**ARAPAHOE ENERGY CORPORATION**
Suite 2703, 1100 - 8th Avenue S.W.
Calgary, Alberta
T2P 3T8

**ALBERTA SECURITIES COMMISSION**
4th Floor, 300 - 5th Avenue S.W.
Calgary, Alberta
T2P 3C4

**Attention: Executive Director**

**BRITISH COLUMBIA SECURITIES COMMISSION**
P.O. 10142, Pacific Centre, 701 West Georgia Street
Vancouver, British Columbia V7Y 1L2

**Attention: Statutory Filings**

**TSX VENTURE EXCHANGE**
10th Floor, 300 – 5th Avenue S.W.
Calgary, Alberta T2P 3C4

Dear Sirs/Mesdames:

**Re: Arapahoe Energy Corporation**
**Material Change Report Under Section 146(1) of the *Securities Act* (Alberta), and Section 85(1) of the *Securities Act* (British Columbia)**

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This letter is intended as a statement setting forth certain matters that may be a material change in the affairs of Arapahoe Energy Corporation (the "Corporation" or "Arapahoe"). For convenience, this letter is itemized in the same manner as Form 27 of the *Securities Act* (Alberta) and Form 53-901F of the *Securities Act* (British Columbia). Concurrent with this filing, this letter is being filed with the TSX Venture Exchange, being the only Exchange on which the Corporation's shares are currently listed.

**Item 1 - Reporting Issuer**

Arapahoe Energy Corporation
Suite 2703, 1100 - 8th Avenue S.W.
Calgary, Alberta
T2P 3T8

**Item 2 - Date of Material Change**

The material change occurred on October 22, 2003.

**Item 3 - News Release**

A news release was issued on October 22, 2003.

**Item 4 - Summary of Material Change**

The Corporation has approved a business combination by plan of arrangement with Crazy Horse Energy Inc. (“Crazy Horse”) which will result in a reverse take over of the Corporation.

**Item 5 - Full Description of Material Change**

The Board of Directors of Arapahoe have approved a business combination by plan of arrangement (the “Arrangement”) with Crazy Horse Energy Inc. (“Crazy Horse”) which will result in a reverse take over (“RTO”)of the Corporation. The Arrangement will constitute a related party transaction under policies of the TSX Venture Exchange.

Arapahoe and Crazy Horse propose to enter into an Arrangement Agreement under the Alberta Business Corporations Act pursuant to which the companies will amalgamate. Each shareholder of Arapahoe will receive one common share of the resulting company for each three Arapahoe common shares held. Each shareholder of Crazy Horse will receive one common share of the resulting company for each one share of Crazy Horse held.

Crazy Horse is a privately held Alberta company with head offices in Vancouver, British Columbia. Crazy Horse entered into an agreement dated October 20, 2003 with Extreme Energy Corporation (TSX-V EXT) (“Extreme”) to earn a 50% interest in certain oil and gas properties located in the Sarcee Area in the province of Alberta from Extreme, in consideration for funding of a minimum of $3,000,000 and a maximum of $6,000,000 of exploration and development costs to drill, complete or re-complete and tie-in up to four wells on the properties.

The Sarcee properties consist of a 6 section (3,840 gross acres) petroleum and natural gas lease (all geological formations from surface to basement) and a 4 section (2,560 gross acres) petroleum and natural gas permit (all geological formations from the base of the Mannville formation to basement).

Under the terms of the agreement between Crazy Horse and Extreme, Crazy Horse will have the commitment to:

1. on or before January 15, 2004 commence the recompletion of the Blairmore formation in a cased well located on the 6 section lease. It appears from log interpretation that there may be bypassed potential natural gas production from the Blairmore formation. An independent engineering consultant evaluation has assigned probable natural gas reserves to the Blairmore formation.

2. on or before February 1, 2004 commence the drilling of the first exploratory test well on the 6 section lease. The first test well will be drilled to a depth sufficient to adequately test and evaluate the Belly River formation (+/- 1,750 meters subsurface). The first test well is a geologic and 2D seismic defined prospect that has potential for natural gas/oil production from the Belly River formation.

3. on or before March 1, 2004 commence the drilling of the second exploratory test well on the 6 section lease. The second test well will be drilled to a depth sufficient to adequately test and evaluate the Belly River and the Cardium formation (+/- 1,950 meters subsurface). The second test well is a geologic and 2D seismic defined prospect that has natural gas/oil potential production from both the Belly River and Cardium formations.

