,000 units issued and outstanding) | \$ 0.5217 | \$ 0.5333 | \$ 1.1584 | \$ 1.5455 |

CONDENSED STATEMENTS OF ASSETS AND TRUST CORPUS

| | June 30, 2008 | December 31, 2007 |
|--|------------------|----------------------|
| | (unaudited) | |
| ASSETS | | |
| Cash | \$ 1,035 | \$ 2,913 |
| Investment in net profits interest | 50,383,675 | 50,383,675 |
| Accumulated amortization | (5,894,336) | (4,186,531) |
| Total assets | \$44,490,374 | \$46,200,057 |
| TRUST CORPUS | | |
| Trust corpus, 11,500,000 Trust units issued and outstanding at June 30, 2008 and December 31, 2007 | \$44,490,374 | \$46,200,057 |

The accompanying notes are an integral part of these condensed financial statements.

MV OIL TRUST

CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS

(Unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|--------------|------------------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| Trust corpus, beginning of period | \$45,317,927 | \$49,121,186 | \$46,200,057 | \$1,000 |
| Investment in net profits interest January 24, 2007 | | | | 50,383,675 |
| Cash proceeds | 6,149,730 | 6,133,463 | 13,501,435 | 18,103,262 |
| Advances from MV Partners (net of repayments) | 250,000 | | 370,000 | |
| Cash distributions | (5,999,739) | (6,133,463) | (13,321,444) | (17,773,763) |
| Trust expenses | (400,143) | (144,894) | (551,869) | (210,803) |
| Amortization of net profits interest | (827,401) | (816,971) | (1,707,805) | (2,344,050) |
| Trust corpus, end of period | \$44,490,374 | \$48,159,321 | \$44,490,374 | \$48,159,321 |

The accompanying notes are an integral part of these condensed financial statements.

MV OIL TRUST

NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

Note 1 Organization of the Trust

MV Oil Trust (the "Trust") is a statutory Trust formed on August 3, 2006, under the Delaware Statutory Trust Act pursuant to a Trust Agreement (the "Trust Agreement") among MV Partners, LLC ("MV Partners") as trustor, The Bank of New York Trust Company, N.A., as Trustee (the "Trustee"), and Wilmington Trust Company, as Delaware Trustee (the "Delaware Trustee").

The Trust was created to acquire and hold a term net profits interest for the benefit of the Trust unitholders pursuant to a conveyance from MV Partners to the Trust. The term net profits interest is an interest in underlying properties consisting of MV Partners' net interests in all of its oil and natural gas properties located in the Mid-Continent region in the states of Kansas and Colorado (the "underlying properties"). These oil and gas properties include approximately 994 producing oil and gas wells.

The net profits interest is passive in nature and the Trustee has no management control over and no responsibility relating to the operation of the underlying properties. The net profits interest entitles the Trust to receive 80% of the net proceeds attributable to MV Partners' interest from the sale of production from the underlying properties. The net profits interest will terminate on the later to occur of (1) June 30, 2026 or (2) the time when 14.4 million barrels of oil equivalent have been produced from the underlying properties and sold, and the Trust will soon thereafter wind up its affairs and terminate.

The Trustee can authorize the Trust to borrow money to pay Trust administrative or incidental expenses that exceed cash held by the Trust. The Trustee may authorize the Trust to borrow from the Trustee or the Delaware Trustee as a lender provided the terms of the loan are similar to the terms it would grant to a similarly situated commercial customer with whom it did not have a fiduciary relationship. The Trustee may also deposit funds awaiting distribution in an account with itself and make other short term investments with the funds distributed to the Trust.

Note 2 Basis of Presentation

The accompanying Condensed Statement of Assets and Trust Corpus as of December 31, 2007, which has been derived from audited financial statements, and the unaudited interim condensed financial statements as of June 30, 2008 and for the three and six month periods ended June 30, 2008 and 2007, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and note disclosures normally included in annual financial statements have been condensed or omitted pursuant to those rules and regulations.

The preparation of financial statements requires estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Trustee believes such information includes all the disclosures necessary to make the information presented not misleading. The information furnished

MV OIL TRUST

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Note 2 Basis of Presentation (Continued)

reflects all adjustments which are, in the opinion of the Trustee, necessary for a fair presentation of the results of the interim period presented. The financial information should be read in conjunction with the financial statements and notes thereto included in the Trust's Annual Report on Form 10-K for the year ended December 31, 2007.

Note 3 Trust Accounting Policies

The Trust uses the cash basis of accounting to report Trust receipts of the term net profits interest, receipts under the hedge and other derivative contracts and payments of expenses incurred. The term net profits interest is revenues (oil, gas and natural gas liquid sales net of any payments made in connection with the settlement of the hedge and other derivative contracts) less direct operating expenses (lease operating expenses, lease maintenance, lease overhead, and production and property taxes) and an adjustment for lease equipment cost and lease development expenses (which are capitalized in financial statements prepared in accordance with generally accepted accounting principles) of the underlying properties times 80% (term net profits interest percentage). In addition, the Trust will be entitled to receive 80% of all payments received by MV Partners upon settlement of the hedge and other derivative contracts. Actual cash receipts may vary due to timing delays of actual cash receipts from the property operators or purchasers and due to wellhead and pipeline volume balancing agreements or practices. The actual cash distributions of the Trust will be made based on the terms of the conveyance creating the Trust's net profits interest, which is on a cash basis of accounting. Expenses of the Trust, which include accounting, engineering, legal and other professional fees, Trustee fees, an administrative fee paid to MV Partners and out-of-pocket expenses, are recognized when paid. Under accounting principles generally accepted in the United States of America, revenues and expenses would be recognized on an accrual basis. Amortization of the investment in net profits interest is recorded on a unit-of-production method in the period in which the cash is received with respect to such production; therefore, a statement of cash flows is not presented. Such amortization does not reduce distributable income, rather it is charged directly to Trust corpus.

