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FRANKLIN CIRCUIT COURT
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COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I
CIVIL ACTION NO. 07-CI-1264

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JUN 05 2007
SECURITIES

**The Commonwealth of Kentucky, Ex Rel the Executive Director of
the Office of Financial Institutions of the Commonwealth of
Kentucky**

Plaintiff

vs.

Jim Fisher, a/k/a James E. Fisher
RR 4 Box 382
Albany, Kentucky 42602-9398

Foust Petroleum
P.O. Box 220
Albany, Kentucky 42602

ENTERED
AUG 16 2007
FRANKLIN CIRCUIT COURT
SALLY JUMP, CLERK

Defendants

AGREED ORDER OF PERMANENT INJUNCTION PURSUANT TO CR 65

The Plaintiff is the Executive Director of the Office of Financial Institutions of the Commonwealth of Kentucky ("Office") and is charged with administering the provision of the Securities Act of Kentucky ("Act"), KRS Chapter 292. Pursuant to KRS 292.460, the Plaintiff conducted an investigation of the securities activities of the Defendants in Kentucky.

Without admitting or denying the facts or conclusions contained in this order, the Defendants have agreed to be permanently enjoined from all aspects of the securities business in the Commonwealth of Kentucky and also to be permanently enjoined from transacting in securities with a person that is physically present in the Commonwealth of Kentucky, whether the Defendants are physically within the Commonwealth of Kentucky or outside the territorial boundaries of the Commonwealth of Kentucky.

FINDINGS OF FACT

- 1) The Defendants engaged in various aspects of the oil and gas exploration and drilling business and offered and sold interests in these programs to members of the public to raise capital for these business enterprises.
- 2) The Securities and Exchange Commission issued a Final Judgment of Permanent Injunction against Defendant James E. Fisher on September 30, 1997. This Judgment permanently enjoined and restrained Fisher from violations of the federal securities acts.
- 3) A Summary Order of Rescission was issued by Department of Financial Institutions (now the Office of Financial Institutions) against Smithco Oil, Inc., Defendant Jim Fisher, and others on December 10, 1993. A summary Order to Cease and Desist was issued on September 17, 1993. On March 24, 1995 these orders were made final and permanent by Acting Commissioner Edward J. Holmes.
- 4) On July 3, 2006 the Office of Financial institutions received information from the Kentucky Office of the Attorney General concerning the sale by Jim Fisher of oil and gas interests to a Massachusetts investor. The sale was made during 2006 on behalf of a company called Lucky Production Oil Exploration. The complainant stated that the sale was made by Jim Fisher of Albany, Kentucky, Defendant herein.
- 5) On December 12, 2006 the Office of Financial Institutions received information from the Texas State Securities Board concerning an offer by Defendant Fisher to sell an interest in an oil and gas drilling program. Fisher made the offer during 2006 to an employee of the Texas State Securities Board. Fisher unknowingly "cold called" the Texas employee and followed up the telephone call by mailing a package of written offering materials to the employee. The offering materials indicate Jim Fisher as the owner of Foust Petroleum with an address of P.O. Box 220, Albany, Kentucky, 42602.
- 6) The interests in oil and gas drilling programs offered and sold by the Defendants were not registered or exempt from registration and were not covered securities. The transactions in which the Defendants offered and sold the interests were not exempt transactions.
- ~~7) Defendant Fisher was not registered as a broker-dealer or agent at the time of the offers and sales of the interests.~~
- 8) Defendant Foust Petroleum was not registered as a broker-dealer at the time of the offers and sales of the interests.
- 9) Defendants failed to provide adequate disclosure of material facts (i.e. use a proper Private Placement Memorandum, Offering Circular, or Prospectus) in connection with each offer and sale of the interests.
- 10) The Office and the Commonwealth of Kentucky have jurisdiction over this matter.

11) The Defendants pose a danger to the investing public.

