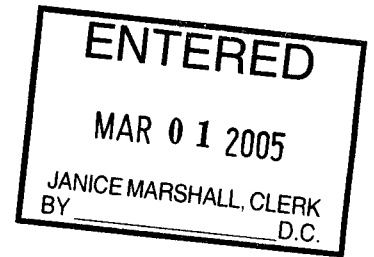


**COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION II
04-CI-0957**



COMMONWEALTH OF KENTUCKY, ex rel Executive Director PLAINTIFF
of the Office of Financial Institutions

vs.

**MAMMOTH RESOURCE PARTNERS, INC.,
MAMMOTH RESOURCE PARTNERS, LLC, and
DR. ROGER CORY, PRINCIPAL DEFENDANTS**

AGREED ORDER

The Plaintiff, the Commonwealth of Kentucky, ex rel Executive Director of the Office of Financial Institutions (“OFI”), and the Defendants, Mammoth Resource Partners, Inc., Mammoth Resource Partners, LLC, and Dr. Roger Cory (collectively, the “Defendants”), have reached an agreement pursuant to CR 65 in the above-styled matter.

1. The Defendant, Roger Cory for himself and his companies, believes certain allegations by, or legal positions of, OFI against Dr. Cory (and them as applicable) are untrue or invalid. Neither Dr. Cory or any of the Defendants or the OFI agree that this Order constitutes an admission on any point of law by the Defendants, or any of them, or OFI, nor does it constitute an admission of any wrongdoing or liability for any purpose by either Defendants or by any of their agents, officers, directors, employees, attorneys, successors or assigns or any person in active concert or participation with them; and this Order may not be used against Defendants, OFI, or any other person or entity in any other proceeding or action as such an admission. This Agreed Order merely settles this matter. All parties hereto reserve the right to advance positions in the future that are contrary to the actions taken to settle this matter.

2. The Defendants admit that they are in violation of the registration provisions of the Securities Act of Kentucky (“Act”).

3. This Agreed Order includes all securities as defined in KRS 292.310(18), including but not limited to any interests in oil and/or gas drilling programs. The Defendants agree that they are on notice that if they offer or sell any securities that they must provide the investor or potential investor an offering circular or prospectus disclosing all material facts in connection with the investment, including, but not limited to salient risk factors and the background of the principals connected with the investment.

4. The Defendants agree that they are on notice that if they offer or sell any securities that they must first register the securities, file a claim of exemption from registration, or provide proof of a covered security, as applicable, and/or as provided in KRS 292.340.

5. The Defendants agree that they are on notice that all persons employed, associated or affiliated with the Defendants for the solicitation or sale of securities on behalf of the Defendants are required to be registered as agents pursuant to KRS 292.330 prior to the offering or sale of any security.

6. The Defendants agree that all persons employed, associated or affiliated with the Defendants for the solicitation or sale of securities shall be examined and pass the Series 22 examination within nine (9) months of the entry of this Order, or else cease soliciting and/or selling securities.

7. The National Association of Securities Dealers (“NASD”) administers all the securities exams whether an individual is taking an exam to become registered as an agent of an NASD registered broker dealer, an investment adviser (however, Investment

advisers are not registered with the NASD), or as an agent of an issuer (also not NASD registered). Several exams are state law exams maintained by NASAA for the states but most are technically and actually owned by the NASD (the S22 is one such exam). The "State Desk" is the section of the NASD that deals with state regulators. In order for the Defendants herein and/or their agents, as applicable, to have the NASD to allow them to take the Series 22 exam, OFI must send the State Desk an email indicating that it is sponsoring the individuals (only) to take the test. OFI requires the test applicant's name and Social Security Number so that the NASD can match the test applicant with the relevant U10 filing when the individual applicant submits it. Defendants shall send OFI any information mentioned herein in connection with any applications they desire to have processed so that they or their agents can take an NASD examination. Also, a copy of the relevant Form U10 shall be submitted by the Defendants at the same time they send other information required herein by the NASD. In addition, the Defendants, or their agents, as applicable, shall submit any other information reasonably requested by the OFI in connection with the submission and processing of the application to take an NASD examination. The Defendants understand that failure to cooperate with the OFI by providing information referenced herein shall be grounds for the OFI to cease all efforts on its part to assist the Defendants in sitting for the exams referenced herein, and that in the event of such failure, the Defendants shall be precluded from offering and/or selling securities. OFI does further represent and agree that it will promptly notify the NASD that it is sponsoring the individual to take the exam as requests for the license testing are requested.

