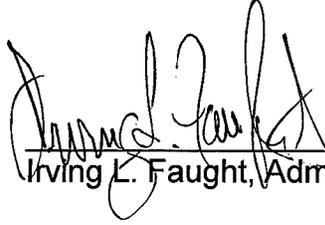


FURTHER AFFIANT SAYETH NOT.

Dated this 29th day of March, 2004.

(SEAL)



Irving L. Faught, Administrator

Subscribed and sworn to before me this 29th day of March, 2004.

(NOTARY SEAL)

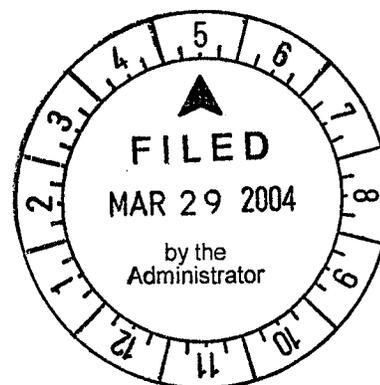


Notary Public

My Commission Expires: August 26, 2005

My Commission Number: 01013792

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Buckeye Energy Corporation
and Phillip Sharp,

Respondents.

ODS File No. 03-140

NOTICE OF OPPORTUNITY FOR HEARING

1. Pursuant to his authority under Section 405 of the Oklahoma Securities (Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (West 2004), the Administrator of the Oklahoma Department of Securities (Department) authorized an investigation into the activities of Buckeye Energy Corporation and Phillip Sharp (Respondents), in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.

2. On the 29th day of March, 2004, the attached Enforcement Division Recommendation (Recommendation) was left in the office of the Administrator.

3. Pursuant to Section 406(b) of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within fifteen (15) days after service of this Notice. Pursuant to Section 406(b) of the Act, failure to request a hearing as provided for herein shall result in the issuance of an order to cease and desist against Respondents.

5. The request for hearing shall be in writing and Respondents shall specifically admit or deny each allegation in said request as required by 660:2-9-1(c) of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within sixty (60) days or a written order denying hearing shall be issued.

7. Notice of the date, time and location of the hearing shall be given to Respondents not less than ten (10) days in advance thereof pursuant to 660:2-9-3(a) of

the Rules. Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 29th day of March, 2004.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 30th day of March, 2004, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Enforcement Division Recommendation was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon addressed to:

Buckeye Energy Corporation
32 Courthouse Square
Byrdstown, TN 38549

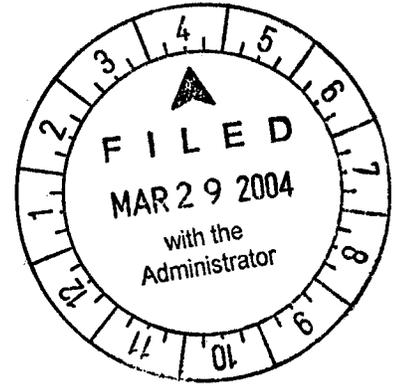
and

Phillip Sharp
32 Courthouse Square
Byrdstown, TN 38549



Brenda London Smith
Paralegal

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER
120 N. ROBINSON, SUITE 860
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Buckeye Energy Corporation
and Phillip Sharp,

Respondents.

ODS File No. 03-140

ENFORCEMENT DIVISION RECOMMENDATION

Pursuant to Section 405 of the Oklahoma Securities Act (Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 and Supp. 2003), an investigation was conducted by the Oklahoma Department of Securities (Department) into the activities of Buckeye Energy Corporation and Phillip Sharp (Respondents), in connection with the offer and/or sale of certain investment agreements in the state of Oklahoma.

Based thereon, the following Findings of Fact, Authorities, and Conclusions of Law are submitted to the Administrator of the Department (Administrator), or his designee, in support of the issuance of an order to cease and desist.

Findings of Fact

1. Buckeye Energy Corporation (Buckeye) is a Tennessee corporation with its principal place of business at 32 Courthouse Square, Byrdstown, Tennessee.
2. Phillip Sharp (Sharp) is an individual who, at all times relevant hereto, was a resident of the state of Tennessee and the president of Buckeye.
3. Beginning in or about October, 2001, Respondents offered what they referred to as "investment agreements" (the "Investment Agreements") in the state of Oklahoma. The Investment Agreements provided for the investment of money by investors in return for the assignment of a specified royalty interest in certain oil and gas wells in existence on certain leased property and a specified working interest in any new wells to be drilled on the leased property.
4. The Investment Agreements offered by Respondents were not registered pursuant to Section 301 of the Act.

To the extent any of these Findings of Fact should be considered Conclusions of Law, they should be so considered.

Authorities

1. Section 2 of the Act provides in pertinent part:

(v) "Security" means any:

* * *

(11) investment contract[.]

2. Section 301 of the Act provides:

It is unlawful for any person to offer or sell any security in this state unless:

(1) it is registered under this act or the security or transaction is exempted under Section 401 of this title; or

(2) it is a federal covered security.

3. Section 405 of the Act provides in part:

(a) The Administrator in his discretion:

(1) may make such public or private investigations within or outside of this state as he deems necessary to determine whether any person has violated or is about to violate any provision of this act or any rule or order hereunder, or to aid in the enforcement of this act or in the prescribing of rules and forms hereunder[.]

4. Section 406 of the Act provides in pertinent part:

(a) If the Administrator reasonably believes, whether or not based upon an investigation conducted under Section 405 of this title, that a person has violated the Oklahoma Securities Act, except under the provisions of Section 202.1 or 305.2 of this title, or a rule or order of the Administrator under the Oklahoma Securities Act or has engaged in dishonest or unethical practices in the securities business, the Administrator, in addition to any specific power granted by any other section of the Oklahoma Securities Act, may impose one or more of the following sanctions:

(1) issue an order against the person to cease and desist from engaging in such violation or dishonest or unethical practices or doing any act in furtherance thereof[.]

Conclusions of Law

1. The Investment Agreements are securities as defined by subsection (v) of Section 2 of the Act.

2. Respondents offered securities in the state of Oklahoma.

3. Respondents offered unregistered securities in the state of Oklahoma, in violation of Section 301 of the Act.

4. The Administrator has the authority pursuant to Section 406 of the Act to issue an order to cease and desist.

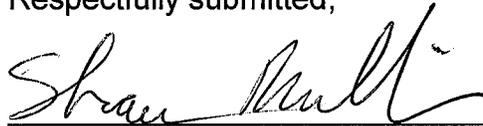
5. It is in the public interest to order Respondents to cease and desist from violations of Section 301 of the Act.

To the extent any of these Conclusions of Law should be considered Findings of Fact, they should be so considered.

WHEREFORE, it is recommended that the Administrator issue an order directing Respondents to cease and desist from engaging in violations of Section 301 of the Act or doing any act in furtherance thereof.

Dated this 29th day of March, 2004.

Respectfully submitted,



Shaun Mullins
Enforcement Attorney
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102
(405) 280-7700