

MV Oil Trust  
Form 10-Q  
August 08, 2012

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

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**FORM 10-Q**

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934 for the quarterly period ended June 30, 2012**

**OR**

o **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**

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**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 Mellon Trust Company,  
N.A., Trustee  
Global Corporate Trust  
919 Congress Avenue  
Austin, Texas**

(Address of principal executive offices)

**78701**

(Zip Code)

**1-855-802-1094**

(Registrant's telephone number, including area code)

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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 ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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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

As of August 3, 2012, 11,500,000 Units of Beneficial Interest in MV Oil Trust were outstanding.

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## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements.

**MV OIL TRUST**  
**CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME**  
(Unaudited)

|                                                                                                        | Three months ended<br>June 30, |              | Six months ended<br>June 30, |               |
|--------------------------------------------------------------------------------------------------------|--------------------------------|--------------|------------------------------|---------------|
|                                                                                                        | 2012                           | 2011         | 2012                         | 2011          |
| Income from net profits interest                                                                       | \$ 11,891,303                  | \$ 9,682,819 | \$ 21,545,831                | \$ 17,623,941 |
| Cash on hand used for Trust expenses                                                                   | 106,391                        | 18,351       | 270,712                      | 32,839        |
| General and administrative expenses(1)                                                                 | (267,694)                      | (271,170)    | (541,543)                    | (464,280)     |
| Distributable income                                                                                   | \$ 11,730,000                  | \$ 9,430,000 | \$ 21,275,000                | \$ 17,192,500 |
| Distributions per Trust unit (11,500,000 Trust units issued and outstanding at June 30, 2012 and 2011) | \$ 1.020                       | \$ 0.820     | \$ 1.850                     | \$ 1.495      |

- (1) Includes \$18,980 and \$0 paid to MV Partners, LLC during the three months ended June 30, 2012 and 2011, respectively, and \$56,209 and \$18,250 during the six months ended June 30, 2012 and 2011, respectively. Also includes \$37,600 and \$37,500 paid to The Bank of New York Mellon Trust Company, N.A. during the three months ended June 30, 2012 and 2011, respectively, and \$75,100 and \$75,000 during the six months ended June 30, 2012 and 2011, respectively.

**CONDENSED STATEMENTS OF ASSETS AND TRUST CORPUS**  
(Unaudited)

|                                                                                                    | June 30, 2012 | December 31, 2011 |
|----------------------------------------------------------------------------------------------------|---------------|-------------------|
| <b>ASSETS</b>                                                                                      |               |                   |
| Cash and cash equivalents                                                                          | \$ 4,504      | \$ 275,216        |
| Investment in net profits interest                                                                 | 50,383,675    | 50,383,675        |
| Accumulated amortization                                                                           | (18,956,487)  | (17,467,236)      |
| Total assets                                                                                       | \$ 31,431,692 | \$ 33,191,655     |
| <b>TRUST CORPUS</b>                                                                                |               |                   |
| Trust corpus, 11,500,000 Trust units issued and outstanding at June 30, 2012 and December 31, 2011 | \$ 31,431,692 | \$ 33,191,655     |

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

|                                      | Three months ended<br>June 30, |               | Six months ended<br>June 30, |               |
|--------------------------------------|--------------------------------|---------------|------------------------------|---------------|
|                                      | 2012                           | 2011          | 2012                         | 2011          |
| Trust corpus, beginning of period    | \$ 32,279,143                  | \$ 35,318,581 | \$ 33,191,655                | \$ 36,121,659 |
| Income from net profits interest     | 11,891,303                     | 9,682,819     | 21,545,831                   | 17,623,941    |
| Cash distributions                   | (11,730,000)                   | (9,430,000)   | (21,275,000)                 | (17,192,500)  |
| Trust expenses                       | (267,694)                      | (271,170)     | (541,543)                    | (464,280)     |
| Amortization of net profits interest | (741,060)                      | (774,714)     | (1,489,251)                  | (1,563,304)   |
| Trust corpus, end of period          | \$ 31,431,692                  | \$ 34,525,516 | \$ 31,431,692                | \$ 34,525,516 |