This comprehensive basis of accounting other than generally accepted accounting principles corresponds to the accounting permitted for royalty trusts by the U.S. Securities and Exchange Commission as specified by Staff Accounting Bulletin Topic 12:E, Financial Statements of Royalty Trusts.

Investment in the net profits interest was recorded initially at the historical cost of MV Partners and is periodically assessed to determine whether its aggregate value has been impaired below its total capitalized cost based on the underlying properties. The Trust will provide a write-down to its investment in the net profits interest to the extent that total capitalized costs, less accumulated depreciation, depletion and amortization, exceed undiscounted future net revenues attributable to the proved oil and gas reserves of the underlying properties.

MV OIL TRUST

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Note 3 Trust Accounting Policies (Continued)

No new accounting pronouncements have been adopted or issued during the quarter ended June 30, 2008 that would impact the financial statements of the Trust.

Note 4 Net Profits Interest

The net profits interest was recorded at the historical cost of MV Partners on January 24, 2007, the date of conveyance, and is calculated as follows:

| | |
|---|---------------|
| Oil and gas properties | \$ 96,210,819 |
| Accumulated depreciation and depletion | (40,468,762) |
| Hedge asset | 7,237,537 |
| Net property value to be conveyed | 62,979,594 |
| Times 80% net profits interest to Trust | \$ 50,383,675 |

Note 5 Income from Net Profits Interest and Hedge and Other Derivative Activities

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|--------------|---------------------------|---------------|
| | 2008 | 2007 | 2008 | 2007 |
| Excess of revenues over direct operating expenses and lease equipment and development costs(1) | \$ 7,687,162 | \$ 6,583,190 | \$ 16,876,793 | \$ 22,275,491 |
| Amounts received to settle hedges and other derivatives | | 458,639 | | 978,587 |
| Total of cash receipts over cash disbursements | 7,687,162 | 7,041,829 | 16,876,793 | 23,254,078 |
| Times net profits interest over the term of the Trust | 80% | 80% | 80% | 80% |
| Income from net profits interest and hedge and other derivative activities before reserve adjustments | 6,149,730 | 5,633,463 | 13,501,435 | 18,603,262 |
| MV Partners reserve for future capital expenditures(2) | | 500,000 | | (500,000) |
| Income from net profits interest and hedge derivative activities(3) | \$ 6,149,730 | \$ 6,133,463 | \$ 13,501,435 | \$ 18,103,262 |

(1) Per terms of the net profits interest, lease equipment and development costs are to be deducted when calculating the distributable income to the Trust.

MV OIL TRUST

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Note 5 Income from Net Profits Interest and Hedge and Other Derivative Activities (Continued)

(2)

Per terms of the net profits interest, MV Partners can reserve up to \$1.0 million for future capital expenditures at any time. MV Partners withheld \$0 and \$1.0 million for the six months ended June 30, 2008 and 2007, respectively. MV Partners utilized \$0 and \$0.5 million from the second quarter 2008 and 2007 payment, respectively. MV Partners utilized \$0 and \$0.5 million for the six months ended June 30, 2008 and 2007, respectively. The reserve balance was \$0.75 million and \$0.5 million at June 30, 2008 and 2007, respectively.

(3)

The income from net profits interest and hedge and other derivative activities is based upon the cash receipts from MV Partners for the oil and gas production. The revenues from oil production are typically received by MV Partners one month after production, thus the cash received by the Trust during the quarter ended June 30, 2008 substantially represents the production by MV Partners from December 2007 through February 2008 and the cash received by the Trust during the quarter ended June 30, 2007 substantially represents the production by MV Partners from December 2006 through February 2007. The cash received by the Trust during the six months ended June 30, 2008 substantially represents the production by MV Partners from September 2007 through February 2008 and the cash received by the Trust during the six months ended June 30, 2007 substantially represents the production by MV Partners from July 2006 through February 2007.

Note 6 Income Taxes

The Trust is a Delaware statutory trust and is not required to pay federal or state income taxes. Accordingly, no provision for federal or state income taxes has been made.

Note 7 Distributions to Unitholders

The Trustee determines for each quarter the amount available for distribution to the Trust unitholders. This distribution is expected to be made on or before the 25th day of the month following the end of each quarter to the Trust unitholders of record on the 15th day of the month following the end of each quarter (or the next succeeding business day). Such amounts will be equal to the excess, if any, of the cash received by the Trust during the preceeding quarter, over the expenses of the Trust paid during such quarter, subject to adjustments for changes made by the Trustee during such quarter in any cash reserves established for future expenses of the Trust.

The first quarterly distribution during 2008 was \$0.63666998 per Trust unit and was made on January 25, 2008 to Trust unitholders owning Trust units as of January 15, 2008. Such distribution included the net proceeds of production collected by MV Partners from October 1, 2007 through December 31, 2007. This distribution included 80% of all amounts paid by MV Partners to hedge contract counterparties for settlements related to the period from October 1, 2007 to December 31, 2007.

MV OIL TRUST

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Note 7 Distributions to Unitholders (Continued)

The second quarterly distribution during 2008 was \$0.52171564 per Trust unit and was made on April 25, 2008 to Trust unitholders owning Trust units as of April 15, 2008. Such distribution included the net proceeds of production collected by MV Partners from January 1, 2008 through March 31, 2008. This distribution included 80% of all amounts paid by MV Partners to hedge contract counterparties for settlements related to the period from January 1, 2008 to March 31, 2008.

The first quarterly distribution in 2007 was \$1.0122 per Trust unit and was made on February 23, 2007 to Trust unitholders owning Trust units as of February 15, 2007. This distribution consisted of an amount in cash paid by MV Partners equal to the amount that would have been payable to the Trust had the net profits interest been in effect during the period from July 1, 2006 through December 31, 2006. Furthermore, this cash payment included 80% of all amounts paid to/by MV Partners from/to hedge contract counterparties for settlements related to the period from July 1, 2006 to December 31, 2006. This distribution included a payment to MV Partners of \$1,000,000 as a reserve for future capital expenses.

