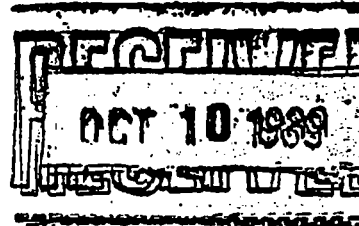


IN THE COURT OF COMMON PLEAS
MORGAN COUNTY, OHIO



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State of Ohio, ex rel. *Morgan* :
Anthony J. Celebrezze, Jr. :
Attorney General of Ohio, :

Plaintiff, :

-vs- :

Redman Oil Company, Inc., :

Defendant. :

Case No. CV-88-144

Hon. Judge
William H. Safranek, III

JOURNAL ENTRY AND CONSENT ORDER

The Complaint having been filed on September 23, 1988 under R.C. Chapter 1509; and Plaintiff State of Ohio and Defendant Redman Oil Company, Inc. (hereinafter referred to as "Defendant Redman") having consented, without trial or adjudication of any issue of fact or law herein, to the entry of this Journal Entry and Consent Order;

THEREFORE, before the taking of any testimony, upon the Complaint and the consent of the parties hereto, this Court hereby ORDERS and DECREES as follows:

I.

This Court has jurisdiction of the parties and of the subject matter of this case pursuant to R.C. Chapter 1509 and to the extent allowed by 11 U.S.C. § 362, et seq. Venue is proper in this Court. Defendant Redman consents to the entry of this Journal Entry and Consent Order and waives any objection it may have with respect to

the sufficiency of the Complaint for the purpose of settling the claims alleged in the Complaint.

II.

An involuntary petition in bankruptcy was filed against Redman Oil Company, Inc. on July 22, 1988, in Case No. 2-88-03704 in the United States Bankruptcy Court for the Southern District of Ohio. An Order for Relief was entered effective November 8, 1988. Redman Oil Company, Inc. is a debtor-in-possession in this case.

III.

The provisions of this Judgment Entry and Consent Order shall apply to and be binding upon the signatories hereto, their agents, officers, employees, assignees, heirs and successors in interest.

IV.

In its Complaint, Plaintiff State of Ohio has alleged that Defendant Redman violated certain sections of R.C. Chapter 1509 at the Alice Davis No. 2 well located in Bristol Township, Morgan County, Ohio. Execution of this Journal Entry and Consent Order by Redman Oil does not constitute an admission by Redman Oil of any fact or violation of law alleged by the State of Ohio. Redman Oil expressly denies the violations alleged by the State of Ohio in its Complaint.

V.

Defendant Redman shall be permanently enjoined to bring the Alice Davis No. 2 well into compliance with R.C. Chapter 1509 by making the Alice Davis No. 2 well capable of producing oil or gas

in commercial quantities within one hundred and twenty (120) days from the entry of this Journal Entry and Consent Order.

VI.

Defendant Redman shall be further permanently enjoined to properly plug and abandon the Alice Davis No. well within two hundred and twenty (220) days from the entry of this Journal Entry and Consent Order.

If Defendant Redman is unable to properly plug and abandon the Alice Davis No. 2 well within the initial two hundred and twenty (220) day period due to adverse weather conditions, Defendant Redman shall have additional time necessary, but in no event more than sixty (60) days, to properly plug and abandon the well.

VII.

Contingent upon approval of the United States Bankruptcy Court for the Southern District of Ohio, Defendant Redman shall pay to the Plaintiff State of Ohio a civil penalty for the alleged violations of R.C. 1509.03 and 1509.12, in the following manner:

A. The payment of \$2,000.00 in cash as an allowed, post-petition, administrative claim under 11 U.S.C. § 507(a)(1) and § 503(b)(1) payable no later than fifteen (15) days after the entry by the United States Bankruptcy Court approving this settlement.

B. An allowed "gap" claim under 11 U.S.C. § 507(a)(2) and § 502(f) in the amount of \$4,000.00.

C. An allowed, unsecured claim against the Redman Oil Company, Inc. bankruptcy estate of \$4,000.00.

Said civil penalty shall constitute full satisfaction of liability of Defendant Redman for the violations of R.C. Chapter 1509 asserted in Plaintiff State of Ohio's Complaint involving the Alice Davis No. 2 well.

VIII.

All of the provisions of the within Judgment Entry and Consent Order are contingent upon the approval pursuant to the United States Bankruptcy Rule 9019 of the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division, Case No. 2-88-03704, involving debtor Redman Oil Company, Inc.

IX.

This Court retains jurisdiction of this action for the purpose of making any order or decree it may deem necessary to carry out this Journal Entry and Consent Order.

X.

Defendant Redman agrees to pay all costs of this action to date incurred by this Court or its Clerk.

XI.

Defendant Redman states that it has read and fully understands this Journal Entry and Consent Order and agrees to comply with it fully.

XII.

The State of Ohio shall be listed as a creditor of Defendant Redman in any bankruptcy proceedings involving Defendant until such time as the civil penalty is satisfied in its entirety.

William H. Safránek, III
JUDGE WILLIAM H. SAFRÁNEK, III
Court of Common Pleas
Morgan County, Ohio

APPROVED:

ANTHONY J. CELEBREZZE, JR.
ATTORNEY GENERAL OF OHIO

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By: _____

REDMAN OIL COMPANY, INC.

By: *Howard J. Cuth*

By: _____

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