

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: BASIN OIL AND GAS CORPORATION, )  
ITS OFFICERS, DIRECTORS, ) File No. 0400608  
EMPLOYEES, AFFILIATES, SUCCESSORS, )  
AGENTS AND ASSIGNS )

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TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENT: Basin Oil and Gas Corporation  
207 E. Reynolds Rd, Suite C  
Lexington, KY, 40517-1276

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, having been fully advised in the premises by the staff of the Illinois Securities Department, Office of the Secretary of State, herein find:

1. That Respondent, Basin Oil and Gas Corporation ("Basin Oil and Gas") is a purported business entity, with a last known address of 207 E. Reynolds Rd, Suite C Lexington KY.
2. That during the period of 2003 through 2004, Basin Oil and Gas sold interests in 8 oil wells to be drilled for \$18,750 total to 1 Illinois investor.
3. That the above-referenced oil interests are securities as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act").
4. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.

Temporary Order of Prohibition

-2-

5. That during the period of March through April 2004, Basin Oil and Gas filed 3 SEC Form 4 Notice of Sales of Securities Pursuant to Regulation D, Section 4(6, and/or Uniform Limited Offering Exemption with the Illinois Securities Department reporting sales to Illinois investors.
6. On May 2, 2005, The Department sent an inquiry letter pursuant to Section 11.C of the Act requesting information on sales of securities by Basin Oil and Gas to Illinois investors. This letter was received by Basin Oil and Gas on May 8, 2005 and signed for by Tom Watkins, President of Basin Oil and Gas.
7. On July 14, 2005, a Staff member of the Illinois Securities Department contacted Tom Watkins regarding the 11.C letter request and re-faxed the same to Tom Watkins.
8. On October 19, 2005, after receiving no response from Basin Oil and Gas to the 11.C letter request, a second letter was sent to Basin Oil and Gas advising the firm that failure to respond to the 11.C letter request could result in administrative action and sanctions.
9. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provision of the Act.
10. That at all times relevant hereto, Basin Oil and Gas, its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns failed to file a response to the Department's request for information pursuant to Section 11.C of the Act.
11. That by virtue of the foregoing, Basin Oil and Gas, its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns have violated Sections 12.D of the Act.
12. That Section 11.F.(2) of the Act provides, inter alia, that the Secretary of State may temporarily suspend or prohibit the offer or sale of securities by any person if the Secretary of State in his or her opinion, based upon credible evidence, deems it necessary to prevent an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably

Temporary Order of Prohibition

-3-

believes will occur as a result of a prior violation of the Act.

13. That based upon the foregoing, the Secretary of State deems it necessary, in order to prevent imminent and additional violations of the Act, and to prevent losses to investors as a result of the referenced prior violation of the Act, to enter an order pursuant to the authority granted under Section 11.F of the Act which prohibits Basin Oil and Gas, its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns from offering and/or selling securities in the State of Illinois.
14. That based upon the credible evidence available to the Secretary of State, the entry of this Temporary Order is in the public interest and is consistent with the purposes of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Basin Oil and Gas, its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns are hereby PROHIBITED from offering and/or selling securities in or from the State of Illinois until further order of the Secretary of State.

NOTICE is hereby given that the Respondent may request a hearing on this matter by transmitting such request in writing to Securities Director, Illinois Securities Department, 300 W. Jefferson St., Suite 300A, Springfield, Illinois 62702. Such request must be made within thirty (30) days of the date of entry of this Temporary Order. Upon receipt of a request for hearing, a hearing will be scheduled. Request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for ninety days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER ENTRY OF THIS TEMPORARY ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND CONSTITUTES SUFFICIENT BASIS TO MAKE THE TEMPORARY ORDER FINAL.

Temporary Order of Prohibition

-4-

ENTERED: This 31<sup>st</sup> day of January, 2006

Jesse White  
JESSE WHITE  
Secretary of State  
State of Illinois

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