The second quarterly distribution in 2007 was \$0.533344609 per Trust unit and was made on April 25, 2007 to Trust unitholders owning Trust units as of April 16, 2007. Such distribution included the net proceeds of production collected by MV Partners from January 1, 2007 through March 31, 2007, including all hedge contract settlements. This distribution included a payment from MV Partners of \$500,000 which had been previously withheld for future capital expenses.

Note 8 Advance for Trust Expenses

Under the terms of the Trust agreement, the Trustee is allowed to borrow money to pay Trust expenses. The Trust expense holdback in the second quarter 2008 was not sufficient to pay the second quarter expenses, so the Trustee borrowed \$400,000 from MV Partners to pay Trust expenses during the quarter ended June 30, 2008. Since the Trust is on the cash basis of accounting, a liability has not been recorded for this advance. The Trustee also repaid the \$150,000 borrowed in the previous quarter. Advances are shown as additions to Trust Corpus and repayments are shown as reductions to Trust Corpus.

Note 9 Subsequent Events

The third quarterly distribution in 2008 was \$0.64825809 per Trust unit and was made on July 25, 2008 to Trust unitholders owning Trust units as of July 15, 2008. Such distribution included the net proceeds of production collected by MV Partners from April 1, 2008 through June 30, 2008. This distribution included 80% of all amounts paid by MV Partners to hedge contract counterparties for settlements related to the period from April 1, 2008 through June 30, 2008.

Eaglwing, L.P. ("Eaglwing"), an affiliate of SemCrude, L.P., purchased substantially all of the crude oil production of the underlying properties for the month of June 2008 and for the first 18 days of

MV OIL TRUST

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Note 9 Subsequent Events (Continued)

July 2008 and subsequently filed for reorganization under the United States Bankruptcy Code. The approximately \$9.5 million in sales in June to Eaglwing was to have been paid by July 20, 2008. The purchase price for the sales in July to Eaglwing will be due by August 20, 2008; the dollar amount associated with such sales has not yet been determined, given the administrative aspects of the revenue distribution process, but is estimated to be between approximately \$4.9 million and \$5.4 million. The specified dollar amounts are associated with all production from the underlying properties, and not just the 80% portion attributable to the net profits interest held by the Trust. Eaglwing has not paid the purchase price therefor and there can be no assurance what dollar amount, if any, will be collected by MV Partners from Eaglwing.

From July 18, 2008 until July 31, 2008, only minor amounts of crude oil production from the underlying properties were sold. On July 31, 2008, Vess Oil and Murfin Drilling recommenced general sales of production from the underlying properties, to purchasers other than Eaglwing, under short-term arrangements using market sensitive pricing. As of August 7, 2008, field operations at the underlying properties returned to substantially normal operations, although it may take until mid-August or so before the marketing of crude oil production will normalize to the sales process and volumes that existed prior to July 18, 2008.

Absent collection of the receivables for crude oil sales of MV Partners during June and July, MV Partners does not expect that there will be sufficient net proceeds for MV Oil Trust to make the scheduled third quarterly distribution in October 2008. If there is no such distribution, the scheduled quarterly distribution in January 2009 would likely be substantially impacted. As sales have resumed for production from the underlying properties, MV Partners currently expects that there would be sufficient net proceeds available for the scheduled quarterly distribution by MV Oil Trust in April 2009.

Item 2. Trustee's Discussion and Analysis of Financial Condition and Results of Operations.

The following review of the Trust's financial condition and results of operations should be read in conjunction with the financial statements and notes thereto. The Trust was formed on August 3, 2006. The conveyance of the net profits interest, however, did not occur until January 24, 2007. The Trust's first quarterly distribution was paid on February 23, 2007 and consisted of an amount in cash paid by MV Partners equal to the amount that would have been payable to the Trust had the net profits interest been in effect during the period from July 1, 2006 through December 31, 2006.

The Trust's purpose is, in general, to hold the net profits interest and the assigned interest in the hedge contracts, to distribute to the Trust unitholders cash that the Trust receives in respect of the net profits interests and the assigned interest in the hedge contracts and to perform certain administrative functions in respect of the net profits interest and the Trust units. The Trust derives substantially all of its income and cash flows from the net profits interest and the hedge contracts.

Results of the Operations for the Quarters Ended June 30, 2008 and 2007

As previously noted, the cash received by the Trust during the quarter ended June 30, 2008 substantially represents the production by MV Partners from December 2007 through February 2008 and the cash received by the Trust during the quarter ended June 30, 2007 substantially represents the production by MV Partners from December 2006 through February 2007. Excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties increased \$1,103,972 to \$7,687,162 for the period from January 1, 2008 through March 31, 2008 from \$6,583,190 for the period from January 1, 2007 through March 31, 2007. Included in this amount are payments to settle hedge and other derivatives totaling \$7,761,757 for the period from January 1, 2008 through March 31, 2008 and \$17,271 for the period from January 1, 2007 through March 31, 2007. In addition, amounts received to settle hedge and other derivatives were \$0 for the period from January 1, 2008 through March 31, 2008 and \$458,639 for the period from January 1, 2007 through March 31, 2007, which resulted in total cash receipts over cash disbursements of \$7,687,162 and \$7,041,829, respectively. The Trust's net profits interest (80%) of these totals were \$6,149,730 and \$5,633,463, respectively, and was increased by application of the reserve for future capital expenditures of \$500,000 for the quarter ended June 30, 2007, resulting in income from net profits interest and hedge and other derivative activities of \$6,149,730 and \$6,133,463 for the quarters ending June 30, 2008 and 2007, respectively. The Trust's portion represents the cash proceeds received by the Trust, which is based upon the cash receipts from MV Partners for the oil and gas production. The revenues from oil production are typically received one month after production, thus the cash received by the Trust during the quarter ended June 30, 2008 substantially represents the production by MV Partners from December 2007 through February 2008 and the quarter ended June 30, 2007 substantially represents the production by MV Partners from December 2006 through February 2007. The Trustee has paid general and administrative expenses of \$400,143 and \$144,894 for the quarters ended June 30, 2008 and 2007, respectively. The distributable income for the quarter ended June 30, 2008 was \$5,999,739, a decrease of \$133,724 from a distributable income of \$6,133,463 for the quarter ended June 30, 2007.

