

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 15th day of November 2002, by and between Donald L. Wickstrom

Whose post office address is 33176 Morgan County Road 3 Orchard, CO 80649, hereinafter called Lessor (whether on or more) and

Diversified Operating Corporation whose post office address is 15000 W 6th Avenue, Suite 102, Golden, Colorado 80401, hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of Ten and More Dollars cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements herein contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save, and take care of said products, all that certain tract of land situated in the County of Weld, State of Colorado, described as follows, to-wit:

Township 7 North, Range 59 West 6th P.M.

Sec 6, Lot 3 (40.14), Lot 4 (41.98), Lot 5(43.70), SE4NW/4 (NW/4)

And containing 165.82 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of three (3) years from this date and as long thereafter as oil and gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion and abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil and gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety days (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty owners One Dollar per year per net royalty acre retained

hereunder, such payment or tender be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership may be conducted without regard to such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

~~42. Lessee, at its option, is hereby given the right and power at any time and from time to time as occurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, leases or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations hereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any ~~Lease, relative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.~~~~

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All of the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

See addendum attached

Donald L. Wickstrom

BY: _____

BY: Donald L. Wickstrom

Tax ID: _____

Tax ID: 5722-54-2340



3014309 12/12/2002 04:40P Weld County, CO
1 of 3 R 16.00 D 0.00 J.A. "Suki" Tsukamoto

STATE OF COLORADO }
COUNTY OF MORGAN } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota

ACKNOWLEDGMENT—INDIVIDUAL

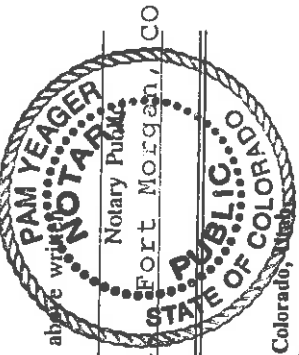
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 15th

day of November, 2002, personally appeared Donald L. Wickstrom

and _____

_____, to me known to be the identical person _____, described in and who executed
the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written
My Commission Expires May 17, 2003



Address: 507 Warner St

STATE OF _____ }
COUNTY OF _____ } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota

ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____

day of _____, 19____, personally appeared _____

and _____

_____, to me known to be the identical person _____, described in and who executed
the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____

Notary Public.

Address: _____

STATE OF _____ }
COUNTY OF _____ } ss.

ACKNOWLEDGMENT (For use by Corporation)

On this _____ day of _____, A.D. 19____, before me personally
appeared _____, to me personally known, who, being by
me duly sworn, did say that he is the _____ of _____

_____ and that the seal affixed to said instrument is the corporate seal of
said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
_____ acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this _____ day of _____, A.D. 19____

(SEAL)

Notary Public.

My Commission expires _____
Address: _____



3014309 12/12/2002 04:40P Weld County, CO
2 of 3 R 16.00 D 0.00 J.A. "Suki" Tsukamoto

No. _____
Dated _____, 19____
No. Acres _____
County, _____
Term _____
This instrument was filed for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and duly recorded in
Volume _____ Page _____ of the records of this office.

By _____
County Clerk.
Deputy.

When recorded return to
DIVERSIFIED OPERATING CORPORATION
15000 WEST 6TH AVENUE SUITE 102
GOLDEN, CO 80401

ADDENDUM TO OIL AND GAS LEASE

THIS ADDENDUM is made a part of the within lease by attachment and reference thereto:


1. Lessee agrees to pay unto Lessor prior to the commencement of any drilling operations on the subject lands, the following sums as surface damages for each drill site: \$1500.00 per drill site not to exceed three acres, including roads. In the event that any such drill site shall exceed three acres, including roads, Lessee shall pay as additional surface damage the sum of \$500.00 for each acre or fraction of an acre in excess of said three acres. Said surface damages shall be in addition to any other verifiable damages occurring within lease.
2. If, by reason of Lessee's operations, there is damage to real or personal property upon Lessor's land which is not associated with normal drilling operations, such a damage to cattle, structures, fences, culverts and cement ditches, such damage will be repaired by Lessee or Lessee shall promptly pay Lessor for the repair of such additional damage. Lessee shall be responsible for the death or injury to any livestock, provided such injury or death is directly and proximately caused by Lessee's operations on the leased premises.
3. Prior to the commencement of drilling operations on the lands specifically herein described, Lessee shall consult with Lessor concerning the location of access roads and tank battery facilities. To the extent practicable, Lessee agrees to locate such facilities at locations of Lessor's preference. Once the roadways have been established, Lessee shall use such designated roadways as its only routes of ingress and egress. Lessee agrees that there shall be no ingress or egress or any other operations, other than those necessary for normal exploration, drilling, and production operations on the premises, without prior written consent of the Lessor.
4. Lessee further agrees to abide by Colorado Oil & Gas Commission rules subsequent to completion or abandonment of drilling activities on each exploration, that it will restore all lands utilized for such exploration such as, but not limited to roadways, slush pits, and drill sites, as nearly to its former condition as is practicable, which shall include the hauling off of all mud and slush from pits and the backfilling of top soil to its former contours, all top spoil to be removed, separately piled and restored.
5. Payment or tender of payment of any royalty as hereinabove provided during any period when gas is not being sold or used and the well or wells are shut in, and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, shall only validate this lease for a period of two years beyond the expiration of the primary term or any option term. It is also specifically agreed that any gas royalty payments shall be calculated upon gas produced and sold at the well site on the premises, less actual lease usage.
6. In the event the premises become productive, the Lessee agrees to fence off pits, pumping units, and tank battery sites at the request of the Lessor.
7. The Lessee shall keep the drill site and premises clean and free of weeds and trash and shall be responsible for the cleaning and removal of any oil spills or toxic chemical spills caused by Lessee's operations upon the leased premises.

DATED this 15th day of November 2002.

LESSOR:

LESSEE:


Donald L. Wickstrom


Diversified Operating Corporation
BY: Terry J Cammon
Title: President

