

## MEMORANDUM OF UNDERSTANDING

March 21, 2006

The undersigned parties by this Memorandum of Understanding desire to express their intentions with respect to the financing of those certain projects in the Steamboat Springs and Hayden, Colorado areas known as Mount Harris at Grassy Creek, Grassy Creek Ranch, Villages at Hayden, Hidden Springs and Steamboat Riverfront Properties (the "Projects"), the contribution of the Projects to separate limited liability companies (the "LLCs"), the ownership of units in the LLCs and other related matters. This Memorandum of Understanding is a statement of the parties' intentions and is not intended as a binding contract, but a binding definitive agreement will be entered into as contemplated herein. The financings provided for herein are subject to customary credit approvals of the lending institutions.

1. First State Bank of Altus ("FSB") will provide a 6 month loan in the amount of \$500,000 to 4S Development, LLC on or before March 21, 2006. This funding will be an unsecured loan guaranteed by Ron Sills and Bob Keys.

2. On or before April 15, 2006, the parties will enter into a definitive agreement providing for the contribution of the Projects to the LLCs, the financing arrangements and uses of proceeds, infrastructure construction, the organization of LLCs in accordance with Exhibit A attached hereto, the issuance of units in the LLCs to the parties in the proportionate ownership shown on Exhibit A and containing usual and customary representations, warranties, covenants and indemnifications. The agreement will provide for a closing on or before June 15, 2006.

3. Oasis will arrange a loan to 4S Development, Ltd., on or before April 15, 2006, in the amount of \$3,600,000. The loan will be secured by 1st Deed of Trust on the 900 acre parcel known as the Villages at Hayden. Proceeds will be used for development of Villages at Hayden, payment of \$980,000 loan to First National Bank of the Rockies, payment of \$500,000 loan to FSB, Project expenses, down payments toward buyout of partners on Villages at Hayden and Grassy Creek Ranch Projects (\$500,000), reimbursements, payment of vendors, and other miscellaneous Project expenses. Sales of Villages at Hayden lots will be applied to the repayment of this loan.

4. On or before June 15, 2006, Oasis will arrange a \$4,900,000 loan to 4S Development, Ltd, Grassy Creek Holdings, LLC, Mount Harris at Grassy Creek, LLC, Grassy Creek Ranch, LLC, and Villages at Hayden, LLC. Loan proceeds will be used for buyout of certain partners in 4S Development, Ltd. and Grassy Creek Holdings, LLC and development costs. Sales of Mount Harris at Grassy Creek and Hidden Springs lots will be applied to the repayment of this loan. Simultaneous with the closing of this loan, the transactions provided for in the definitive agreement, including, without limitation, conveyance of the Projects into the LLCs, the issuance of the LLC units and the issuance of units in WERCO will occur as a part of the definitive agreement closing.

5. On or before July 15, 2006, Oasis will arrange a financing of \$2,200,000 to Steamboat Riverfront Properties, LLC for acquisition and development costs. Property sales will be applied to the repayment of this loan.

6. On or before August 15, 2006, Oasis will arrange financing to pay off the \$3,300,000 first mortgage loan on the Mount Harris at Grassy Creek Project. Sales of 10 lots to IPA at \$750,000 each will be applied to the repayment of this loan.

7. On or before October 15, 2006, Oasis will arrange a \$1,900,000 loan to pay off the private lender loan on the Grassy Creek Ranch project or will arrange for the renewal of such loan.

8. Up to fifteen lots at Mount Harris at Grassy Creek and up to ten lots at Hidden Springs will be provided to Oasis to use for sale at approximately \$750,000 and \$250,000 respectively to facilitate the payment of any underlying debt.

9. Road and infrastructure improvements for the Villages at Hayden Phase I, Filing I (which will include paving/chip sealing for Hidden Springs Ranch roads) and Mount Harris at Grassy Creek utility and final road improvements will be provided at competitive pricing (cost of which shall be approved by managers of each of the effected LLCs) by Randy Robinson/Robinson Construction, or assign ("Robinson"), utilizing his own credit facilities, beginning no later than May 1, 2006. Robinson will be entitled to a 20% membership interest in Villages at Hayden, LLC, Grassy Creek Ranch, LLC and Mount Harris at Grassy Creek, LLC for each Project phase in which Robinson has provided completed infrastructure and improvements. Robinson shall be paid annually on or before June 1 for work completed during the previous calendar year. Upon the closing of the definitive agreement, Robinson will receive full ownership as shown on Exhibit A.

[Signature page(s) follow this page.]

This Memorandum of Understanding is executed this 21<sup>st</sup> day of March, 2006, by the undersigned.

**4S Development, Ltd., LLLP,  
A Colorado Limited Partnership**

By: \_\_\_\_\_  
Mark A. Sills, General Partner

By: \_\_\_\_\_  
Shane Sills, General Partner

**Oasis Development, LLC,  
An Oklahoma Limited Liability Company**

By: \_\_\_\_\_  
Paul H. Doughty, President

**Colorado Management Services, LLC,  
A Colorado Limited Liability Company**

By: \_\_\_\_\_  
Cory Sullins, Manager

By: \_\_\_\_\_  
Shane Sills, Manager

By: \_\_\_\_\_  
Shad Sills, Manager

**Grassy Creek Holdings, LLC,  
Colorado Limited Liability Company**

By: \_\_\_\_\_  
Roger Johnson, Manager

\_\_\_\_\_  
Randy Robinson or Assign

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Roger Johnson, Manager

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Cory Sullins, Manager

By: Shane Sills  
Shane Sills, Manager

By: Shad Sills  
Shad Sills, Manager

**Grassy Creek Holdings, LLC, Colorado**  
**Limited Liability Company**

By: Roger Johnson  
Roger Johnson, Manager

\_\_\_\_\_  
**Randy Robinson or Assign**