The average price received for crude oil sold was \$88.45 per Bbl while the average price received for natural gas sold was \$5.47 per Mcf for the period from January 1, 2008 through March 31, 2008. The average price received for crude oil sold was \$55.06 per Bbl while the average price received for natural gas sold was \$5.62 per Mcf for the period from January 1, 2007 through March 31, 2007.

Edgar Filing: MV Oil Trust - Form 10-Q

The overall production sales volumes collected attributable to the 80% net profits interest that is for the oil and gas production collected during the period from January 1, 2008 through March 31, 2008 were 185,112 Bbls of oil, 21,084 Mcf of natural gas and 850 Bbls of natural gas liquids for a total equivalent barrels of oil of 189,178.

The overall production sales volumes collected attributable to the 80% net profits interest that is for the oil and gas production collected during the period from January 1, 2007 through March 31, 2007 were 183,099 Bbls of oil, 18,458 Mcf of natural gas and 948 Bbls of natural gas liquids for a total equivalent barrels of oil of 186,792.

The April 2008 distribution of net profits was impacted by production curtailment affecting the underlying properties as the result of winter ice storms that impacted western Kansas. The ice associated with these storms disabled electrical power to the affected underlying properties for an extended period of time resulting in some curtailed production.

The April 2008 distribution of net profits was also impacted by the duplication of hedged volumes in January 2008. January crude oil swap contracts in the notional volume of 45,000 barrels at a price of \$62.99 settled in the first quarter 2008. This volume was in addition to the notional volume of 61,167 barrels that had been scheduled as the average monthly notional volume for 2008. Given the NYMEX price contracts for January crude oil, the incremental hedged volumes resulted in an additional expense of \$1,347,255, which reduced the cash available for distribution for the first quarter 2008 by \$1,077,804. This duplication of hedged volumes for January 2008 is a one-time event in the hedge and derivative contracts program and will not occur again for the duration of the Trust.

The April 2007 distribution of net profits was impacted by production curtailment during the first quarterly payment period affecting the underlying properties as the result of severe winter storms that severely impacted western Kansas and eastern Colorado. The snow and ice associated with these storms disabled electrical power to the affected underlying properties for an extended period of time and rendered some properties inaccessible. Most of the production curtailed as a result of these storms was restored by the end of March 2007, and the storm effects on production from the underlying properties was greatly reduced during the second quarterly payment period.

The April 2007 distribution of net profits was also impacted by the inclusion of lease maintenance and development costs billed in December 2006. Such costs were included in the calculation of the April 2007 distribution because of the cash method of accounting.

As noted above, the amounts reflected in the accompanying financial statements for the Trust's quarter ended June 30, 2008 reflect cash received by the Trust during the quarter. Such cash is primarily derived from production by MV Partners from December 2007 through February 2008. MV Partners distributed cash to the Trust in July 2008 which will be reflected in the Trust's financial statements for the quarter ended September 30, 2008. The cash distributed to the Trust in July 2008 is primarily derived from production by MV Partners from March 2008 through May 2008. The discussion below relates to cash received by MV Partners during the quarter ended June 30, 2008 and distributed to the Trust in July 2008, which will be reflected in the Trust's financial statements for the quarter ended September 30, 2008.

Excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties increased \$891,658 to \$9,818,710 for the three months ended June 30, 2008 from \$8,927,052 for the three months ended June 30, 2007. Included in these amounts are

Edgar Filing: MV Oil Trust - Form 10-Q

payments to settle hedge and other derivatives totaling \$10,260,421 and \$214,103, respectively. In addition, amounts received to settle hedge and other derivatives decreased \$271,367 for the three months ended June 30, 2008 from \$271,367 for the three months ended June 30, 2007, which resulted in a total cash receipts over cash disbursements of \$9,818,710 and \$9,198,419, respectively. The Trust's portion (80%) of these totals were \$7,854,968 and \$7,358,735, respectively, and was decreased by a repayment of an advance of \$400,000 for the quarter ending September 30, 2008 and increased by net proceeds from business interruption insurance of \$200,000 for the quarter ended September 30, 2007, resulting in distributable income of \$7,454,968 and \$7,558,735 for the quarters ending September 30, 2008 and 2007, respectively.

The average price received for crude oil sold was \$109.31 per Bbl while the average price received for natural gas sold was \$6.76 per Mcf for the period from April 1, 2008 through June 30, 2008. The average price received for crude oil sold was \$58.23 per Bbl while the average price received for natural gas sold was \$6.02 per Mcf for the period from April 1, 2007 through June 30, 2007.

The overall production sales volumes collected attributable to the 80% net profits interest that is for the oil and gas production collected during the quarter ended June 30, 2008 were 196,711 Bbls of oil, 21,686 Mcf of natural gas and 944 Bbls of natural gas liquids for a total equivalent barrels of oil of 200,939.

The overall production sales volumes collected attributable to the 80% net profits interest that is for the oil and gas production collected during the quarter ended June 30, 2007 were 207,258 Bbls of oil, 18,186 Mcf of natural gas and 700 Bbls of natural gas liquids for a total equivalent barrels of oil of 210,744.