CONCLUSIONS OF LAW

- 12) KRS 292.310(18) includes within the definition of a security a “fractional undivided interest in oil, gas, or other mineral rights.” Each interest in the oil and gas drilling programs described in the above findings of fact constitutes a security as defined in KRS 292.310(18).
- 13) KRS 292.340 provides that it is unlawful for any person to offer or sale a security in Kentucky unless the security is registered, the security or transaction is exempt from registration, or the security is a covered security. The Defendants’ offer and sale of securities by the Defendants described in the above findings of fact constitutes a violation of KRS 292.340.
- 14) KRS 292.330(1) requires registration of a person transacting business in Kentucky as a broker-dealer or agent. The Defendants’ offer and sale of securities described in the above findings of fact constitutes a violation of KRS 292.330(1).
- 15) KRS 292.320(1) provides that it is unlawful for any person to make an untrue statement of a material fact or misleading statement in connection with the offer or sale of a security. The Defendants’ offer and sale of securities described in the above findings of fact constitutes at least one violation of KRS 292.320(1) and an additional separate violation of KRS 292.320(1) for each material fact not disclosed to the investors for each security.

ORDER

IT IS ORDERED THAT:

1. Defendants, Jim Fisher, a/k/a James E. Fisher, named in his personal capacity and Foust Petroleum are permanently enjoined from transacting in securities with any person or business entity of any kind that is physically present in the Commonwealth of Kentucky, whether Defendants are themselves within or outside of the territorial boundaries of the Commonwealth of Kentucky.
2. Defendants, Jim Fisher, a/k/a James E. Fisher, named in his personal capacity and Foust Petroleum shall not, directly or indirectly, offer or sell securities anywhere within the Commonwealth of Kentucky or to any person or business entity of any kind, that is physically

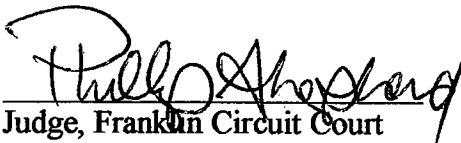
present in the Commonwealth of Kentucky, whether Defendants or any one or several of them are themselves within or outside of the territorial boundaries of the Commonwealth of Kentucky.

3. Defendants, Jim Fisher, a/k/a James E. Fisher, named in his personal capacity and Foust Petroleum shall not act as a broker-dealer or agent, registered or unregistered, anywhere within the Commonwealth of Kentucky, or in connection with any offer or sale of a security to any person or business entity of any kind that is physically present in the Commonwealth of Kentucky, whether Defendants are themselves within or outside of the territorial boundaries of the Commonwealth of Kentucky.

4. Defendants, Jim Fisher, a/k/a James E. Fisher, named in his personal capacity and Foust Petroleum shall not act as an investment adviser within the Commonwealth of Kentucky or to any person or business entity of any kind that is physically present in the Commonwealth of Kentucky whether Defendants or any one or several of them are themselves within or outside of the territorial boundaries of the Commonwealth of Kentucky.

5. Defendants, Jim Fisher, a/k/a James E. Fisher, named in his personal capacity and Foust Petroleum shall not own or control any portion whatsoever of any person or business entity that engages in any act or that engages in any transaction with any person or business entity of any kind, that is physically present in the Commonwealth of Kentucky, that the Defendants, or ~~any one or several of them could not engage in themselves pursuant to this Order.~~

6. Defendants, Jim Fisher, a/k/a James E. Fisher, named in his personal capacity and Foust Petroleum are ordered not to violate the Securities Act of Kentucky and the administrative regulations promulgated pursuant to that Act.


Judge, Franklin Circuit Court

AGREED TO this the 28 day of MAY, 2007.

Foust Petroleum

Jim Fisher 5-28-07
Jim Fisher, a/k/a James E. Fisher,
named in his personal capacity Date

By: James Fisher 5-28-07
Date

HAVE SEEN AND AGREED TO:

Karen Chrisman 5-25-07
Karen Chrisman, Esq. Date
McBrayer, McGinnis, Leslie, Kirkland
300 Whitaker Bank Building
P.O. Box 1100
Frankfort, Kentucky 40602-1100
Attorney for Defendants
Phone: (502) 223-1200

Greg Jennings 6/29/07
Greg Jennings Date
Attorney for Plaintiff
Kentucky Office of Financial Institutions
1025 Capital Center Drive
Frankfort, Kentucky 40601
Phone: (502) 573-3390
Fax: (502) 573-8787

Distribution:

Karen Chrisman, Esq.
McBrayer, McGinnis, Leslie, Kirkland
300 Whitaker Bank Building
P.O. Box 1100
Frankfort, Kentucky 40602-1100

Greg Jennings
General Counsel
Kentucky Office of Financial Institutions
1025 Capital Center Drive
Frankfort, Kentucky 40601