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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 dated August 3, 2006 (as amended and restated on January 24, 2007, the "Trust Agreement") among MV Partners, LLC, a Kansas limited liability company ("MV Partners"), as trustor, The Bank of New York Mellon 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 represents the right to receive 80% of the net proceeds (calculated as described below in Note 5) from production from the underlying properties (as defined below) (the "net profits interest"). The net profits interest consists 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"). The underlying properties include approximately 1,000 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 during the term of the Trust. 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 (MMBoe) have been produced from the underlying properties and sold (which amount is the equivalent of 11.5 MMBoe with respect to the Trust's 80% net profits interest), 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, 2011, which has been derived from audited financial statements, and the unaudited interim condensed financial statements as of June 30, 2012 and for the three and six month periods ended June 30, 2012 and 2011, 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

**MV OIL TRUST**

**NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**

**(Unaudited)**

**Note 2 Basis of Presentation (Continued)**

financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Trustee believes that such information includes all of the disclosures necessary to make the information presented not misleading. The information furnished reflects all adjustments that 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, 2011.

**Note 3 Trust Accounting Policies**

The Trust uses the modified cash basis of accounting to report Trust receipts of the term net profits interest and payments of expenses incurred. The term net profits interest represents the right to receive revenues (oil, gas and natural gas liquid sales net of any payments made in connection with the settlement of hedge contracts) less direct operating expenses (lease operating expenses, lease maintenance, lease overhead, and production and property taxes) and an adjustment for lease equipment costs 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). 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. 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. 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 SEC 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 if and when total capitalized costs, less accumulated amortization, exceed undiscounted future net revenues attributable to the proved oil and gas reserves of the underlying properties.

No new accounting pronouncements have been adopted or issued during the quarter ended June 30, 2012 that would impact the financial statements of the Trust.

## MV OIL TRUST

## NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

(Unaudited)

**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 the conveyance of the net profits interest to the Trust, and was 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**

|                                                                                                | Three months ended June 30, |               | Six months ended June 30, |               |
|------------------------------------------------------------------------------------------------|-----------------------------|---------------|---------------------------|---------------|
|                                                                                                | 2012                        | 2011          | 2012                      | 2011          |
| Excess of revenues over direct operating expenses and lease equipment and development costs(1) | \$ 15,176,629               | \$ 12,103,524 | \$ 27,244,789             | \$ 21,092,427 |
| Times net profits interest over the term of the Trust                                          | 80%                         | 80%           | 80%                       | 80%           |
| Income from net profits interest before reserve adjustments                                    | 12,141,303                  | 9,682,819     | 21,795,831                | 16,873,941    |
| MV Partners reserve for future capital expenditures(2)                                         | (250,000)                   |               | (250,000)                 | 750,000       |
| Income from net profits interest(3)                                                            | \$ 11,891,303               | \$ 9,682,819  | \$ 21,545,831             | \$ 17,623,941 |

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

(2) Pursuant to the terms of the conveyance of the net profits interest, MV Partners can reserve up to \$1.0 million for future capital expenditures at any time. During the three and six months ended June 30, 2012, MV Partners withheld \$250,000 for future capital expenditures. During the three and six months ended June 30, 2011, MV Partners released and paid to the Trust \$0 and \$750,000, respectively, reserved for future capital expenditures. The reserve balance was \$750,000 at June 30, 2012 and \$0 at June 30, 2011.

(3) The income from net profits interest is based on the cash receipts from MV Partners from the sale of 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 three months ended June 30, 2012 substantially represents the production by MV Partners from December 2011 through February 2012 and the cash received by the Trust during the three months ended June 30, 2011 substantially represents the production by MV Partners from December 2010 through February 2011. The cash received by the Trust during the six months ended June 30, 2012 substantially represents the production by MV Partners from September 2011 through February 2012 and the cash received by the Trust during

**MV OIL TRUST**

**NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**

**(Unaudited)**

**Note 5 Income from Net Profits Interest (Continued)**

the six months ended June 30, 2011 substantially represents the production by MV Partners from September 2010 through February 2011.

MV Partners entered into certain hedge contracts related to the oil production from the underlying properties for the year 2010. Such contracts were at prices ranging from \$63 to \$69 per barrel of oil, and hedged approximately 70% of expected production from the underlying properties that are classified as proved developed producing. MV Partners has not entered into any hedge contracts relating to oil volumes to be produced after 2010, and the terms of the conveyance of the net profits interest prohibit MV Partners from entering into new hedging arrangements for the benefit of the Trust.