Results of the Operations for the Six Months Ended June 30, 2008 and 2007

Excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties decreased \$5,398,698 to \$16,876,793 for the period from October 1, 2007 through March 31, 2008 from \$22,275,491 for the period from July 1, 2006 through March 31, 2007. Included in this amount are payments to settle hedge and other derivatives totaling \$12,796,360 and \$1,595,757, respectively. In addition, amounts received to settle hedge and other derivatives was \$0 for the period from October 1, 2007 through March 31, 2008 and \$978,587 for the period from July 1, 2006 through March 31, 2007, which resulted in a total cash receipts over cash disbursements of \$16,876,793 and \$23,254,078, respectively. The Trust's portion (80%) of these totals were \$13,501,435 and \$18,603,262, respectively, and was reduced by a net reserve for future capital expenditures of \$500,000 for the six months ended June 30, 2007, resulting in the income from net profits interest and hedge and other derivative activities of \$18,103,262 for that period. The revenues from oil production are typically received one month after production, thus the cash received by the Trust during the six months ended June 30, 2008 substantially represents the production by MV Partners from September 2007 through February 2008 and the cash received by the Trust during the six months ended June 30, 2007 substantially represents the production by MV Partners from July 2006 through February 2007. The Trustee has paid general and administrative expenses of \$551,869 and \$210,803 for the six months ended June 30, 2008 and 2007, respectively. The distributable income for the six months ended June 30, 2008 was \$13,321,444, a decrease of \$4,452,319 from a distributable income of \$17,773,763 for the six months ended June 30, 2007.

Edgar Filing: MV Oil Trust - Form 10-Q

The average price received for crude oil sold was \$84.97 per Bbl while the average price received for natural gas sold was \$5.00 per Mcf for the period from October 1, 2007 through March 31, 2008. The average price received for crude oil sold was \$59.56 per Bbl while the average price received for natural gas sold was \$5.28 per Mcf for the period from July 1, 2006 through March 31, 2007.

The overall production sales volumes collected attributable to the 80% net profits interest which is for the oil and gas production collected during the six months ended June 30, 2008 were 382,017 Bbls of oil, 42,773 Mcf of natural gas and 2,061 Bbls of natural gas liquids for a total equivalent barrels of oil of 390,485.

The overall production sales volumes collected attributable to the 80% net profits interest which is for the oil and gas production subsequent to July 1, 2006 and collected before March 31, 2007 were 524,993 Bbls of oil, 52,762 Mcf of natural gas and 3,331 Bbls of natural gas liquids for a total equivalent barrels of oil of 535,952.

As noted above, the amounts reflected in the accompanying financial statements for the Trust's six month period ended June 30, 2008 reflect cash received by the Trust during the six months. Such cash is primarily derived from production by MV Partners from September 2007 through February 2008. MV Partners distributed cash to the Trust in July 2008 which will be reflected in the Trust's financial statements for the nine months ended September 30, 2008. The cash distributed to the Trust in July 2008 is primarily derived from production of the underlying properties from March 2008 through May 2008. The discussion below relates to cash received by MV Partners during the six months ended June 30, 2008 and 2007 and distributed to the Trust in April and July 2008 and 2007, respectively, which will be reflected in the Trust's financial statements for the nine months ending September 30, 2008.

Excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties increased \$1,995,630 from \$17,505,872 for the six months ended June 30, 2008 from \$15,510,242 for the six months ended June 30, 2007. Included in these amounts are payments to settle hedge and other derivatives totaling \$18,022,179 and \$231,374, respectively. In addition, amounts received to settle hedge and other derivatives decreased \$730,006 to \$0 for the six months ended June 30, 2008 from \$730,006 for the six months ended June 30, 2007, which resulted in total cash receipts over cash disbursements of \$17,505,872 and \$16,240,248, respectively. The Trust's portion (80%) of these totals were \$14,004,698 and \$12,992,198, respectively. This amount was decreased by repayments of advances totaling \$550,000 for the six months ended June 30, 2008 and increased by application of the reserve for future capital expenditures of \$500,000 and net proceeds from business interruption insurance of \$200,000 for the six months ended June 30, 2007, resulting in distributable income of \$13,454,707 and \$13,692,198 for the six months ending June 30, 2008 and 2007, respectively.

The average price received for crude oil sold was \$99.20 per Bbl while the average price received for natural gas sold was \$6.13 per Mcf for the six months ended June 30, 2008. The average price received for crude oil sold was \$56.74 per Bbl while the average price received for natural gas sold was \$5.82 per Mcf for the six months ended June 30, 2007.

The overall production sales volumes collected attributable to the 80% net profits interest that is for the oil and gas production collected during the six months ended June 30, 2008 were 381,823 Bbls of oil, 42,770 Mcf of natural gas and 1,794 Bbls of natural gas liquids for a total equivalent barrels of oil of 390,117.

Edgar Filing: MV Oil Trust - Form 10-Q

The overall production sales volumes collected attributable to the 80% net profits interest that is for the oil and gas production collected during the six months ended June 30, 2007 were 390,357 Bbls of oil, 36,645 Mcf of natural gas and 1,648 Bbls of natural gas liquids for a total equivalent barrels of oil of 397,535.

Liquidity and Capital Resources

Other than Trust administrative expenses, including any reserves established by the Trustee for future liabilities, the Trust's only use of cash is for distributions to Trust unitholders. Administrative expenses include payments to the Trustee as well as an annual administrative fee to MV Partners pursuant to an administrative services agreement. Each quarter, the Trustee determines the amount of funds available for distribution. Available funds are the excess cash, if any, received by the Trust from the net profits interest, payments from the hedge contracts and other sources (such as interest earned on any amounts reserved by the Trustee) that quarter, over the Trust's liabilities for that quarter. Available funds are reduced by any cash the Trustee decides to hold as a reserve against future liabilities. The Trustee may borrow funds required to pay liabilities if the Trustee determines that the cash on hand and the cash to be received are insufficient to cover the Trust's liability. If the Trustee borrows funds, the Trust unitholders will not receive distributions until the borrowed funds are repaid.

Income to the Trust from the net profits interest is based on the calculation and definitions of "gross proceeds" and "net proceeds" contained in the conveyance.

As substantially all of the underlying properties are located in mature fields, MV Partners does not expect future costs for the underlying properties to change significantly as compared to recent historical costs other than increases due to increases in the general cost of oilfield services.