Under the terms of the agreement between Crazy Horse and Extreme, Crazy Horse has the option to, on or before June 30, 2004, commence the drilling of an option test well on the permit lands. The option test well will be drilled to a depth sufficient to test and evaluate the Mississippian formation (+/- 3,300 meters subsurface). The Mississippian formation option test well is a geologic and 3D seismic defined prospect with natural gas and natural gas liquids potential production from the Mississippian formation. An independent engineering consultant evaluation of the Mississippian option test well proposed drilling location has assigned both proven and probable natural gas and natural gas liquids reserves to the prospect.

Crazy Horse has 3,766,667 common shares outstanding and is currently undertaking a non-brokered private placement of up to 450,000 units at $0.55 per unit for proceeds of $247,500. Each unit will consist of one common share and one share purchase warrant exercisable at $0.70 per share for one year. In addition, Crazy Horse will complete a brokered private placement of $3,011,250 principal amount of convertible notes ("Notes"), each Note convertible into units of the resulting company at $0.55 per unit. Each unit will consist of one common share and one-half of one common share purchase warrant exercisable at $0.80 per share for a period of one year from the completion of the Arrangement. In the event that the shares of the resulting company trade for 20 consecutive trading days at a price not less than $1.20 per share then the resulting company will have the right to accelerate the exercise period of the warrants to 30 days by providing holders of the warrants with written notice of such reduction. Of the 5,475,000 common shares forming part of the units to be issued on the conversion on the Notes, 4,380,000 common shares will be issued on a flow-through basis. Upon completion of the Arrangement, the shareholders of Crazy Horse will own approximately 9,690,000 common shares, representing approximately 88.2% of the outstanding shares of the resulting company. Shareholders of Arapahoe will own approximately 1,288,000 common shares, representing approximately 11.18% of the common shares of the resulting company. Jeff Standen, the President and director of Arapahoe owns 468,782 common shares of Arapahoe. Upon completion of the Arrangement, Mr. Standen will own 156,261 common shares of the resulting company, representing approximately 1.35% of the issued and outstanding shares.

First Associates Investments Inc. ("First Associates") has agreed to act as agent in respect of the proposed offering of 5,475,000 units, and as sponsor for the RTO under Exchange policies. In consideration for the services to be provided by First Associates, they will be paid a commission of 7.5% of the proceeds of the offering, plus options entitling First Associates to acquire units equal to 15% of the number of units sold under the offering, at the offering price for one year. In addition, First Associates will be paid a corporate finance fee of $30,000.

Upon completion of the Arrangement , the Corporation anticipates that the only insiders of the Corporation will be the directors and officers of the Corporation. The board of directors of the Corporation, upon completion of the Arrangement, will be H. Barry Hemsworth and Jay Sujir, who are the current directors of Crazy Horse, Jeffrey L. Standen, a current director and the CEO of Arapahoe.

Mr. Standen is a director and the President of Extreme and is a director and the President of Arapahoe. Mr. Hemsworth has been a practicing securities lawyer in Vancouver for over 30 years and has been a director and officer of numerous public companies. Mr. Sujir has been a securities and natural resource lawyer in Vancouver since 1986 and is a partner in the law firm of Anfield Sujir Kennedy & Durno.

As noted above, the Arrangement may be considered a related party transaction pursuant to the policies of the Exchange. Jeff Standen, the President and a director of the Corporation, is also the President and a director of Extreme. It is anticipated that upon completion of the Arrangement, Mr. Standen will own 155,148 common shares and 118,890 common share purchase warrants of the resulting issuer. In addition, Mr. Hemsworth, a proposed director of the Corporation, currently owns 166,666 common shares and 166,666 common share purchase warrants of the Corporation.

The Corporation intends to reserve for issuance upon completion of the Arrangement options to purchase up to 10% of the total issued shares of the resulting company, issuable to directors, officers, employees and consultants of the resulting company at an exercise price of $0.55 per share.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and disinterested shareholder approval. The transaction cannot close until the required Exchange and shareholder approvals are obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Arapahoe should be considered highly speculative.

**Item 6 - Reliance on Section 146(2) of the *Securities Act* (Alberta), and Section 85(2) of the *Securities Act* (British Columbia)**

Not applicable.

**Item 7 - Omitted Information**

No omitted information.

**Item 8 - Senior Officer**

The name of a Senior Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Jeffrey L. Standen, President
Telephone: (403) 920-0040

**Item 9 - Statement of a Senior Officer**

The foregoing accurately discloses the material change referred to in this report.

**DATED** at Calgary, Alberta, this 31 day of October, 2003.

Yours truly,
**ARAPAHOE ENERGY CORPORATION**

***"Jeffrey L. Standen"***
**Jeffrey L. Standen, President**