

Livestock control measures include, but should not be limited to, the installation and maintenance by Gerrity of cattle guards and/or fences as may be agreed upon and as may be necessary to control livestock movement on the Guttersen Ranch consistent with the normal and usual operation of the Guttersen Ranch by Guttersen taking into account the operations of Gerrity. Cattle guards installed by Gerrity will be maintained by Gerrity as needed to maintain effectiveness during Gerrity's operations and, thereafter, cattle guards shall be maintained by Guttersen.

At the conclusion of drilling and completion operations for wells drilled on the Guttersen Ranch, Gerrity and Guttersen shall agree on permanent access control measures such as locked gates, signage and such other control measures as may be agreed.

5. Gerrity Subcontractors. Guttersen acknowledges that Gerrity utilizes the services of Powers Elevation, Jim's Water Service, various drilling contractors, various well completion service companies and others to drill, complete and operate wells for Gerrity. Guttersen also realizes that the services provided by those subcontractors is being provided to Gerrity on an independent contractor basis. Notwithstanding the independent contractor relationship between Gerrity and its subcontractors, Gerrity hereby agrees to use good faith efforts to control the activities of the subcontractors while on the Guttersen Ranch so as to minimize disruption, to the degree practical, to the operation of the Guttersen Ranch and to minimize, to the degree practical, unacceptable behavior by the independent contractors.

To the extent that employees of Gerrity's subcontractors engage in unacceptable conduct on the Guttersen Ranch, such as driving at speeds that pose an imminent danger to life, property, including livestock, or other unacceptable or rude behavior to Guttersen and/or its employees, Guttersen may notify Gerrity thereof, which notice shall describe in detail the nature of the conduct complained of and the identity of the individual(s) involved, if known. Promptly, Gerrity shall investigate the basis of the complaint and take such remedial measures as may be warranted under the circumstances and Gerrity shall notify Guttersen, to the extent it is aware of such information, of the identity of the person engaged in unacceptable conduct and the resolution thereof. If the individual has been identified and if there is a reasonable basis for the complaint by Guttersen, any repeat of such conduct by that individual will result in that individual being barred from the Guttersen Ranch during the operations of Gerrity. Gerrity agrees to notify the employer of any such individual that the individual is not to return to the Guttersen Ranch for the reasons underlying the complaint.

6. Default. Should either party default on any of the obligations set forth herein, that party (the non-defaulting party) may give the other party (the defaulting party) written notice specifying in reasonable detail the nature of the default claimed. The defaulting party shall have thirty (30) days within which to cure or commence action, which if diligently pursued, would cure the alleged default, or to contest the existence of the alleged default.

Should the defaulting party fail to cure the default within such thirty (30) day period or fail to commence action within that period, which if diligently pursued, would cure the default or contest the existence of the default, the non-defaulting party may terminate this Agreement by giving written notice of such termination, which termination shall be effective at the time the notice is deemed received by the defaulting party pursuant to Paragraph 8 below. The non-defaulting party may seek to have the obligations of the defaulting party specifically enforced or may seek damages to ensure that the benefits of this Agreement are not lost to the non-defaulting party by the default of the defaulting party of its obligations hereunder.

If the defaulting party contests the existence of the alleged default, the defaulting party shall have thirty (30) days from the date that the existence the default is finally determined to exist by a court of competent jurisdiction or by the agreement of the parties within which to commence action, which if diligently pursued, would cure the alleged default provided that this sentence shall not release a party from compliance with court orders or judgments as appropriate during such 30-day period. If any such default is not cured, the non-defaulting party may seek to have the obligations of the defaulting party specifically enforced or may seek damages to ensure that the benefits of this Agreement are not lost to the non-defaulting party by the default of the defaulting party of its obligations hereunder.

Should this Agreement be terminated by Gutteresen pursuant to the terms of this Paragraph 6, Gerrity may continue to access all wells drilled on or prior to the date of termination by means of the roads then used as access to those wells. Further, should Gerrity contest the effectiveness of the termination in a court of competent jurisdiction within thirty (30) days of the effective date of the termination as set forth herein, this Agreement shall remain in full force and effect for all wells drilled prior to the receipt of the notice until the effectiveness of the termination by Gutteresen has been finally judicially determined by a court of competent jurisdiction provided, however, that any such claim by Gerrity that the termination was not effective due to the acts or omissions of Gutteresen be made in good faith. It shall be a conclusive determination that such claim was not made in good faith should a court of competent jurisdiction conclude that the maintenance or defense of any such action by Gerrity was groundless and frivolous.

7. Ratification of Oil and Gas Leases. Gutteresen, for itself and its successors and assigns, hereby ratifies, adopts, and confirms, and by these presents does hereby lease and let unto Gerrity those portions of the following described oil and gas leases now owned or hereafter acquired by Gerrity and do hereby further confirm that the same are in full force and effect as of the date hereof, subject to the terms hereof:

L.F. Ranch Lease: Dated July 2, 1964, recorded in Book 518, Reception No. 1440221 from L. F. Ranch Co. to Mel C. Bedinger.

Two E Ranches Lease: Dated August 11, 1964, recorded in Book 523, Reception No. 1444837 from Two E Ranches, Inc. to Mel C. Bedinger.

Guttersen and Gerrity agree that this Agreement governs only the subject matter hereof and that this Agreement is not intended to amend, modify or otherwise alter in any way any term or condition of the leases unless specifically provided herein.

