STATE OF NORTH CAROLINA

Department of The Secretary of State

IN THE MATTER OF:

NORTH CAROLINA SECURITIES DIVISION

Petitioner

vs.

DAYSTAR OIL AND GAS CORPORATION
13809 Research Blvd
Suite 1050
Austin, Texas 78750

Respondent.

SUMMARY ORDER
TO SUSPEND OFFER
AND SALE

FILE NO. 07-0156

PURSUANT TO the authority granted by Chapter 78A of the North Carolina General Statutes (the North Carolina Securities Act, hereinafter the "Act") and the administrative rules promulgated thereunder, the Securities Division of the Department of the Secretary of State (hereinafter the "Division") has examined the Regulation D 506 Notice Filing of **DAYSTAR OIL AND GAS CORPORATION** (hereinafter referred to as Respondent) to determine whether such Regulation D 506 Notice Filing is in compliance with the North Carolina Securities Act and is in the public interest of the citizens of North Carolina.

The Division has filed an Administrative Petition against the above-named Respondent seeking a summary order to suspend the offer and sale of the covered security referenced in Respondent's Regulation D 506 Notice Filing filed with the Division November 3, 2006 pursuant to the provisions of N.C.G.S. §78A-31(d). Based upon the information derived from the aforesaid examination, the Deputy Securities Administrator, acting in the public interest and for the purpose of protecting and preserving the public welfare, makes the following:

FINDINGS OF FACT

1. An Administrative Petition is filed and an action commenced against the above-named Respondent by the Petitioner, seeking relief under N.C.G.S. §78A-31(d).

2. The Petitioner, the Securities Division of the Department of the Secretary of State (hereinafter the "Division"), is authorized by N.C.G.S. §78A-31(d) to bring an action seeking suspension of the offer and sale in North Carolina of the covered securities referenced in Respondent's Regulation D 506 Notice Filing.

3. Upon information and belief the Respondent DAYSTAR OIL AND GAS CORPORATION is located at 13809 Research Blvd, Suite 1050, Austin, Texas 78750 and is a corporation organized and existing under the laws of the State of Texas since November 1990.

4. Respondent DAYSTAR OIL AND GAS CORPORATION sought to register its securities for sale in North Carolina by filing a Regulation D 506 Notice Filing with the Division pursuant to N.C.G.S. §78A-31(b) on November 3, 2006.

5. On November 3, 2006 the Division received a cover letter dated September 30, 2006 from Rodney C. Hanner of Hanner & Associates, PC referencing the Regulation D 506 Notice Filing of the above-captioned Respondent. The letter directed the Division to Rodney C. Hanner of Hanner & Associates, PC located at 706 Belden Court, St. Augustine, FL 32086 as a point of contact and included the following enclosures:

- Form U-2 Uniform Consent to Service of Process
- Form U-2A Uniform Corporate Resolution
- Form D – Highland Management
- Check #1109 in the amount of $150.00

6. On November 3, 2006 the Division sent a letter by mail to Mr. Rodney Hanner of Hanner & Associates, PC acknowledging that the North Carolina Securities Division had received the Regulation D 506 Notice Filing related to issuer DAYSTAR OIL AND GAS

COMPANY and a check in the amount of $150.00 for the filing fee. The letter informed Mr. Hanner that the required filing fee was $350.00 pursuant to N.C.G.S. §78A-31(b).

7. On February 23, 2007 and again on March 26, 2007 the Division sent follow-up letters by mail to Mr. Hanner of Hanner & Associates, PC informing him that the remaining $200.00 balance on the filing fee was delaying the effectiveness of the Regulation D 506 Notice Filing of Respondent.

8. As of the date of this Petition the Division has not received a response from Respondent to the March 26, 2007 letter and the unpaid balance of the filing fee remains at $200.00.

Based upon the foregoing factual findings, the Administrator makes the following:

CONCLUSIONS OF LAW

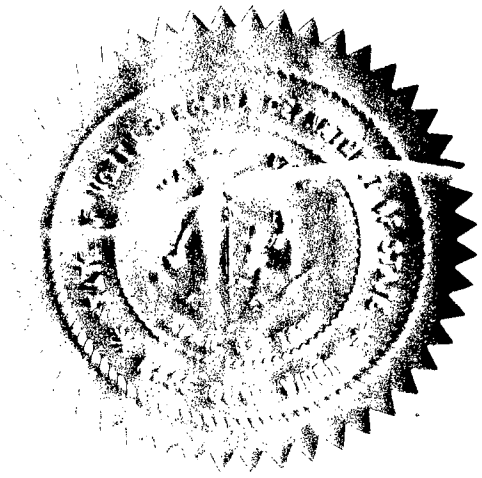
1. The Administrator has statutory authority pursuant to N.C.G.S. §78A-31(d) to issue an Order to suspend the offer and sale of the covered security referenced in Respondent's Regulation D 506 Notice Filing if the Administrator finds that (i) the order is in the public interest, and (ii) there is a failure to comply with any condition established under this section.

2. Based upon the activities described in Paragraphs 4, through 8 hereof, there is reasonable cause to believe that Respondent has willfully failed to comply with the filing fee payment requirement described in N.C. G.S. §78A-31(b), and that it is necessary and appropriate for the protection of the public interest in secure investments, and is consistent with the purposes fairly intended by the policy and provisions of the North Carolina Securities Act to suspend the offer and sale of the covered security referenced in Respondent's Regulation D 506 Notice Filing pursuant to N.C.G.S. §78A-31(d).

NOW, THEREFORE, IT IS HEREBY ORDERED for the protection of the investing public and preservation of the public interest in secure investments that, pursuant to the

authority contained in N.C.G.S. §78A-31(d) the Administrator hereby does suspend the offer and sale of the covered security offered by Respondent in North Carolina pursuant to the November 3, 2006 Regulation D 506 Notice Filing until such time as the Respondent has complied with the conditions set out in N.C.G.S. §78A-31(b) and 18 NCAC 06 .1211.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 13th day of June 2007.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA and
SECURITIES ADMINISTRATOR,

by:
DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR