

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



In the Matter of:

Cherokee Energy Company, L.L.C.,  
Appalachian Energy Partners 2001-D, L.L.P.,  
Martin R. Twist and  
Forrest Hammond,

Respondents.

ODS File No. 03-045

**OFFER OF SETTLEMENT, CONSENT AND UNDERTAKING**

Cherokee Energy Company, L.L.C. (Cherokee) and Martin R. Twist (Twist) (collectively, the "Respondents") hereby submit this Offer of Settlement, Consent and Undertaking (Offer of Settlement and Undertaking) to the Administrator of the Oklahoma Department of Securities (Department) as part of the administrative proceedings instituted against them pursuant to Section 406 of the Oklahoma Securities Act (Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 and Supp. 2002).

This Offer of Settlement and Undertaking is submitted solely for the purpose of this proceeding. Without admitting or denying the findings of fact and conclusions of law set forth in the attached Order Imposing Civil Penalty (Order), Respondents hereby stipulate, consent to and undertake the following:

1. Respondents consent to the entry of the Order and voluntarily waive their right to notice and hearing as required by the Act, the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules) and the Oklahoma Administrative Procedures Act, Okla. Stat. tit. 75, § 250 *et. seq.*
2. Respondents voluntarily waive any right they may have to appeal from the entry of the Order.
3. Respondents will comply with all provisions of the Act and the Rules including, but not limited to, compliance with Sections 101, 201 and 301 of the Act in connection with the offer and/or sale of securities in and/or from the state of Oklahoma.
4. Respondent Cherokee will, within 14 days of the effective date of the Order, notify all residents of the state of Oklahoma who have purchased the

securities of Appalachian Energy Partners 2001-D, L.L.P. (Purchasers) of the entry of the Order (the "Notification"). The Notification shall include a copy of the Order, set forth the language of subsection (f) of Section 408 of the Act, state the applicable date of the sale and specifically inform each Purchaser of the time periods beyond which each type of claim referenced in subsection (f) of Section 408 of the Act may be barred.

5. Respondent Cherokee will refund, to each Purchaser, the consideration paid for purchase of the Appalachian Energy Partners 2001-D, L.L.P. interest together with interest at ten percent (10%) per year from the date of payment if requested by the Purchaser within 30 days of receipt of the Notification by the Purchaser.

6. Immediately upon receipt of notice of the entry of the Order by the Administrator, Respondent Cherokee will submit a check made payable to the Department in the amount of Ten Thousand Dollars (\$10,000.00) in payment of a civil penalty.

7. Immediately upon receipt of notice of the entry of the Order by the Administrator, Respondent Twist will submit a check made payable to the Department in the amount of Two Thousand Five Hundred Dollars (\$2,500.00) in payment of a civil penalty.

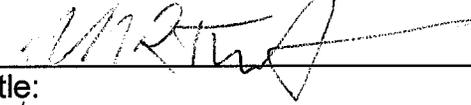
8. Respondents understand and agree that should Respondents fail to comply with any provision of this Offer of Settlement and Undertaking, the Administrator may vacate the Order and initiate administrative and/or civil proceedings against Respondents based on the subject matter of the Order.

9. Respondents neither admit nor deny the findings of fact, conclusions of law, or any other statements contained in the Order. Respondents agree not to take any action or to make any public statement inconsistent with this provision.

10. Respondents represent that they have read and understand this Offer of Settlement and Undertaking and that it is submitted voluntarily, and that no offer, promise, threat or inducement of any kind or nature has been made by the Administrator or the staff of the Department to induce Respondents to submit this Offer of Settlement and Undertaking, or to agree to the waivers and consents set forth herein.

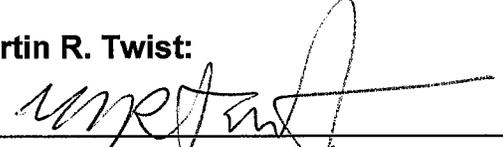
Respectfully Submitted,

**Cherokee Energy Company, L.L.C.:**

By:   
Title: \_\_\_\_\_

Date: December 3, 2003

Address:

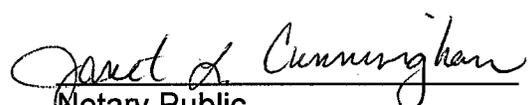
**Martin R. Twist:**  


Date: December 3, 2003

Address:

State of Kentucky  
County of Bullitt

On this 3<sup>rd</sup> day of December, 2003, Martin Twist,  
being known to me to be the individual who executed the foregoing personally  
appeared before me and did acknowledge that he executed the same.

  
Notary Public

My Commission No.: \_\_\_\_\_  
My Commission Expires: July 21, 2007  
(SEAL)