For the three and six month periods ended June 30, 2012 and 2011, MV Purchasing, LLC, which is majority owned by the indirect equity owners of MV Partners, purchased a majority of the production from the underlying properties. Sales to MV Purchasing, LLC are under short-term arrangements, ranging from one to six months, using market sensitive pricing.

**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**

MV Partners makes quarterly payments of the net profits interest to the Trust. 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 preceding 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.

Vess Oil Corporation ("Vess Oil") and Murfin Drilling Company, Inc. ("Murfin Drilling"), which are the contract operators of the underlying properties of MV Partners, filed proofs of claims in the bankruptcy case of SemCrude, L.P. ("SemCrude") and certain of its affiliates (collectively, the "SemGroup"), including Eaglwing, L.P. ("Eaglwing"), on a lease by lease basis on their own behalf and on behalf of various working interest owners (inclusive of MV Partners' interests), overriding royalty owners and royalty owners. Vess Oil and Murfin Drilling received funds in late September 2010 for the collection of the sale of oil volumes to SemCrude and Eaglwing for the period between June 1, 2008 and July 1, 2008. Such funds represent the payout on such claims, less certain charges allowed by the bankruptcy court. During the fourth quarter of 2010, MV Partners received payment of \$1,274,477,



**MV OIL TRUST**

**NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**

**(Unaudited)**

**Note 7 Distributions to Unitholders (Continued)**

representing its allocable share. Because MV Partners received this payment in the fourth quarter of 2010, such amount was included in the calculation of net proceeds attributable to the net profits interest of the Trust for the fourth quarter of 2010 and was reflected in the Trust's first quarter of 2011 financial statements.

The first quarterly distribution during 2012 was \$0.83 per Trust unit and was made on January 25, 2012 to Trust unitholders owning Trust units as of January 17, 2012. Such distribution included the net proceeds of production collected by MV Partners from October 1, 2011 through December 31, 2011.

The second quarterly distribution during 2012 was \$1.02 per Trust unit and was made on April 25, 2012 to Trust unitholders owning Trust units as of April 16, 2012. Such distribution included the net proceeds of production collected by MV Partners from January 1, 2012 through March 31, 2012, and reflects a \$250,000 reserve established by MV Partners for future capital expenditures.

The first quarterly distribution during 2011 was \$ 0.675 per Trust unit and was made on January 25, 2011 to Trust unitholders owning Trust units as of January 18, 2011. Such distribution included the net proceeds of production collected by MV Partners from October 1, 2010 through December 31, 2010. This distribution also included 80% of the \$1,274,477 payment received by MV Partners in the fourth quarter of 2010 in connection with the SemGroup bankruptcy. There were no amounts paid to MV Partners from hedge contract counterparties for settlements related to the period from October 1, 2010 through December 31, 2010. This distribution also included a payment from MV Partners of \$750,000, which had been previously reserved for future capital expenses.

The second quarterly distribution during 2011 was \$0.82 per Trust unit and was made on April 25, 2011 to Trust unitholders owning Trust units as of April 15, 2011. Such distribution included the net proceeds of production collected by MV Partners from January 1, 2011 through March 31, 2011.

**Note 8 Advance for Trust Expenses**

Under the terms of the Trust Agreement, the Trustee is allowed to borrow money to pay Trust expenses. During the three and six months ended June 30, 2012 and 2011, there were no borrowings or amounts owed for money borrowed in previous quarters. MV Partners has provided a letter of credit in the amount of \$1 million to the Trustee to protect the Trust against the risk that it does not have sufficient cash to pay future expenses.

**Note 9 Subsequent Event**

The third quarterly distribution during 2012 was \$0.95 per Trust unit and was made on July 25, 2012 to Trust unitholders owning Trust units as of July 16, 2012. Such distribution included the net proceeds of production collected by MV Partners from April 1, 2012 through June 30, 2012, and reflects a release of \$600,000 of the reserve established by MV Partners for future capital expenditures.

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

The following discussion of the Trust's financial condition and results of operations should be read in conjunction with the financial statements and notes thereto. The Trust's purpose is, in general, to hold the net profits interest, to distribute to the Trust unitholders cash that the Trust receives in respect of the net profits interest 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.