The Trust does not have any transactions, arrangements or other relationships with unconsolidated entities or persons that could materially affect the Trust's liquidity or the availability of capital resources.

Given the bankruptcy filing by Eaglwing and the uncertainty of recovery by MV Partners of its crude oil sales in June and July 2008, the scheduled quarterly distributions in October 2008 and January 2009 by the Trust may be substantially adversely impacted. See " Subsequent Events."

Hedge Contracts

The revenues derived from the underlying properties depend substantially on prevailing crude oil and, to a lesser extent, natural gas and natural gas liquid prices. As a result, commodity prices also affect the amount of cash flow available for distribution to the Trust unitholders. Lower prices may also reduce the amount of oil, natural gas and natural gas liquids that MV Partners can economically produce. MV Partners sells the oil, natural gas and natural gas liquid production from the underlying properties under floating market price contracts each month. Under the required terms of a 2006 bank credit facility, MV Partners has entered into hedge contracts to reduce the exposure of the revenues from oil production from the underlying properties from 2008 through 2010 to fluctuations in crude oil prices and to achieve more predictable cash flow. However, these contracts limit the amount of cash available for distribution if prices increase. The hedge contracts consist of fixed price swap contracts that have been placed with major trading counterparties who MV Partners believes represent minimal credit risks, other than SemCrude, L.P., which has filed a voluntary petition for reorganization under

Edgar Filing: MV Oil Trust - Form 10-Q

Chapter 11 of the United States Bankruptcy Code. See " Subsequent Events". MV Partners cannot provide assurance, however, that these trading counterparties will not become credit risks in the future.

The crude oil swap contracts will settle based on the average of the settlement price for each commodity business day in the contract month. In a swap transaction, the counterparty is required to make a payment to MV Partners for the difference between the fixed price and the settlement price if the settlement price is below the fixed price. MV Partners is required to make a payment to the counterparty for the difference between the fixed price and the settlement price if the settlement price is above the fixed price. From July 1, 2008 through December 31, 2010, MV Partners' crude oil price risk management positions in swap contracts are as follows:

| Month | Fixed Price Swaps | |
|----------------|---------------------------|---|
| | Volumes (Bbls) | Weighted Average Price (Per Bbl) |
| July 2008 | 61,167 | 58.53 |
| August 2008 | 61,167 | 58.53 |
| September 2008 | 61,167 | 58.53 |
| October 2008 | 61,167 | 58.53 |
| November 2008 | 61,167 | 58.53 |
| December 2008 | 61,167 | 58.53 |
| January 2009 | 56,500 | 66.24 |
| February 2009 | 56,500 | 66.24 |
| March 2009 | 56,500 | 66.24 |
| April 2009 | 56,500 | 66.24 |
| May 2009 | 56,500 | 66.24 |
| June 2009 | 56,500 | 66.24 |
| July 2009 | 56,500 | 66.24 |
| August 2009 | 56,500 | 66.24 |
| September 2009 | 56,500 | 66.24 |
| October 2009 | 56,500 | 66.24 |
| November 2009 | 56,500 | 66.24 |
| December 2009 | 56,500 | 66.24 |
| January 2010 | 53,150 | 65.03 |
| February 2010 | 53,150 | 65.03 |
| March 2010 | 53,150 | 65.03 |
| April 2010 | 53,150 | 65.03 |
| May 2010 | 53,150 | 65.03 |
| June 2010 | 53,150 | 65.03 |
| July 2010 | 53,150 | 65.03 |
| August 2010 | 53,150 | 65.03 |
| September 2010 | 53,150 | 65.03 |
| October 2010 | 53,150 | 65.03 |
| November 2010 | 53,150 | 65.03 |
| December 2010 | 53,150 | 65.03 |

Edgar Filing: MV Oil Trust - Form 10-Q

MV Partners has agreed to convey to the Trust 80% of all proceeds that it receives upon settlement of the hedge contracts. There are certain risks associated with this conveyance in the event that MV Partners becomes involved as a debtor in bankruptcy proceedings. See "Risk Factors If the financial position of MV Partners degrades in the future, MV Partners may not be able to satisfy its obligations to the Trust" in the Trust's Annual Report on Form 10-K for the year ended December 31, 2007. In addition, the aggregate amounts paid by MV Partners on settlement of the hedge contracts will be deducted from the gross proceeds available for payment to the Trust under the net profits interest. See "Business Computation of Net Proceeds Net Profits Interest" also contained in the Trust's Annual Report on Form 10-K for the year ended December 31, 2007.

Subsequent Events

As publicly reported, on July 22, 2008, SemCrude, L.P. ("SemCrude") and certain of its affiliates, including Eaglwing, filed voluntarily petitions for reorganization under Chapter 11 of the United States Bankruptcy Code. Eaglwing purchased substantially all of the crude oil production of the underlying properties for the month of June 2008 and for the first 18 days of July 2008, after which date further sales to Eaglwing was terminated. As of the date of this Form 10-Q, Eaglwing has not yet paid the purchase price for such sales. Set forth below is a summary discussion of this matter, which is based on information provided to Trustee by representatives of MV Partners.

As part of its Chapter 11 filing, Eaglwing and certain of its debtor affiliates created a special supplier protection program for their critical providers of goods and services. Under the program, certain suppliers who contractually commit to continue doing business, on the same terms and reasonably equivalent volume as before the Chapter 11 filing, with the debtors until the earlier of January 1, 2009 and the effective date of a Chapter 11 plan may be eligible to receive full payment, as due, for goods and services that were provided before the filing, but for which the supplier has not yet been paid.

