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NEWS RELEASE

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BASIN OIL AND GAS ORDERED TO PAY \$20,000 FINE *Company found to be in contempt of court*

FRANKFORT, Ky. (June 14, 2006) – The Kentucky Office of Financial Institutions (OFI) today announced that Basin Oil and Gas, which had been barred from selling securities, was found in contempt of court in Franklin County Circuit Court and ordered to pay a \$20,000 fine.

“This hefty fine sends a clear signal to the securities industry that fraudulent investment offerings will not be tolerated in Kentucky,” said Environmental and Public Protection Cabinet Secretary LaJuana S. Wilcher. “OFI will continue to work hard to protect Kentuckians from becoming victims of securities fraud.”

Basin Oil and Gas was fined \$7,500 in May 2004 for selling interests in oil and gas wells without disclosing material facts to investors. An agreed order barred Basin from selling oil and gas investments or any other securities for one year.

Further investigation revealed the owner, Tom Watkins, had simply closed Basin and was doing the same business as before under the name of Matrix Petroleum Inc. OFI filed a motion to join Tom Watkins and Matrix Petroleum to the legal action and also filed a motion to have all parties declared in contempt. Franklin Circuit Court ruled that Watkins and Matrix Petroleum were subject to the May 2004 order against Basin Oil and Gas. The new order, entered in August 2004, also required them to cease the sale of securities.

In March 2006, a new order was filed with the Franklin Circuit Court against Basin, Matrix and Watson after a former employee testified he worked for the company in early 2005 and in February 2006. The court again found the company to be in contempt of court.

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Basin today was ordered to pay a \$20,000 fine and was suspended from selling any type of securities for an indefinite period. The same order barred Basin, Matrix or Watson from selling interests in oil and gas wells or any type of security in the future without written approval from the court. Judge Roger Crittenden signed the order today.

The Kentucky Office of Financial Institutions is an agency of the Department of Public Protection in the Environmental and Public Protection Cabinet. It is charged with licensing, chartering and regulating the activities of state-chartered/licensed depository and nondepository financial institutions.