*Results of Operations for the Quarters Ended June 30, 2012 and 2011*

The cash received by the Trust from MV Partners during the quarter ended June 30, 2012 substantially represents the production by MV Partners from December 2011 through February 2012. The cash received by the Trust during the quarter ended June 30, 2011 substantially represents the production by MV Partners from December 2010 through February 2011. The revenues from oil production are typically received by MV Partners one month after production. Excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties increased \$3,073,105 to \$15,176,629 for the period from January 1, 2012 through March 31, 2012 from \$12,103,524 for the period from January 1, 2011 through March 31, 2011. Such increase was primarily attributable to increases in realized prices for crude oil sold. The Trust's net profits interest (80%) of these totals were \$12,141,303 and \$9,682,819, respectively, which was decreased by a Trust holdback for future expenses of \$161,303 for the quarter ended June 30, 2012 and \$252,819 for the quarter ended June 30, 2011, resulting in distributable income of \$11,730,000 and \$9,430,000 for the quarters ended June 30, 2012 and 2011, respectively.

The Trustee paid general and administrative expenses of \$267,694 and \$271,170 for the quarters ended June 30, 2012 and 2011, respectively. The distributable income for the quarter ended June 30, 2012 was \$11,730,000, an increase of \$2,300,000 from a distributable income of \$9,430,000 for the quarter ended June 30, 2011.

The average price received for crude oil sold was \$93.53 per Bbl and the average price received for natural gas sold was \$3.23 per Mcf for the period from January 1, 2012 through March 31, 2012. The average price received for crude oil sold was \$82.52 per Bbl and the average price received for natural gas sold was \$3.53 per Mcf for the period from January 1, 2011 through March 31, 2011.

The overall production sales volumes collected attributable to the net profits interest that is for the oil and gas production collected during the period from January 1, 2012 through March 31, 2012 were 181,026 Bbls of oil, 7,466 Mcf of natural gas and 687 Bbls of natural gas liquids for a total of 182,717 barrels of oil equivalent.

The overall production sales volumes collected attributable to the net profits interest that is for the oil and gas production collected during the period from January 1, 2011 through March 31, 2011 were 181,658 Bbls of oil, 16,352 Mcf of natural gas and 831 Bbls of natural gas liquids for a total of 184,923 barrels of oil equivalent.

As noted above, the amounts included in the accompanying financial statements for the Trust's quarter ended June 30, 2012 reflect cash received by the Trust during the quarter. Such cash is primarily derived from production by MV Partners from December 2011 through February 2012. MV Partners distributed cash to the Trust in July 2012 that will be reflected in the Trust's financial

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statements for the quarter ending September 30, 2012. The cash distributed to the Trust in July 2012 was primarily derived from production by MV Partners from March 2012 through May 2012. The discussion below relates to cash received by MV Partners during the quarters ended June 30, 2012 and 2011 and distributed to the Trust in July 2012 and 2011, respectively. Such distribution to the Trust in July 2012 will be reflected in the Trust's financial statements for the quarter ending September 30, 2012.

Excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties decreased \$2,709,457 to \$13,158,967 for the period from April 1, 2012 through June 30, 2012 from \$15,868,424 for the period from April 1, 2011 through June 30, 2011. Such decrease was primarily attributable to decreases in realized prices for crude oil sold. The Trust's net profits interest of these totals were \$10,527,173 and \$12,694,739, respectively, which was decreased by a Trust holdback for future expenses of \$202,173 for the quarter ending September 30, 2012 and \$349,739 for the quarter ended September 30, 2011. MV Partners also released and paid to the Trust \$600,000 of the reserve for future capital expenditures during the quarter ending September 30, 2012, resulting in distributable income of \$10,925,000 and \$11,845,000 for the quarters ending September 30, 2012 and 2011, respectively.

The average price received for crude oil sold was \$94.76 per Bbl and the average price received for natural gas sold was \$2.18 per Mcf for the period from April 1, 2012 through June 30, 2012. The average price received for crude oil sold was \$97.87 per Bbl while the average price received for natural gas sold was \$3.89 per Mcf for the period from April 1, 2011 through June 30, 2011.

The overall production sales volumes collected attributable to the net profits interest that is for the oil and gas production collected during the period from April 1, 2012 through June 30, 2012 were 181,130 Bbls of oil, 13,093 Mcf of natural gas and 756 Bbls of natural gas liquids for a total of 183,803 barrels of oil equivalent.