Based on a stated deadline, Vess Oil Corporation ("Vess Oil") and Murfin Drilling Company, Inc. ("Murfin Drilling"), individually and as contract operators of the underlying properties for which MV Partners is designated as the operator, submitted a filing on July 27, 2008 to be eligible to be considered such a critical provider; however, they conditioned their commitments to permit Vess Oil and Murfin Drilling to commence selling oil to other purchasers pending notification of acceptance and full payment by Eaglwing for crude oil production sold to it. As of the date of this Form 10-Q, Vess Oil and Murfin Drilling have not received notice that they have been designated as a critical provider, and there can be no assurance that Vess Oil and Murfin Drilling will be designated as such a critical provider. Vess Oil, Murfin Drilling and MV Partners continue to monitor the bankruptcy process and assess their rights and alternatives in the bankruptcy process. A primary concern of each of these entities with the special supplier protection program is assurance that all amounts owing will be paid, particularly in light of having to commit sales to Eaglwing instead of other purchasers.

The approximately \$9.5 million in sales in June to Eaglwing of production from the underlying properties was to have been paid by July 20, 2008. The purchase price for the sales in July to Eaglwing of production from the underlying properties will be due by August 20, 2008; the dollar amount associated with such sales has not yet been determined, given the administrative aspects of the revenue distribution process, but is estimated to be between approximately \$4.9 million and \$5.4 million. The specified dollar amounts are associated with all production from the underlying properties, and not just the 80% portion attributable to the net profits interest held by the Trust.

Edgar Filing: MV Oil Trust - Form 10-Q

Beginning July 18, 2008, substantially all of the production from the underlying properties subject to the net profits interest went into on-location storage tanks and a portion of the oil production was shut-in pending resolution of the marketing process for the production. As of July 31, 2008, Vess Oil and Murfin Drilling recommenced general sales of production from the underlying properties, to purchasers other than Eaglwing, under short-term arrangements using market sensitive pricing. Use of such short-term arrangements are expected to allow Vess Oil and Murfin Drilling enhanced flexibility if Vess Oil and Murfin Drilling are designated as critical providers of Eaglwing, as discussed above. MV Partners expects that sales will be made to several different purchasers, including an affiliated purchaser, with the production likely ultimately going to, or for the benefit of, oil refineries located in Kansas. A substantial portion of the crude oil production may be acquired by a single purchaser. MV Partners does not have a contract with any of the new purchasers and does not believe that loss of any of these parties as a purchaser would have a material adverse impact on the business of MV Partners, as substitute purchasers are generally available; however, a purchaser's failure to pay for purchased crude oil could have a significant adverse impact on MV Partners' business.

As of August 7, 2008, field operations at the underlying properties returned to substantially normal operations, although it may be mid-August or so before the marketing of crude oil production will normalize to the sales process and volumes that existed prior to July 18, 2008. Consistent with past practice, each purchaser will handle the administrative aspects of the revenue distribution process associated with such crude oil sales, based on required royalty payments and related division orders.

Hedge contracts relating to approximately 30,000 Bbls of oil per month are with SemCrude through December 2008. MV Partners paid the approximately \$2.2 million due in July 2008 under the hedge contracts with SemCrude instead of trying to off-set amounts due on the crude oil sales in June 2008 because the contract counterparties are different, as SemCrude is the counterparty under the hedge contracts and Eaglwing is the debtor owing money for the crude oil sales.

Given the bankruptcy filing by Eaglwing and the uncertainty of recovery by MV Partners of its crude oil sales in June and July 2008, and that MV Partners will not realize revenues from crude oil sales in August until late September, MV Partners actively considered available alternatives for accessing needed funds for its ongoing business activities, including payment obligations under its hedge contracts.

On August 7, 2008, MV Partners closed on two separate credit facilities providing an aggregate of \$9 million of funding capacity for general corporate purposes. The first credit facility consists of a new \$6 million secured revolving line of credit pursuant to an amended and restated credit agreement with MV Partners' bank group. Pursuant to the terms of the revolving line of credit, the maximum amount outstanding thereunder reduces quarterly by \$1,333,334 as of each of December 31, 2008, March 31, 2009 and June 30, 2009, with the facility terminating on August 5, 2009.

The second credit facility consists of a new unsecured loan in an aggregate principal amount of \$3 million from indirect equity owners of MV Partners. Payments on the loan in the amount of \$666,667 are due on each of December 31, 2008, March 31, 2009 and June 30, 2009, with the remaining balance of the loan due on August 5, 2009.

Absent collection of the receivables for crude oil sales of MV Partners during June and July, MV Partners does not expect that there will be sufficient net proceeds for MV Oil Trust to make the scheduled third quarterly distribution in October 2008. If there is no such distribution, the scheduled quarterly distribution in January 2009 would likely be substantially impacted. As sales have resumed for

production from the underlying properties, MV Partners currently expects that there would be sufficient net proceeds available for the scheduled quarterly distribution by MV Oil Trust in April 2009. At this time, the ultimate outcome of these various matters cannot be determined.

Note Regarding Forward-Looking Statements

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Form 10-Q, including without limitation the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. Although MV Partners advised the Trust that they believe that the expectations reflected in the forward-looking statements contained herein are reasonable, no assurance can be given that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from expectations ("Cautionary Statements") are disclosed in this Form 10-Q and in the Trust's Annual Report on Form 10-K for the year ended December 31, 2007, including under the section "Item 1A. Risk Factors". All subsequent written and oral forward-looking statements attributable to the Trust or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The only assets of and sources of income to the Trust are cash and the net profits interest, which generally entitle the Trust to receive 80% of the net proceeds from oil and gas production from the underlying properties, and the Trust's interest in the hedge contracts, which generally entitle the Trust to receive 80% of any proceeds received by MV Partners from the settlement of certain hedges in existence on January 24, 2007. Consequently, the Trust is exposed to market risk from fluctuations in oil and gas prices. For more information regarding the hedge contracts, please see "Trustee's Discussion and Analysis of Financial Condition and Results of Operation Hedge Contracts" in this Form 10-Q and "Trustee's Discussion and Analysis of Financial Condition and Results of Operation Hedge Contracts" in the Trust's Annual Report on Form 10-K for the year ended December 31, 2007. Although the Trust may borrow money to pay expenses of the Trust, the amount of any such borrowings is unlikely to be material to the Trust. As a result, the Trust is not subject to any material interest rate market risk.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. The Trustee maintains disclosure controls and procedures designed to ensure that information required to be disclosed by the Trust in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations promulgated by the Securities and Exchange Commission. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Trust is accumulated and communicated by MV Partners to The Bank of New York Trust Company, N.A., as Trustee of the Trust, and its employees who participate in the preparation of the Trust's periodic reports as appropriate to allow timely decisions regarding required disclosure.

