ASPEN EXPLORATION CORP
Form DEF 14C
November 03, 2010

SCHEDULE 14C

INFORMATION STATEMENT PURSUANT TO SECTION 14(c)
OF THE SECURITIES EXCHANGE ACT OF 1934

Check the appropriate box:

[ ] Preliminary Information Statement
[ ] Confidential, for use of the Commission only as permitted by Rule 14c-6(e)(2)
[X] Definitive Information Statement

Aspen Exploration Corporation
(Name of Registrant as Specified in Its Charter)

Payment of filing fee (Check the appropriate box):

[X] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

[ ] Fee paid with preliminary materials.
[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, of the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

1

Aspen Exploration Corporation
dba Enservco Corporation
830 Tenderfoot Hill Road
Suite 310
Colorado Springs CO 80906
(719) 867-9911
Fax: (719) 867-9912

NOTICE OF STOCKHOLDER ACTION BY WRITTEN CONSENT
On November 3, 2010

To our Stockholders:

We are furnishing the attached Information Statement to the holders of Common Stock of Aspen Exploration Corporation, a Delaware corporation (the "Company"), doing business as Enservco Corporation. The purpose of the Information Statement is to notify stockholders that the board of directors of the Company (the "Board"), and certain stockholders representing more than a majority of the voting power of the Company's outstanding shares of Common Stock, have taken action to:

1. Amend the Company's Certificate of Incorporation;

2. Change the Company's fiscal year for tax purposes from June 30 to December 31 to be consistent with the Company's fiscal year for financial accounting purposes; and

3. Approve the Company's 2010 Stock Incentive Plan.

Pursuant to the Company's Certificate of Incorporation and the General Corporation Law of Delaware, certain of the Company's stockholders representing more than a majority of the voting power of the Company's outstanding shares of Common Stock determined to take the foregoing actions. The amendments to the Company's Certificate of Incorporation will not be effective until the Company files its second amended and restated certificate of incorporation with the Delaware Secretary of State (which will not occur until December 21, 2010 or after). The change in the Company's fiscal year and the stockholders' approval of the 2010 Stock Incentive Plan will not be effective until on or after December 21, 2010.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

The accompanying Information Statement is being furnished to our stockholders for informational purposes only, pursuant to Section 14(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations prescribed thereunder. As described in this Information Statement, the foregoing actions have been approved by stockholders representing more than a majority of the voting power of our outstanding shares of Common Stock. The Board is not soliciting your proxy or consent in connection with the matters discussed above.

Pursuant to 14a-16(a) (and as required by Rule 14c-2) of the regulations of the Securities and Exchange Commission (the "Commission") and since the Company is making information available through the Internet rather than utilizing the full-set delivery option, this Information Statement must be sent to stockholders at least 40 calendar days prior to the earliest date on which the matters discussed above may take effect. You are urged to read the Information Statement in its entirety for a description of the action taken by certain stockholders representing more than a majority of the voting power of our outstanding shares of Common Stock.

The Information Statement is being made available on or about November 10, 2010 to stockholders of record as of November 9, 2010, the record date for determining our stockholders eligible to consent in writing to the matters discussed above and entitled to notice of those matters.

THIS IS FOR YOUR INFORMATION ONLY. YOU DO NOT NEED TO DO ANYTHING IN RESPONSE TO THIS INFORMATION STATEMENT.

THIS IS NOT A NOTICE OF SPECIAL MEETING OF STOCKHOLDERS AND
NO STOCKHOLDER MEETING WILL BE HELD TO CONSIDER ANY MATTER DESCRIBED HEREIN.

Sincerely

/s/ Michael D. Herman
Chairman of the Board and
Chief Executive Officer

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF THE COMPANY'S INFORMATION STATEMENT

The Company's Information Statement is available on the Internet at:
http://www.irsite.com/enservco/consent-2010.asp.