The overall production sales volumes collected attributable to the net profits interest that is for the oil and gas production collected during the period from April 1, 2011 through June 30, 2011 were 187,518 Bbls of oil, 13,709 Mcf of natural gas and 896 Bbls of natural gas liquids for a total of 190,385 barrels of oil equivalent.

For the quarters ended June 30, 2012 and 2011, MV Purchasing, LLC, which is majority owned by the indirect equity owners of MV Partners, purchased a majority of the production from the underlying properties. Sales to MV Purchasing, LLC are under short-term arrangements, ranging from one to six months, using market sensitive pricing.

### *Results of Operations for the Six Months Ended June 30, 2012 and 2011*

As noted above, the revenues from oil production are typically received by MV Partners one month after production, thus the cash received by the Trust during the six months ended June 30, 2012 substantially represents the production by MV Partners from September 2011 through February 2012 and the cash received by the Trust during the six months ended June 30, 2011 substantially represents the production by MV Partners from September 2010 through February 2011. Excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties increased \$6,152,362 to \$27,244,789 for the period from October 1, 2011 through March 31, 2012 from \$21,092,427 for the period from October 1, 2010 through March 31, 2011. Included in these amounts are payments to settle hedges totaling \$0 and \$3,771,286, respectively. The increase for the period

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ended March 31, 2012 compared to the period ended March 31, 2011 is primarily attributable to higher realized prices for unhedged volumes of oil for the 2012 period compared to the 2011 period. The Trust's portion (80%) of these totals were \$21,795,831 and \$16,873,941, respectively. MV Partners withheld \$250,000 and released \$750,000 reserved for future capital expenditures during the six months ended June 30, 2012 and 2011, respectively, which resulted in a total cash proceeds received by the Trust of \$21,545,831 and \$17,623,941 for the six months ended June 30, 2012 and 2011, respectively. The cash proceeds received by the Trust for the six months ended June 30, 2011 also included 80% of the \$1,274,477 payment received by MV Partners in the fourth quarter of 2010 in connection with the SemGroup bankruptcy. See Note 7 of the Notes to Condensed Financial Statements.

The Trustee paid general and administrative expenses of \$541,543 and \$464,280 for the six months ended June 30, 2012 and 2011, respectively. The distributable income for the six months ended June 30, 2012 was \$21,275,000, an increase of \$4,082,500 from distributable income of \$17,192,500 for the six months ended June 30, 2011.

The average price received for crude oil sold was \$88.30 per Bbl while the average price received for natural gas sold was \$3.52 per Mcf for the period from October 1, 2011 through March 31, 2012. The average price received for crude oil sold was \$80.81 per Bbl while the average price received for natural gas sold was \$3.48 per Mcf for the period from October 1, 2010 through March 31, 2011.

The overall production sales volumes collected attributable to the net profits interest that is for the oil and gas production collected during the six months ended June 30, 2012 were 362,422 Bbls of oil, 22,878 Mcf of natural gas and 1,472 Bbls of natural gas liquids for a total of 367,192 barrels of oil equivalent.

The overall production sales volumes collected attributable to the net profits interest that is for the oil and gas production collected during the six months ended June 30, 2011 were 367,181 Bbls of oil, 29,059 Mcf of natural gas and 1,753 Bbls of natural gas liquids for a total of 373,163 barrels of oil equivalent.

As noted above, the amounts reflected in the accompanying financial statements for the Trust's six month period ended June 30, 2012 reflect cash received by the Trust during such six month period. Such cash is primarily derived from production by MV Partners from September 2011 through February 2012. MV Partners distributed cash to the Trust in July 2012 that will be reflected in the Trust's financial statements for the nine months ending September 30, 2012. The cash distributed to the Trust in July 2012 is primarily derived from production of the underlying properties from March 2012 through May 2012. The discussion below relates to cash received by MV Partners during the six months ended June 30, 2012 and 2011 and distributed to the Trust in April and July 2012 and 2011, respectively.

Excess of revenues over direct operating expenses and lease equipment and development costs from the underlying properties increased \$363,648 to \$28,335,596 for the six months ended June 30, 2012 from \$27,971,948 for the six months ended June 30, 2011. Included in these amounts are payments to settle hedges totaling \$0 and \$1,286,436, respectively. There were no amounts received to settle hedges for the six months ended June 30, 2012 or the six months ended June 30, 2011, which resulted in total cash receipts over cash disbursements of \$28,335,596 and \$27,971,948, respectively. The Trust's portion (80%) of these totals were \$22,668,476 and \$22,377,558, respectively, which was decreased by a Trust holdback for future expenses of \$363,476 and \$602,558 for the six months ending September 30, 2012 and 2011, respectively. MV Partners also released a net of \$350,000 and withheld

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\$500,000 of the reserve for future capital expenditures during the six months ended September 30, 2012 and 2011, respectively, resulting in distributable income of \$22,655,000 and \$21,275,000 for the six months ended September 30, 2012 and 2011, respectively.

The average price received for crude oil sold was \$94.15 per Bbl while the average price received for natural gas sold was \$2.72 per Mcf for the six months ended June 30, 2012. The average price received for crude oil sold was \$90.32 per Bbl while the average price received for natural gas sold was \$3.69 per Mcf for the six months ended June 30, 2011.

The overall production sales volumes collected attributable to the net profits interest that is for the oil and gas production collected during the six months ended June 30, 2012 were 362,156 Bbls of oil, 20,559 Mcf of natural gas and 1,443 Bbls of natural gas liquids for a total of 366,521 barrels of oil equivalent.

The overall production sales volumes collected attributable to the net profits interest that is for the oil and gas production collected during the six months ended June 30, 2011 were 369,175 Bbls of oil, 30,061 Mcf of natural gas and 1,727 Bbls of natural gas liquids for a total of 375,308 barrels of oil equivalent.

### **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 and payments from other sources (such as interest earned on any amounts reserved by the Trustee) in that quarter, over the Trust's expenses for that quarter. Available funds are reduced by any cash the Trustee decides to hold as a reserve against future expenses. As of June 30, 2012, \$4,500 was held by the trustee as such a reserve. The Trustee may cause the Trust to borrow funds required to pay expenses if the Trustee determines that the cash on hand and the cash to be received are insufficient to cover the Trust's expenses. If the Trust borrows funds, the Trust unitholders will not receive distributions until the borrowed funds are repaid. During the three and six months ended June 30, 2012 and 2011, there were no such borrowings. MV Partners has provided a letter of credit in the amount of \$1 million to the Trustee to protect the Trust against the risk that it does not have sufficient cash to pay future expenses.

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 compared to recent historical costs other than changes due to fluctuations in the general cost of oilfield services. MV Partners may establish a capital reserve of up to \$1.0 million in the aggregate at any given time to reduce the impact on distributions of uneven capital expenditure timing. MV Partners withheld \$250,000 from the dollar amount otherwise distributable to the Trust during April 2012 and released \$600,000 during July 2012 in accordance with the capital reserve.

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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.

### **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 fact 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 it believes 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, 2011, 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. Consequently, the Trust is exposed to market risk from fluctuations in oil and gas prices. 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 rules and regulations promulgated by the SEC. 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 Mellon 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.

As of the end of the period covered by this report, the Trustee carried out an evaluation of the Trust's disclosure controls and procedures. A 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

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Trust's independent reserve engineers. See "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, 2011, and "Trustee's Discussion and Analysis of Financial Condition and Results of Operations" in the Trust's Annual Report on Form 10-K for the year ended December 31, 2011, 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 operations.

*Changes in Internal Control over Financial Reporting.* During the quarter ended June 30, 2012, there was no change in the Trust's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting. 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.**

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 Annual Report on Form 10-K for the year ended December 31, 2011.

**Item 6. Exhibits.**

| <b>Exhibit<br/>Number</b> | <b>Description</b>                                                      |
|---------------------------|-------------------------------------------------------------------------|
| 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 |



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MV OIL TRUST

By: The Bank of New York Mellon Trust  
Company, N.A., as Trustee

By: /s/ MIKE ULRICH

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Mike Ulrich  
*Vice President*

Date: August 8, 2012

The Registrant, MV Oil Trust, has no principal executive officer, principal financial officer, board of directors or persons performing similar functions. Accordingly, no additional signatures are available and none have been provided. In signing the report above, the Trustee does not imply that it has performed any such function or that such function exists pursuant to the terms of the Trust Agreement under which it serves.

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MV OIL TRUST CONDENSED STATEMENTS OF DISTRIBUTABLE INCOME (Unaudited)

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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