

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: BASIN OIL AND GAS CORPORATION,)
ITS OFFICERS, DIRECTORS,) File No. 0400688
EMPLOYEES, AFFILIATES, SUCCESSORS,)
AGENTS AND ASSIGNS)

ORDER OF PROHIBITION

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

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on January 31, 2006 prohibiting Basin Oil and Gas Corporation, its officers, directors, employees, agents, affiliates, successors and assigns from offering or selling securities in the State of Illinois until further order of the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act"), the failure to request a hearing within thirty days of the entry of the Temporary Order of Prohibition shall constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Basin Oil and Gas Corporation, its officers, directors, employees, agents, affiliates, successors and assigns have failed to request a hearing on the matters contained in the said Temporary Order within thirty days of the entry of said Temporary Order and are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's final Findings of Fact as follows:

1. That Respondent, Basin Oil and Gas Corporation ("Basin Oil and Gas") is a purported business entity, with a

Order of Prohibition

-2-

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.
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.

Order of Prohibition

-3-

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

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's final Conclusions of Law as follows

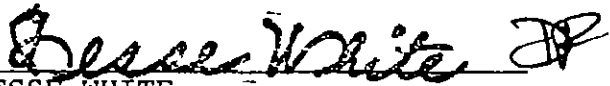
1. That by virtue of the foregoing, the Respondent, Basin Oil and Gas Corporation, by and through its officers, directors, employees, agents, affiliates, successors and assigns, has violated Section 12.D of the Act; and
2. That by virtue of the foregoing, the Respondent, Basin Oil and Gas Corporation, its officers, directors, employees, agents, affiliates, successors and assigns are subject, pursuant to Section 11.F of the Act, to an Order which permanently prohibits them from offering or selling securities in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Basin Oil and Gas Corporation, its officers, directors, employees, agents, affiliates, successors and assigns are hereby prohibited from offering or selling securities in the State of Illinois until further order of the Secretary of State.

ENTERED. This 31st day of March, 2006

Order of Prohibition

-4-


JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Illinois Securities Act, [14 Ill Admin. Code Ch. I, Section 130.1123]. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:
David Finnigan
Illinois Securities Department
300 W. Jefferson St. Suite 300A
Springfield, Illinois 62701
Telephone: (217) 785-4947