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INFORMATION STATEMENT

We Are Not Asking You for a Proxy and
You are Requested Not To Send Us a Proxy

INTRODUCTION

Forward Looking Statements

This Information Statement may contain certain “forward-looking” statements, as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, in connection with the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially and adversely from those expressed or implied by such forward-looking statements

Such forward-looking statements include statements about our expectations, beliefs or intentions regarding actions contemplated by this Information Statement, our potential business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made and are often identified by the use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” or “will,” and similar expressions or variations. forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include those described under the caption “Risk Factors” included in our other filings with the Securities and Exchange Commission (“SEC”), including the disclosures set forth in Item 1A of our Form 10-K for the year ended June 30, 2010, filed with the SEC on September 29, 2010. Furthermore, such forward-looking statements speak only as of the date of this Information Statement. We undertake no obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Stockholder Actions

We are disseminating this Information Statement to notify you that Michael D. Herman, Hermanco, LLC, Debra Herman, R.V. Bailey, and Rick D. Kasch (collectively the "Voting Stockholders"), stockholders representing more than a majority of the voting power of the Company's outstanding shares of Common Stock, delivered written consent to the Company effective on November 3, 2010 to take certain actions as follows (collectively the "Stockholder Actions" and each a "Stockholder Action"):

a. Amend Article I of the Company's Restated Certificate of Incorporation to provide that the name of the Company be changed to Enservco Corporation.

b. Amend Article IV of the Company's Restated Certificate of Incorporation to provide that the capital stock of the Company be increased to 110,000,000 shares, including 100,000,000 shares of common stock and 10,000,000 shares of preferred stock, each with a par value of $0.005 per share.

c. Amend Article V, Section 1, of the Company's Restated Certificate of Incorporation to eliminate the provision by which directors are classified into three classes.

d. Amend Article VI of the Company's Restated Certificate of Incorporation to add Sections 5 and 6 thereto.

e. Amend Article VII of the Company's Restated Certificate of Incorporation to correct the cross reference from Article V to Article VIII, and to add the following sentence at the end of such Article VII: "Any repeal or modification of Article VIII shall be prospective only, and shall not affect, to the detriment of any director, any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification."

f. Amend Article VII of the Company's Restated Certificate of Incorporation to more accurately define the limitations of liability as provided in Section 102(b)(7) of the General Corporation Law of Delaware, and to add provisions regarding indemnification and the advancement of expenses.

g. Make other conforming amendments to the Company's Restated Certificate of Incorporation and thereafter to approve the Second Amended and Restated Certificate of Incorporation of Enservco Corporation in the form attached hereto as Annex B.

h. To provide that the fiscal year of the Company be changed to the calendar year for all purposes (including tax and financial accounting).

i. To approve that the Company's 2010 Stock Incentive Plan.

A copy of the stockholders' written consent is attached hereto as Annex A. A copy of the Second Amended and Restated Certificate of Incorporation is attached hereto as Annex B. A copy of the 2010 Stock Incentive Plan is attached hereto as Annex C.

Vote Required

We are not seeking consent, authorizations, or proxies from you. The Delaware General Corporation Law permits the holders of a corporation's outstanding stock representing a majority of that corporation's voting power to approve and authorize corporate actions by written consent as if such actions were undertaken at a duly called and held meeting of stockholders.

On November 9, 2010 (the "Record Date"), there were 21,778,866 shares of the Company's common stock (the "Common Stock"), issued and outstanding, of which the Voting Stockholders held approximately 73.6%, or 16,038,420 shares. Each share of Common Stock is entitled to one vote. No other classes of stock of the Company are issued and outstanding.

The written consent satisfies the stockholder approval requirement for the Stockholder Actions. Accordingly, no other Board or stockholder approval is required in order to effect the Corporate Actions.

Effective Date

The Stockholder Actions were unanimously approved by the Board of Directors by written consent dated October 31, 2010 but delivered on November 3, 2010. Thereafter, the Stockholder Actions were approved by stockholders representing more than a majority of the voting power of the Company's outstanding shares of common stock.

