

COPY

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2006-AH-005
ADMINISTRATIVE ACTION NO. 06-PPC-0112**

OFFICE OF FINANCIAL INSTITUTIONS

PETITIONER

vs.

FINAL ORDER

BERRY RESOURCES, INC.

RESPONDENTS

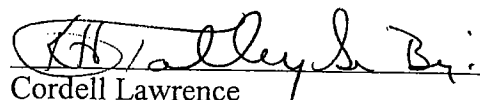
* * * * *

Whereas the issues raised by the Complaint filed herein on January 27, 2006 and an Amended Complaint filed herein on June 9, 2006 were settled between the parties by a certain Settlement Agreement (a copy of which is attached hereto) undated but entered into by the parties on approximately September 15, 2006; and,

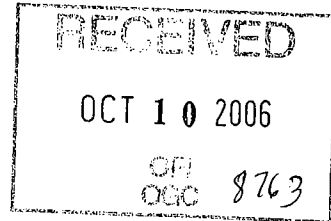
Whereas a Recommended Order was entered by Hon. Thomas J. Hellman, Hearing Officer, on October 9, 2006, incorporating all the terms of the aforesaid Settlement Agreement and further recommending that the Executive Director of the OFI enter a Final Order in this matter incorporating said Settlement Agreement;

NOW THEREFORE IT IS ORDERED that the terms of parties Settlement Agreement attached hereto are made a Final Order of the Executive Director and said terms are incorporated by reference as if fully set out herein.

Entered this 9th day of February, 2007.


Cordell Lawrence
Ex. Dir., Office of Fin. Institutions

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2006-AH-005
ADMINISTRATIVE ACTION NO. 06-PPC-0112



OFFICE OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

RECOMMENDED ORDER

BERRY RESOURCES, INC.
and RALPH O. BERRY, III

RESPONDENTS

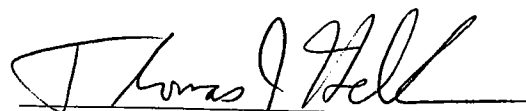
* * * * *

Whereas the Complainant and the Respondents have entered into a Settlement Agreement attached hereto and by which the parties have resolved the issues presented by the Complainant's Administrative Complaint dated January 27, 2006 and the Respondents' Response dated February 10, 2006 and the Complainant's Amended Complaint filed June 9, 2006 and the Respondents' Response thereto; and,

Whereas a hearing was scheduled to be held October 5, 2006 before the Hon. Thomas J. Hellman but said hearing was cancelled;

NOW THEREFORE IT IS RECOMMENDED that the Executive Director of the Office of Financial Institutions enter a Final Order in this matter incorporating the terms of the parties' Settlement Agreement attached hereto.

So recommended this 9th day of October, 2006.


Thomas J. Hellman, Hearing Officer
Div. Of Administrative Hearings

NOTICE OF EXCEPTION AND APPEAL RIGHTS

Pursuant to KRS 13B.110(4) a party has the right to file exceptions to this recommended decision:

A copy of the hearing officer's recommended order shall also be sent to each party in the hearing and each party shall have fifteen (15) days from the date the recommended order is mailed within which to file exceptions to the recommendations with the agency head.

A party also has a right to appeal the Final Order of the agency pursuant to KRS 13B.140(1) which states:

All final orders of an agency shall be subject to judicial review in accordance with the provisions of this chapter. A party shall institute an appeal by filing a petition in the Circuit Court of venue, as provided in the agency's enabling statutes, within thirty (30) days after the final order of the agency is mailed or delivered by personal service. If venue for appeal is not stated in the enabling statutes, a party may appeal to Franklin Circuit Court or the Circuit Court of the county in which the appealing party resides or operates a place of business. Copies of the petition shall be served by the petitioner upon the agency and all parties of record. The petition shall include the names and addresses of all parties to the proceeding and the agency involved, and a statement of the grounds on which the review is requested. The petition shall be accompanied by a copy of the final order.

Pursuant to KRS 23A.010(4), "Such review [by the circuit court] shall not constitute an appeal but an original action." Some courts have interpreted this language to mean that summons must be served upon filing an appeal in circuit court.

CERTIFICATE OF SERVICE

I hereby certify that the original of this ORDER was mailed this 9th day of October, 2006, by messenger mail, to:

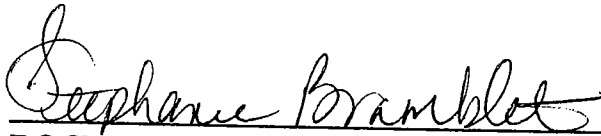
GENERAL COUNSEL
OFFICE OF FINANCIAL INSTITUTIONS
1025 CAPITAL CENTER DR STE 200
FRANKFORT KY 40601

for filing; and a true copy was sent by first-class mail, postage prepaid, to:

HUNTER DURHAM
DURHAM & ZORNES
130 PUBLIC SQ
PO BOX 100
COLUMBIA KY 42728-0100

and, by messenger mail, to:

AUBREY R MOONEY
COUNSEL
OFFICE OF FINANCIAL INSTITUTIONS
1025 CAPITAL CENTER DR STE 200
FRANKFORT KY 40601



DOCKET COORDINATOR

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2006-AH-005
ADMINISTRATIVE ACTION NO. 06-PPC-0112

OFFICE OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

SETTLEMENT AGREEMENT

BERRY RESOURCES, INC.
and RALPH O. BERRY, III

RESPONDENTS

* * * * *

Whereas the Complainant, Office of Financial Institutions (the "OFI"), filed an administrative complaint herein on January 27, 2006 and subsequently by Order dated June 9, 2006 was permitted to file an amended complaint against the Respondents; and,

Whereas the original Complaint and the Amended Complaint both contained allegations of sales of interests in oil and gas well exploration programs in violation of KRS Chapter 292, specifically that the Respondents have sold such interests without filing a Form D notifying the OFI of the sale as required by law; that such sales were made using unregistered sales agents; and, that such sales were made using offering materials which failed to contain material facts or misstated facts essential to the investment decision; and,

Whereas the parties have reached a settlement of the issues raised by the Complaint and the Amended Complaint herein;

It is hereby agreed as follows:

1. The Respondents admit that interests have been sold in oil and gas exploration programs issued by Berry Resources, Inc. without the use of registered agents and without notice filing a Form D with the Complainant for some such programs. The Respondents agree to henceforth file its Form D within 15 days of the sale of a security whether such sale is to a resident of this state or to a non-resident of this state. The Respondents agree henceforth to only employ persons, who are effecting or attempting to effect purchases or sales of securities in its behalf, who are registered in Kentucky as an agent or broker-dealer.

2. The Respondent, Ralph O. Berry, acknowledges that he previously agreed with the OFI to become registered in Kentucky as an agent. Berry was previously registered as an agent of a broker-dealer; however, had not been so registered since August 10, 1995. He agrees to submit an application to become registered as an agent of an issuer by December 1, 2006. The application shall contain proof of passing the Series 63 exam within the past two years.

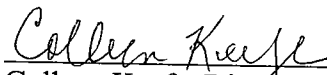
3. The Respondents agree to pay an administrative fine in the sum of Five Thousand Dollars (\$5,000). Payment shall be payable to the Kentucky State Treasurer but mailed to the Complainant.

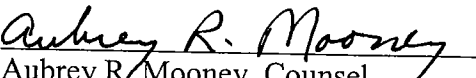
4. The Respondents neither affirm or deny but acknowledge that the Kentucky Division of Securities has the opinion that the offering materials for the BRI-Heidi #1-21 and #2-21 and the Prospect #11 and Prospect #12 programs were deficient by failing to provide full disclosure to prospective purchasers of interests in such programs.

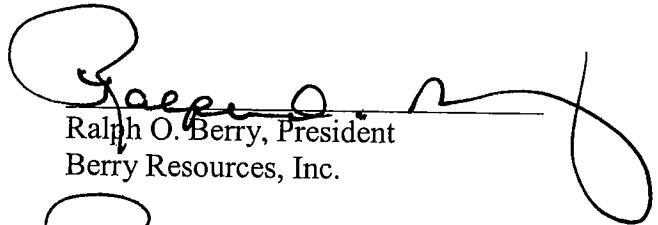
The Respondents do agree to update its offering materials for these and future oil and gas programs by eliminating language in its promotional materials that Berry Resources, Inc.

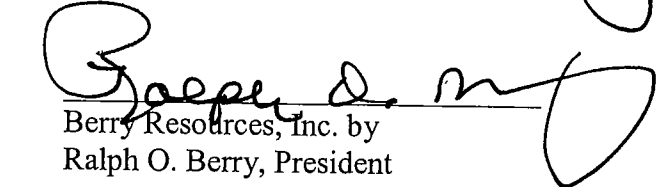
has a 100% success rate in the production of oil and gas wells; by providing in its Private Placement Memorandum (the "PPM") a more detailed breakdown of the use of proceeds to be spent by the general partner in the oil and gas project; by placing in the PPM a listing of the various wells that have been drilled in the past and whether or not they are productive or non-productive. The Respondents understand that allegations (other than those stated in this paragraph #4) of non-disclosure were made by the Complainant in its Complaint and Amended Complaint and the parties agree to continue a joint effort to refine the Respondent's offering materials to provide all information material to an investment decision. To that end, the Respondents agree that its offering including PPM's for programs presently offered will be submitted to the OFI for review within thirty (30) days after the execution of this Settlement Agreement. The Respondents further agree that all offering materials for future programs will be substantially similar to the revised documents and the revised documents will be provided to investors.


It is understood and agreed that the above terms will be incorporated into a Final Order of the Executive Director of the Office of Financial Institutions.


Colleen Keefe, Director
Division of Securities


Aubrey R. Mooney, Counsel
Office of Financial Institutions


Ralph O. Berry, President
Berry Resources, Inc.


Berry Resources, Inc. by
Ralph O. Berry, President


Hunter Durham Attorney for
the Respondents