Edgar Filing: MV Oil Trust - Form 10-Q

As of the end of the period covered by this report, the Trustee carried out an evaluation of the Trustee's disclosure controls and procedures. Mike Ulrich, as Trust Officer of the Trustee, has concluded that the disclosure controls and procedures of the Trust are effective.

Due to the contractual arrangements of (i) the Trust agreement and (ii) the conveyance of the net profits interest, the Trustee relies on (A) information provided by MV Partners, including historical operating data, plans for future operating and capital expenditures, reserve information and information relating to projected production, and (B) conclusions and reports regarding reserves by the Trust's independent reserve engineers. See Item 1A. Risk Factors " The trust and the public trust unitholders have no voting or managerial rights with respect to MV Partners, the operator of the underlying properties. As a result, public trust unitholders have no ability to influence the operation of the underlying properties" in the Trust's Annual Report on Form 10-K for the year ended December 31, 2007, and "Trustee's Discussion and Analysis of Financial Condition and Results of Operation" in the Trust's Annual Report on Form 10-K for the year ended December 31, 2007, for a description of certain risks relating to these arrangements and reliance on information when reported by MV Partners to the Trustee and recorded in the Trust's results of operation.

Changes in Internal Control over Financial Reporting. During the quarter ended June 30, 2008, there was no change in the Trustee's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Trustee's internal control over financial reporting relating to the Trust. The Trustee notes for purposes of clarification that it has no authority over, and makes no statement concerning, the internal control over financial reporting of MV Partners.

PART II OTHER INFORMATION

Item 1A. Risk Factors.

Except as set forth below, there have not been any material changes from the risk factors previously disclosed in the Trust's response to Item 1A. to Part 1 of its Form 10-K for the year ended December 31, 2007.

The purchaser of substantially all of the crude production of the underlying properties for the month of June 2008 and for the first 18 days of July 2008 has not paid the purchase price therefor and subsequently filed for bankruptcy relief. Absent collection of the receivables, there may not be sufficient net proceeds for the Trust to make the third quarterly distribution in October 2008. There may also be a continuing impact on the quarterly distribution payable in January 2009.

Eaglwing purchased substantially all of the crude oil production of the underlying properties for the month of June 2008 and for the first 18 days of July 2008 and subsequently filed for reorganization under the United States Bankruptcy Code. Eaglwing has not paid the purchase price therefor and there can be no assurance what dollar amount, if any, will be collected by MV Partners from Eaglwing. From July 18, 2008 until July 31, 2008, only minor amounts of crude oil production from the underlying properties were sold, and MV Partners had to consider alternatives for sales of its production. Absent collection of the receivables for crude oil sales of MV Partners during June and July, MV Partners does not expect that there will be sufficient net proceeds for the Trust to make the scheduled quarterly distribution in October 2008. If there is no such distribution, the scheduled quarterly distribution in January 2009 would likely be substantially impacted. For additional information, see "Trustee's Discussion and Analysis of Financial Condition and Results of Operation Subsequent Events" in this Form 10-Q.

Edgar Filing: MV Oil Trust - Form 10-Q

Item 6. Exhibits.

(Asterisk indicates exhibit previously filed with the Securities and Exchange Commission and incorporated herein by reference.)

| Exhibit Number | Description |
|-----------------------|---|
| 3.1* | Certificate of Trust of MV Oil Trust. (Incorporated herein by reference to Exhibit 3.3 to the Registration Statement on Form S-1, filed on August 14, 2006 (Registration No. 333-136609)) |
| 3.2* | Amended and Restated Trust Agreement, dated January 24, 2007, among MV Partners, LLC, The Bank of New York Trust Company, N.A. and Wilmington Trust Company. (Incorporated herein by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on January 25, 2007 (File No. 1-33219)) |
| 10.1* | Conveyance of Net Profits Interest, dated January 24, 2007, from MV Partners, LLC to The Bank of New York Trust Company, N.A. as Trustee of MV Oil Trust. (Incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 25, 2007 (File No. 1-33219)) |
| 10.2* | Administrative Services Agreement, dated January 24, 2007, by and between MV Partners, LLC and The Bank of New York Trust Company, N.A. as Trustee of MV Oil Trust. (Incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 25, 2007 (File No. 1-33219)) |
| 10.3* | Registration Rights Agreement, dated January 24, 2007, by and between MV Partners, LLC and The Bank of New York Trust Company, N.A. as Trustee of MV Oil Trust. (Incorporated herein by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on January 25, 2007 (File No. 1-33219)) |
| 10.4* | Assignment of Hedge Proceeds, dated January 24, 2007, by and between MV Partners, LLC and The Bank of New York Trust Company, N.A. as Trustee of MV Oil Trust. (Incorporated herein by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on January 25, 2007 (File No. 1-33219)) |
| 31 | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32 | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

QuickLinks

PART I. FINANCIAL INFORMATION

MV OIL TRUST CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (Unaudited)

CONDENSED STATEMENTS OF ASSETS AND TRUST CORPUS

MV OIL TRUST CONDENSED STATEMENTS OF CHANGES IN TRUST CORPUS (Unaudited)

MV OIL TRUST NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

Item 2. Trustee's Discussion and Analysis of Financial Condition and Results of Operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Item 4. Controls and Procedures.

PART II. OTHER INFORMATION

Item 1A. Risk Factors.

Item 6. Exhibits.

SIGNATURES