This Information Statement is being made available on or about November 10, 2010 to the Company's stockholders of record as of the Record Date. The Stockholder Actions will be effective on or after December 21, 2010, a date that is more than 40 calendar days after the notice of Internet Authority of this Information Statement is first sent to our stockholders. In the case of the Stockholder Actions described in paragraphs (a) through (g), the effective date will be when the Second Amended and Restated Certificate of Incorporation and/or when any of the individual amendments to the Company's current Certificate of Incorporation are filed with the Delaware Secretary of State (which date may occur later due to administrative issues with respect to the filing requirements or at a time in the discretion of the Board of Directors). All amendment to the Company's Certificate of Incorporation approved by the stockholders remain subject to the final approval of the Board of Directors, and in its discretion the Board of Directors will authorize the filing of any amendments with the Delaware Secretary of State.

The expenses of distributing this Information Statement will be borne by the Company, including expenses in connection with the preparation and mailing of this Information Statement and all documents that now accompany or may in the future supplement it. The Company contemplates that brokerage houses, custodians, nominees, and fiduciaries will forward this Information Statement to the beneficial owners of the Company's common stock held of record by these persons and the Company will reimburse them for their reasonable expenses incurred in this process.

Dissenters' Rights of Appraisal

Under the Delaware General Corporation Law Company dissenting stockholders, if any, are not entitled to appraisal rights with respect to the Stockholder Actions.

QUESTIONS AND ANSWERS

The following questions and answers are intended to respond to frequently asked questions concerning Stockholder Actions. These questions do not, and are not intended to, address all the questions that may be important to you. You should carefully read the entire Information Statement, as well as its appendices and the documents incorporated by reference.

Question 1. Why are you not holding a meeting of the stockholders to approve the Stockholder Actions?

Answer: We are not holding a meeting of the stockholders because of the time involved and the cost of a meeting which, when including legal, accounting, transfer agent, mailing, printing, and other costs can exceed $100,000. Furthermore, we are planning to hold a meeting in July 2011 for the purpose of the election of directors and to take other actions appropriate at that time. It is also our belief that these Stockholder Actions are sufficiently important to the Company that they should be accomplished as soon as possible, rather than waiting for the next stockholders' meeting.

Question 2. Why are you not soliciting proxies or a stockholder vote on these matters?

Answer: We are not soliciting proxies or any stockholder vote because, pursuant to Section 228 of the General Corporation Law of the State of Delaware (the "DGCL") pursuant to which the Company is incorporated, stockholders holding a majority of the voting power are entitled to approve these matters. We believe that the Stockholder Actions are consistent with commonly found provisions in the certificate of incorporation of Delaware corporations and the 2010 Stock Incentive Plan is consistent with plans of that sort adopted by other companies. We also believe that the change in our tax fiscal year is appropriate so that our accounting and tax fiscal years are coincident. Consequently, the Board did not believe it necessary to solicit proxies or a stockholder vote on the Stockholder Actions.

Question 3. Why are you changing the Company's name to Enservco Corporation?

Answer: In June 2009 the Company completed the sale of its remaining assets to Venoco, Inc. During the fiscal year ended June 30, 2010 and until the Company acquired Dillco Fluid Service, Inc. ("Dillco") on July 27, 2010 through a merger transaction (as reported in a Form 8-K filed on July 28, 2010), the Company was not engaged in business operations. Unlike the Company's activities prior to the sale of its assets to Venoco, following the acquisition of Dillco, the Company is not engaged in mineral exploration operations. We believe that the name "Enservco" better describes the Company's activities in providing oil field services to the oil and gas industry ("energy services").

Question 4. Why are you increasing the capital stock of the Company to 110,000,000 shares, including 100,000,000 shares of common stock and 10,000,000 shares of preferred stock?

Answer: At the present time, the Company's authorized capital stock consists of 50,000,000 shares of common stock and no class of preferred stock. Including options and warrants that have been granted, more than one-half of the authorized common stock is either outstanding or issuable upon exercise of options and warrants. In the Company's opinion, this leaves us limited flexibility should the Company seek to acquire other companies in the oil field service business (or other businesses) or to raise additional capital through the issuance of common stock or securities that are convertible into share of common stock.

The Company also believes that it is important to it to authorize a class of preferred stock which can be issued by the Board in different series (generally referred to as "blank check preferred"). This is flexibility that most companies (but not the Company) have from their incorporation. While preferred stock can be used to delay or prevent hostile takeover of the Company, it is not the Company's current intent to use it in that manner. We are not aware of any effort to undertake a hostile takeover of the Company at the present time and, because of the concentration of stock ownership in a few people (primarily Mr. and Mrs. Herman); any such attempt would likely be futile.

Question 5. Do you have any plans to issue additional shares of common stock or any shares of preferred stock as a result of the increase in capitalization?

Answer: We do not have any current plans to issue any shares of common stock or preferred stock. However, going forward, the Board of Directors may deem it in the best interests of the Company and our stockholders to issue additional shares of common stock or preferred stock, and, by obtaining stockholder approval of the increase in authorized capital the Company has greater flexibility to do so.

Question 6. Why are you eliminating the provision by which directors are classified into three classes elected at three subsequent meetings of stockholders?

Answer: First of all, because of the paucity of annual meetings in the recent past, the Company has not given practical effect to its ability to classify its directors. Secondly, under modern corporate governance principles and the rules of stock exchanges, a classified board is less favored, and it is preferred that directors be elected each year at the Company's stockholders' meeting. Having a classified board can be utilized as an anti-takeover device, and by eliminating the classified board we are eliminating the effect of a classified board that may discourage or prevent a hostile takeover. As noted above, we are not aware of any effort to undertake a hostile takeover of the Company at the present time and, because of the concentration of stock ownership in a few people (primarily Mr. and Mrs. Herman); any such attempt would likely be futile.

Question 7. Why are you amending Article VII of the Company's Restated Certificate of Incorporation to correct the cross reference from Article V to Article VIII, and to add the following sentence at the end of such Article VII: "Any repeal or modification of Article VIII shall be prospective only, and shall not affect, to the detriment of any director, any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification."

Answer: The cross reference was added to the Company's certificate of incorporation by amendment in January 1982. As added, it referred to Article VI entitled "Initial Directors" and contained provisions relating to the management of the Board. There is no need for those provisions to require a super-majority for repeal or modification of those provisions, some of which are not even contained in the Second Amended and Restated Certificate of Incorporation. Typically such a super-majority requirement applies to the indemnification provisions (permitted by §145 of the DGCL and made mandatory as described below) and the limitation of liability provisions (permitted by §102(b)(7) of the DGCL and modified as described below). The cross reference change corrects this error.

The second part of the amendment is to clarify that any change to the indemnification provisions and the limitation of liability provisions is prospective only. The Company does not believe that it is fair to persons serving as officers or directors of the Company to risk a future change in those provisions applying retroactively.

Question 8. Why are you amending the limitation of liability provisions found in Article VII of the Company's Restated Certificate of Incorporation?

Answer: The limitation of liability provision was adopted by the Company's stockholders in 1987 and effectuated by filing an amendment to the Company's certificate of incorporation on March 2, 1987. The language used at that time (which was shortly after the DGCL was amended to permit such a limitation of liability in §102(b)(7)) was sufficient at the time, but since then practice has evolved to more accurately describe the limitation of liability. We believe that the limitation of liability provisions, which are commonly adopted by Delaware corporations, are necessary to protect our directors from liability for exercise of their business judgment where there has been no breach of the director's duty of loyalty to the Company or its stockholders, where the director has acted or failed to act in good faith and in manners which do not involve intentional misconduct or a knowing violation of law, which do not arise for wrongful distributions under Section 174 of the DGCL, and which do not result from any transaction from which the director derived an improper personal benefit. We believe that without a better worded provision addressing the requirements of DGCL §102(b)(7), it may be more difficult to attract and retain the highest quality directors.

Question 9. Why are you adding provisions to the certificate of incorporation discussing indemnification of officers, directors, and agents?