8. Miscellaneous.

a. All notices and communications required or permitted under this Agreement shall be in writing and addressed as set forth below. Any communication or delivery hereunder shall be deemed to have been duly made and the receiving party charged with notice (i) is personally delivered, when received, (ii) if sent by telefax, when receipt of the fax by the party to whom the fax was sent has been electronically confirmed, (iii) if mailed, three business days after mailing, certified mail, return receipt requested, or (iv) if sent by overnight courier, one day after sending. All notices shall be addressed as follows:

IF TO GUTTERSEN:

Guttersen & Company

P.O. Box 528

Kersey, CO 80644

ATTN: Art Guttersen

Telephone: 284-7777

Telefax: 284-5256

Home Telephone: 284-7777

With a copy to:

Stow L. Witwer, Jr., Esq.

Affiliated National Bank Bldg., #760

Greeley, Colorado 80631

Telephone: 623-4128

Telefax: 352-3165

IF TO GERRITY:

Gerrity Oil & Gas Corporation

1476 42nd Street

Evans, CO 80620

ATTN: Tom Majors

Telephone: 939-8585

Telefax: 939-8838

Home Telephone: 532-3136

With a copy to:

David W. Siple, Land Manager

Gerrity Oil & Gas Corporation

4100 E. Mississippi Ave., #1200

Denver, CO 80222

Telephone: 757-1110

Telefax: 757-5014

The parties agree that the giving of notice to Mr. Witwer and Mr. Siple shall not constitute notices for the purposes of this Paragraph 8.a.

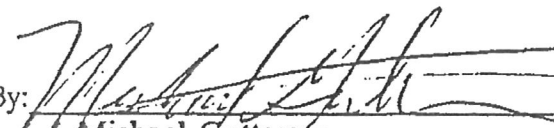
b. This Agreement and the transactions contemplated thereby shall be construed in accordance with and governed by the laws of the State of Colorado. The parties hereby submit themselves to the exclusive jurisdiction of the courts of the State of Colorado and to venue in the District Court for the First Judicial District of Colorado or the District Court of the Nineteenth District of Colorado for resolution of any disputes hereunder.

c. This Agreement may not be amended or any rights hereunder waived except by instrument in writing signed by the party to be charged with such amendment or waiver and delivered by such party to the party claiming the benefit of any such amendment or waiver.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date and year first above written.

GUTTERSEN & COMPANY

GERRITY OIL & GAS CORPORATION

By: 
Michael Gutteresen,
General Partner

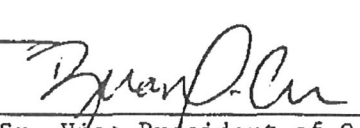
By: 
Sr. Vice President of Operations,
Chief Accounting Officer

EXHIBIT A - PART I

Surface Check

Basis of Title: Weld County Assessor's Records

Guttersen & Company
P.O. Box 528
Kersey, CO 80644

Township 2 North, Range 63 West, 6th P.M.

Section 4: Part SW $\frac{1}{4}$ (Parcel #130304000003)
Section 5: All
Section 8: All

Township 2 North, Range 64 West, 6th P.M.

Section 4: N $\frac{1}{2}$, SE $\frac{1}{4}$

Township 3 North, Range 63 West, 6th P.M.

Section 5: All
Section 6: S $\frac{1}{2}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$
Section 7: All
Section 8: E $\frac{1}{2}$
Section 17: All
Section 18: SW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
Section 19: All
Section 28: NW $\frac{1}{4}$
Section 29: All
Section 30: W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$
Section 32: All
Section 33: W $\frac{1}{2}$

Township 3 North, Range 64 West, 6th P.M.

Section 1: All
Section 2: S $\frac{1}{2}$
Section 3: All exc. parcel described by metes and bounds (Parcel # 121503000008)
Section 4: All exc. parcel described by metes and bounds (Parcel # 121504000018)
Section 9: All exc. parcel described by metes and bounds (Parcel # 121509000006)
Section 10: NE $\frac{1}{4}$
Section 11: All
Section 12: S $\frac{1}{2}$
Section 13: All
Section 14: E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ E $\frac{1}{2}$
Section 15: All
Section 17: SE $\frac{1}{4}$
Section 20: E $\frac{1}{2}$ SW $\frac{1}{4}$
Section 21: All
Section 22: NW $\frac{1}{4}$
Section 23: All
Section 24: S $\frac{1}{2}$ NW $\frac{1}{4}$
Section 25: NE $\frac{1}{4}$, Pt. NW $\frac{1}{4}$ (Parcel # 121525000006)
Section 29: All
Section 33: All

Township 4 North, Range 63 West, 6th P.M.

Section 7: Pt. SE $\frac{1}{4}$ (Parcel # 105107000008)
Section 8: All
Section 9: All
Section 17: All
Section 29: All

Township 4 North, Range 64 West, 6th P.M.

Section 33: All
Section 34: NW $\frac{1}{4}$, SE $\frac{1}{4}$

EXHIBIT A - PART 2

Township 4 North, Range 63 West, 6th P.M.

Section 32: All

Township 3 North, Range 64 West, 6th P.M.

Section 10: S½

Section 14: W½NW¼

SW¼

W½SE¼

Section 16: All

Section 22: E½

SW¼

Section 28: All

Township 2 North, Range 63 West, 6th P.M.

Section 4: S½NW¼

Lot 2

Township 3 North, Range 63 West, 6th P.M.

Section 8: W½

Section 18: NE¼

NE¼NW¼

Lot 1

S½SE¼

Section 20: All

Section 28: SW¼

Section 30: E½E½

Township 4 North, Range 63 West, 6th P.M.

Section 16: All

Section 20: All

Township 3 North, Range 64 West, 6th P.M.

Section 12: N½

EXHIBIT A - PART 3

Township 3 North, Range 64 West, 6th P.M.

Section 27: All

Section 34: All

Section 35: All

Section 26: S½, NW¼

Township 2 North, Range 64 West, 6th P.M.

Section 2: All

Section 3: All

Section 10: All

Section 11: N½