8. The Defendants agree that they shall seek a written opinion from a qualified attorney, that is an attorney with specialized expertise in the area of state *and* federal securities law, prior to the offering or sale of any investment or instrument to determine whether the investment or instrument sought to be offered or sold is a security and to determine whether the offering or sale is barred by this agreement or the Act, or both.

9. The Defendants agree not to violate the Act, any regulations promulgated thereunder, or any Orders of the Executive Director or his predecessors in office.

10. The Defendants shall, prior to soliciting or making any offer or sale of a security in reliance on Federal Regulation D, file an executed Form D for their offering and Private Placement Memorandums (“PPM”) or equivalent offering documents, along with any applicable filing fees, notwithstanding any rules or regulations to the contrary. OFI does not by the filing of the PPM approve or disapprove the materials therein and the Defendants shall take appropriate steps to make sure investors or potential investors know that this is so.

11. The Defendants agree that all investors, whether accredited or not, will receive a PPM or equivalent offering document *in advance* of the sale of the investment.

12. The Defendants agree to provide a geological report prepared by a licensed geologist as a part of any offering material.

13. The Defendants agree to include the following information in any offering material, notwithstanding any opinions of counsel or other jurisdictions.

a) Defendants and any individuals or entities subject to their control, direct or indirect, shall provide full and accurate information pertaining to the case of

Donald Ferguson, et al., v. Roger L. Cory, et al., Superior Court at California, matter, filed as a default judgment in 1992 against Defendant, Roger Cory.

- b) Defendants and any individuals or entities subject to their control, direct or indirect, shall be more specific as to disclosing the use of proceeds. Such disclosure shall contain a *detailed* breakdown of all expenses to be paid from the offering proceeds. Such expenses include, but are not limited to, salaries, marketing and sales, overhead, legal, accounting, and printing costs.
- c) Regarding one Steve Burchett, current Director of Drilling Operations, the disclosure for any offering that he is connected with shall reveal, in plain terms, any conflicts of interest that he has with the offering, such as whether drilling will be done on leases located on Burchett's property, and it shall reveal in detail, the existence of any Orders entered against Burchett by any securities regulator or any court of law, anywhere.
- d) This information is not an exhaustive list of what shall be clearly disclosed in the offering materials. Any material facts in connection with the offerings and any facts necessary to make other facts that are disclosed not misleading, shall be disclosed in any offering made by any one or several of the Respondents.

14. The Defendants agree that they will not engage in any general solicitation of investors.

15. The Defendants agree to maintain detailed documents of all investor contacts and make these available, with or without prior notice, for inspection at any time by the Executive Director or his employees.

16. The Defendants shall submit written reports to the OFI every thirty (30) days for twelve (12) months, beginning with the entry date of this Order. OFI agrees that it will keep the reports and information therein confidential and not provide them (or the information) to any third party except another governmental or regulatory authority provided however, the Kentucky Open Records Act controls and so OFI will only maintain records as confidential within the confines of the Open Records Act. Furthermore, OFI is bound by its own regulation, 808 KAR 10:390, "Confidentially disclosed documents." Consequently, confidentiality cannot be guaranteed by OFI. It will only be an undertaking subject to the Open Records Act and 808 KAR 10:390. The OFI agrees to review this requirement after six (6) months. The reports shall conform to the requirements provided by OFI and shall contain any documents requested. The reports shall be filed within 15 days after the end of each month. The reports shall, at a minimum, contain:

- a) The records of all funds raised and expended by the Defendants in relation to the solicitation and sale of securities;
- b) The name, address, and telephone number of each investor;
- c) Copies of all completed investor subscriptions agreements;
- d) Copies of all contracts with any driller or operator of each well;
- e) Copies of all invoices, receipts or other documents representing payment for oil or gas produced by each well;
- f) Copies of receipts for all expenses relative to the drilling and operation of each well;

- g) Copies of all bank account statements, deposit slips, cancelled checks (front and back), and other items drawn on the account, that are relative to the offering; and
- h) Copies of documents representing payments to investors.
- i) Copies of any turnkey agreements with Burchett Drilling Company or any successor thereto.

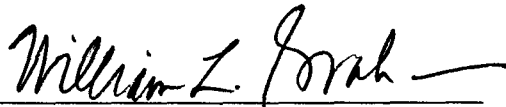
17. Copies of documents shall suffice anytime documents are required herein unless OFI otherwise specifically requests originals. While summaries may be included in any reports requested herein as extra information to clarify the reports or otherwise assist the reader, copies of actual documents shall be provided any time documents are specifically mentioned herein.

18. The Defendants agree to pay a civil penalty in the amount of *Three thousand five hundred dollars (\$3,500.00)* to the Commonwealth of Kentucky within *thirty (30) days* of the date of entry of this Order.

19. The Defendants agree to negotiate in good faith with Mr. Fred Pearl, a resident of Rancho Mirage, California, concerning his investment in Mammoth Premier and make every reasonable effort to satisfy his complaint.

20. Notwithstanding the agreement herein,

IT IS HEREBY ORDERED that this **AGREED ORDER** shall remain in force unless superseded by another **ORDER** of this Court in this matter.

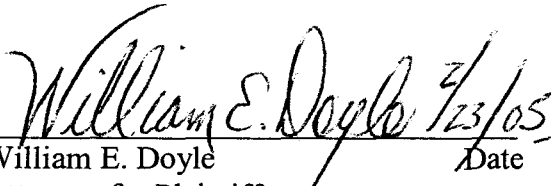



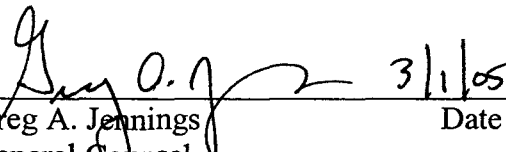

William Graham, esq.
Judge, Franklin Circuit Court

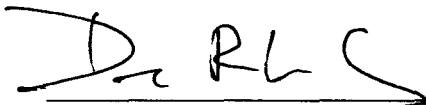


Date

HAVE SEEN AND AGREED TO:

 _____ William E. Doyle Attorney for Plaintiff Office of Financial Institutions 1025 Capital Center Drive, Suite 200 Frankfort, Kentucky 40601 Telephone (502) 573-3390	<u>2/23/05</u> Date	 _____ Hunter Durham Attorney for Defendants Durham & Zornes 130 Public Square P.O. Box 100 Columbia, Kentucky 42728-0100 Telephone (270) 484-4411	_____ Date
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 _____ Greg A. Jennings General Counsel Office of Financial Institutions 1025 Capital Center Drive, Suite 200 Frankfort, Kentucky 40601 Telephone (502) 573-3390	<u>3/1/05</u> Date	 _____ MAMMOTH RESOURCE PARTNERS, INC., and MAMMOTH RESOURCE PARTNERS, LLC by Dr. Roger Cory One Wall Street, Building B Cave City, Kentucky 42126	_____ Date
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 _____ Defendant, Dr. Roger Cory, Individually One Wall Street, Building B Cave City, Kentucky 42126	_____ Date
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