Answer: Section 145 of the DGCL permits a Delaware corporation to indemnify its officers, directors, and agents in certain circumstances, but only provides for mandatory indemnification if the person has been successful on the merits or otherwise in defense of any action, suit or proceeding. Thus mandatory indemnification would not be available if, as is the case with most lawsuits, litigation were settled between the parties without any judicial determination. This limited right to mandatory indemnification is generally not satisfactory to the caliber of directors that the Company has and hopes to attract to its board of directors. The Company's bylaws provide a mandatory indemnification right in Section 5.01, and the Company has entered into indemnification agreements with its current directors, but practice among Delaware corporations is to include it in the certificate of incorporation as well.

It is important to note that indemnification is not an open invitation but is qualified by a number of statutory provisions, including the requirement that the person seeking indemnification has acted in good faith and in a manner that the person reasonably believed to have been in or not opposed to the best interests of the corporation and (if there are allegations of criminal conduct) that the person had no reasonable cause to believe that the person's conduct was criminal. The statute goes on to state that the termination of any action by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner that the person reasonably believed to have been in or not opposed to the best interests of the corporation or (if convicted of criminal conduct) that the person had reasonable cause to believe that the person's conduct was criminal.

The new provision being added to the Certificate of Incorporation also makes it clear, as the Company believes should be the case, that the ability of the Company to indemnify persons should be as broad as possible. The Company believes that these protections are necessary to attract good personnel to serve on the Company's board of directors and as officers, employees, and agents of the Company.

Question 10. Why are you adding provisions to the certificate of incorporation discussing the advancement of expenses to officers, directors, and agents?

Answer: Indemnification discussed in response to Question 9, above, is backward-looking; that is, a person is only entitled to indemnification after the termination of the action. Litigation is extremely expensive and may have been brought by a plaintiff against individuals in an effort to gain a settlement advantage. Section 145(e) of the DGCL provides specifically that Delaware corporations, such as the Company, may advance expenses in certain circumstances, including requiring an undertaking from the person receiving the advance that he or she will repay the amount of the advance if it is ultimately determined that the person is not entitled to be indemnified. We believe that the Company's right and obligation to advance expenses should be as broad as possible.

Question 11. Why do you not simply rely on directors' and officers' liability insurance?

Answer: We believe that directors' and officers' liability insurance is a solution to the indemnification and advancement of expenses question, but there are deductibles and exclusions that may be applicable. Thus we believe that directors' and officers' liability insurance is only a partial solution which should be complemented by the indemnification and advancement of expenses provisions.

Question 12. Are any of the other conforming amendments to the Company's Second Amended and Restated Certificate of Incorporation material?

Answer: As a number of cases have made clear over the years, materiality is in the eyes of the beholder and must be judged on all of the facts and circumstances. You will have to review the Second Amended and Restated Certificate of Incorporation and determine whether, in your judgment, the other changes are material to you. The Second Amended and Restated Certificate of Incorporation of Enservco Corporation is attached hereto as Annex B for your convenience.

Question 13. Why are you changing the Company's fiscal year to the calendar year for all purposes?

Answer: Through June 30, 2010, the Company's fiscal year for tax and financial accounting purposes was June 30. As a result of the July 2010 completion of the acquisition of Dillco, Dillco became the "accounting acquirer" and Dillco's fiscal year became the Company's fiscal year. Dillco's fiscal year was the calendar year (ending on December 31). Consequently, although in September 2010, the Company filed its annual report on Form 10-K for the fiscal year ended June 30, 2010, the Company will also be required to file an annual report on Form 10-K for its new fiscal year ended December 31, 2010. Nevertheless, unless changed for tax purposes, the Company would be in the anomalous position of having a 12/31 fiscal year for accounting purposes and a 6/30 fiscal year for tax purposes. We believe that will create hardship and unnecessary expense.

Question 14. Why did the Voting Stockholders approve the Company's 2010 Stock Incentive Plan?

