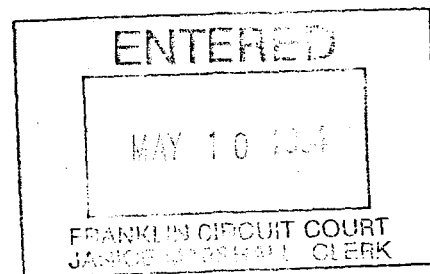


COMMONWEALTH OF KENTUCKY  
FRANKLIN CIRCUIT COURT  
FRANKFORT, KENTUCKY  
CIVIL ACTION NO. 04-CI-00335



DEPARTMENT OF FINANCIAL INSTITUTIONS

PETITIONER

vs.

BASIN OIL & GAS CORPORATION

RESPONDENT

ORDER

\* \* \* \* \*

A Complaint for Injunctive Relief having been filed by the Petitioner on March 3, 2004 and a hearing having been scheduled on said Complaint for a temporary injunction at the request of the Petitioner on April 6, 2004 but, at the request of the Respondent, said hearing was rescheduled for May 3, 2004 with notice of said rescheduled date mailed to the Respondent and its attorney; and,

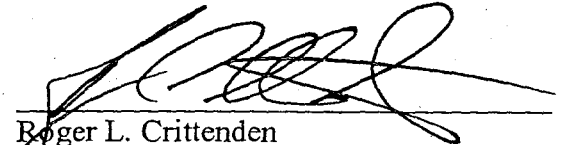
WHEREAS, on May 4, 2004 the Petitioner received from the Respondent a Settlement Agreement signed by the President and counsel for Basin Oil & Gas Corporation and same had attached thereto a check in the amount of Seven Thousand Five Hundred Dollars (\$7,500) in payment of a fine which the Office of Financial Institutions had indicated to the Respondent would be necessary to a settlement of its Complaint;

NOW THEREFORE, it appearing to the Court that the Complaint of the Petitioner filed herein on March 3, 2004 was duly served by certified mail on the Respondent on March 4, 2004 and the notice of rescheduled hearing date was duly served by the attorney for the Petitioner on the Respondent and its attorney by regular mail on April 1, 2004;

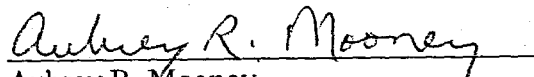
AND, there being no responsive pleadings herein other than the Settlement Agreement described above;

IT IS THEREFORE ORDERED that the Settlement Agreement dated April 30, 2004 and received by the Petitioner on May 4, 2004 is accepted by the Court as a final disposition of the issues presented by the Petitioner's Complaint for Injunctive Relief and same is incorporated by reference as if fully set out herein.

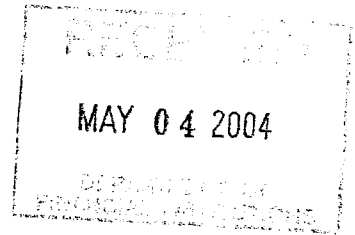
ENTERED this 7th day of May, 2004.

  
\_\_\_\_\_  
Roger L. Crittenden  
Judge, Franklin Circuit Court  
Division 1

PREPARED BY:

  
\_\_\_\_\_  
Aubrey R. Mooney  
Attorney for the Petitioner

COMMONWEALTH OF KENTUCKY  
FRANKLIN CIRCUIT COURT  
DIVISION I  
CIVIL ACTION NO. 04-CI-00335



DEPARTMENT OF FINANCIAL INSTITUTIONS

PLAINTIFF

vs.

BASIN OIL & GAS CORPORATION

DEFENDANT

**SETTLEMENT AGREEMENT**

\* \* \* \* \*

The Plaintiff having filed a Complaint for Injunctive Relief herein on March 3, 2004, and a hearing having been scheduled on the issues presented by said Complaint for April 6, 2004 at 10:00 am; and the Defendant having indicated a willingness to settle said issues without the necessity of a hearing before the Court; the Plaintiff and the Defendant do hereby agree to dismiss the subject Complaint for Injunctive Relief herein and cancel the hearing thereon upon the following terms and conditions:

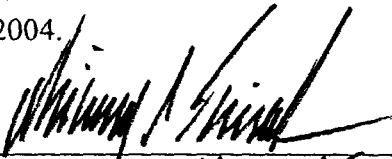
1. The Defendant agrees to cease to engage in the sale of interests in oil and gas offerings or any other securities to or from the state of Kentucky for a period of one year from the entering of an Order of this Court incorporating this Settlement Agreement. The Defendant shall honor any subscription agreements heretofore entered into but shall cease the further sale of securities for said one year period.

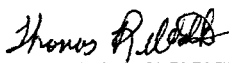
2. The Defendant agrees to pay a fine in the amount of Seven Thousand Five Hundred Dollars (\$7,500) payable to the Kentucky State Treasurer to avoid the hearing

scheduled for April 6, 2004, and the Defendant understands that said hearing will not be cancelled until said fine is received by the Commonwealth of Kentucky, Department of Financial Institutions, 1025 Capital Center Dr., Suite 200, Frankfort, KY 40601.


3. In consideration of the Defendant's compliance with the above stipulations, the Plaintiff agrees that the issues presented by its Complaint for Injunctive Relief shall be settled and said Complaint shall not be revived unless it is found that the Defendant has continued to engage in the sale of securities to or from the Commonwealth of Kentucky during the period of suspension.

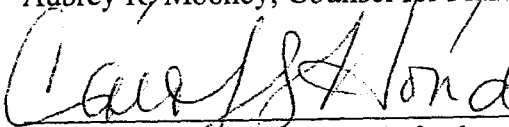
Entered into this 30~~th~~ day of APRIL, 2004.

  
Ker Pennington William P. Eufice  
Deputy Commissioner Executive Director  
Department of Financial Institutions

  
Thomas R. Watkins  
President  
Basin Oil & Gas Corporation

HAVE SEEN:

  
Aubrey R. Mooney, Counsel for Plaintiff

  
Carol Houck, Attorney for Defendant