Answer: The Board of Directors had approved the Company's 2010 Stock Incentive Plan (the "2010 Plan") at its meeting on July 27, 2010. The 2010 Plan permits the granting of equity-based awards to our directors, officers, employees, consultants, independent contractors and affiliates. As described in the first section of the 2010 Plan itself, the purpose of the 2010 Plan is to promote the interests of the Company and its stockholders by aiding the Company in attracting and retaining employees, officers, consultants, independent contractors and directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to afford such persons an opportunity to acquire a proprietary interest in the Company.

The Board did not adopt the 2010 Plan subject to stockholder approval, but stockholder approval is required to obtain certain tax benefits under §422 of the Internal Revenue Code and is required by various stock exchanges. Although the Company's common stock is not currently listed on any stock exchange, the Company is attempting to meet the corporate governance requirements for such stock exchanges where it can reasonably do so.

Question 15. Does any executive officer or director of the Company have any substantial interest (direct or indirect) in the Stockholder Actions?

Answer: The question with respect to "substantial direct or indirect interest" in the Stockholder Actions is subject to interpretation and judgment. To the extent that the amendments to the certificate of incorporation included in the Second Amended and Restated Certificate of Incorporation provide clarity and certainty to the limitation of liability, indemnification rights, the right to advancement of expenses, and the prohibition of a retroactive denial of such benefits, as described above, each director and executive officer will be benefitted, and the benefit may be considered by some to be substantial. Each director and executive officer is also subject to receiving awards under the 2010 Plan and where the recipient is also an employee, as a result of stockholder approval the Company will be able to award such person incentive stock options which have certain tax advantages. This ability to receive incentive stock options also may be considered to be a benefit, which may be considered by some to be substantial. Note that the Company has awarded options under the 2010 Plan without stockholder approval and may award further options in the future. Additionally, to the extent that certain of the Stockholder Actions have anti-takeover implications as described above (even though the Company is not aware of any pending takeover threat), these may be perceived as potentially benefitting insiders.

Question 16. When will the Company hold its next annual meeting of stockholders for the election of directors?

Answer: As announced in the Company's annual report on Form 10-K for the fiscal year ended June 30, 2010, the Company plans to hold its annual meeting on or about July 19, 2011. Under the rules of the SEC, that date may be advanced or delayed by up to 30 days without the requirement that the Company make any further announcement. We expect to consider the election of directors and other matters at that meeting. The Company expects to continue to hold annual meetings in subsequent years, as well. As discussed above, although the Company's common stock is not currently listed on any stock exchange, the Company is attempting to meet the corporate governance requirements for such stock exchanges where it can reasonably do so, and holding annual meetings in the future is (in the Company's opinion) a prudent way to proceed.

Question 17. Will the Company solicit proxies for the contemplated 2011 meeting discussed in Question 16?

Answer: Based on the situation as it currently exists, it is unlikely that the Company will solicit proxies to vote at that meeting. Stockholders will be entitled to attend that meeting and vote in person, or appoint another person their proxy to vote on their behalf (provided any proxy solicitation is accomplished in compliance with the Exchange Act and the SEC's rules and regulations thereunder). If the Company does not solicit proxies for the next annual meeting, the Company will distribute an information statement pursuant to Regulation 14C prior to that meeting.

RECORD DATE AND SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Management

As of the Record Date the Company had 21,778,866 shares of its common stock issued and outstanding. The following table sets forth the beneficial ownership of the Company's common stock as of the Record Date by each person who serves as a director and/or an executive officer of the Company on that date, and the number of shares beneficially owned by all of the Company's directors and named executive officers as a group:

Name and Address of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership (1)	Percent of Common Stock
Michael D. Herman 830 Tenderfoot Hill Rd. Suite 310 Colorado Springs, CO 80906	Chief Executive Officer and Director	13,344,720 (2)	60%
R.V. Bailey 830 Tenderfoot Hill Rd. Suite 310 Colorado Springs, CO 80906	Director	1,426,336 (3)	6.4%
Kevan B. Hensman 830 Tenderfoot Hill Rd. Suite 310 Colorado Springs, CO 80906	Director	128,120 (4)	*

Gerard Laheney 830 Tenderfoot Hill Rd. Suite 310 Colorado Springs, CO 80906	Director	200,000 (5)	*
Rick D. Kasch 830 Tenderfoot Hill Rd. Suite 310 Colorado Springs, CO 80906	Chief Financial Officer, Executive Vice President, and Treasurer	1,551,924 (6)	7.9%
Bob Maughmer 830 Tenderfoot Hill Rd. Suite 310 Colorado Springs, CO 80906	President and Chief Operating Officer	333,333 (7)	1.5%
All current directors, executive officers and named executive officers as a group (6 persons)		16,984,433	75%

(1) Calculated in accordance with 1934 Act Rule 13d-3.

(2) Consists of:

(i) 277,400 shares of Company common stock owned by an affiliate of Mr. Herman (Hermanco, LLC);
(ii) 6,533,660 shares acquired by Mr. Herman at the closing of the Merger Transaction; and
(iii) 6,533,660 shares held by Mr. Herman's spouse and that were acquired at the closing of the Merger Transaction.

(3) Consists of
(i) 1,241,776 shares of stock held of record in the name of R. V. Bailey;
(ii) 16,320 shares of record in the name of Mieko Nakamura Bailey, his spouse;
(iii) 32,000 shares of common stock issued to the Aspen Exploration Profit Sharing Plan for the benefit of R. V. Bailey as a corporation contribution to Mr. Bailey's 401(k) account;
(iv) stock options to purchase 36,420 shares of common stock at $2.14 per share; and
(v) stock options to purchase 100,000 shares of common stock at $0.4125 per share that vested on July 27, 2010.

(4) Consists of:
(i) options to acquire 10,000 shares of common stock at $3.70 per share that are exercisable through September 11, 2011;
(ii) options to acquire 18,120 shares of common stock that are exercisable at $2.14 per share;
(iii) options to acquire 75,000 shares of common stock at $0.415 per share that vested on July 27, 2010; and
(iv) options to acquire 25,000 options that were granted on July 27, 2010 and are exercisable for a five year term.

13

(5) Consists of options to acquire 200,000 shares of common stock that were granted on July 27, 2010 and are exercisable for a five-year term.

(6) Consists of:

(i) 1,451,924 shares acquired upon the closing of the Merger Transaction;

(ii) Options to acquire 100,000 shares of common stock granted on July 27, 2010 and that are exercisable for a five-year term at $0.49 per share.

The unvested portion of the stock option granted to Mr. Kasch on July 27, 2010 (being an option to acquire 200,000 shares) is not included in Mr. Kasch's beneficial ownership reported in the beneficial ownership table.

(7) Consists of options to acquire 333,333 shares of Company common stock granted on August 23, 2010 and that are exercisable for a five year term at $0.49 per share. The unvested portion of the stock option granted to Mr. Maughmer on August 23, 2010 (being an option to acquire 666,667 shares) is not included in Mr. Maughmer's beneficial ownership reported in the beneficial ownership table.

Security Ownership of Certain Beneficial Owners

As of the Record Date, the Company is not aware of any persons that beneficially own more than 5% of its outstanding common stock who does not serve as an executive officer or director of the Company, except for Mr. Herman's spouse whose shares are included in Mr. Herman's beneficial ownership reported in the table above.

Identification of Directors and Executive Officers

As of the Record Date, the names, titles, and ages of the members of the Company's Board of Directors and its executive officers are as set forth in the below table. Pursuant to the Merger Agreement by which Dillco became a wholly owned subsidiary of Aspen on July 27, 2010 (the "Merger Transaction"), Aspen agreed to appoint two persons designated by Dillco to the Board of Directors – being Messrs. Herman and Laheney. Further, upon the closing of the Merger Transaction Messrs. Herman and Kasch were appointed as executive officers of the Company. Except for the merger agreement, there was no agreement or understanding between Company and any director or executive officer pursuant to which he was selected as an officer or director.

Name	Age	Position