

**LIQUOR AND BEER MEETING
LOCAL LICENSING AUTHORITY
CITY OF GRAND JUNCTION, COLORADO
MUNICIPAL HEARING ROOM, CITY HALL, 250 NORTH 5TH STREET**

MINUTES

WEDNESDAY, APRIL 4, 2001, 9:00 A.M.

I. **CALL TO ORDER** – The meeting was convened at 9:05 a.m. Those present were Hearing Officer Phil Coebergh, Assistant City Attorney John Shaver and Senior Administrative Assistant Christine English.

II. **APPLICATIONS TO RENEW LIQUOR AND BEER LICENSES**

1. Gay Johnson's Incorporated dba Gay Johnson's, 333 North 1st Street, 3.2% Beer Off Premise

The application was in order and approved.

2. Western Colorado Center for the Arts Incorporated dba Western Colorado Center for the Arts, 1803 North 7th Street, Arts

The application was in order and approved.

3. Grand Junction Athletic Club Incorporated dba Grand Junction Athletic Club, 2515 Foresight Circle, Tavern

The application was in order and approved.

4. Black Sam Incorporated dba Pantuso's Ristorante, 2782 Crossroads Blvd, Hotel and Restaurant-**Continued from March 7, 2001 Meeting**

Christopher Blackburn and attorney John Williams were present. Mr. Williams stated a complaint was filed on March 8, 2001 for specific performance for conveyance of the property. Mr. Williams submitted to the Hearing Authority a copy of the complaint (see attached). No answer has been filed yet. Mr. Blackburn has an equitable title to the property. He exercised the option to purchase. The business continues to operate. If it is the court's opinion that Mr. Blackburn is in the wrong, he will surrender the liquor license.

Mr. Coebergh stated State Statute requires the licensee be in possession of the premises through either a lease or a deed for the entire licensing period and asked Mr. Williams to respond to the fact that Mr. Blackburn had neither. Mr. Williams stated the lease term expired in February 2001 but there is an agreement in effect through the original lease option (see attached). The option to purchase the property was exercised and Mr. Blackburn has a right to possession. Mr. Williams referred to C.R.S. 12-47-301 3(b) which states that at all times a licensee shall possess and maintain possession of the premises for which the license is issued by ownership, lease, rental or other arrangement for possession of such premises. The dispute has been over the purchase price agreed upon in the original contract.

Mr. Shaver asked if any action has been taken to exclude Mr. Blackburn or to do anything in terms of a breach of the lease agreement. Mr. Williams stated no. There is an agreement between the attorneys to examine all opportunities to work this dispute out.

The litigation will be seen through which could take up to a year. Mr. Coebergh asked is Mr. Blackburn was paying a month to month lease without any document supporting that. Mr. Blackburn stated he has been depositing the lease payments into a trust account through Mr. Coleman's office.

Mr. Coebergh asked if this was being based upon equitable title or C.R.S 12-47-301 3(b). Mr. Williams stated the statute addresses "ownership, lease, rental or other arrangement". Mr. Williams asked that the license renewal be approved at this time and in the event this dispute is not settled satisfactorily, the liquor license will be surrendered. Mr. Williams also stated he would file with Mr. Shaver a copy of all pleadings. In that way the City Attorney's office will be apprised of the status of this case as it moves along.

Mr. Shaver stated this is a problem of lawful possession of the premises. A lease is required for the term of the license. What could be done is to put a lesser term of the license, to be determined by the Local Licensing Authority, to allow Mr. Blackburn to resolve this issue with the added provision being immediate surrender of the license if this is not resolved within that lesser term period. There is a specific statement in the regulations that talks about "term of the license". By having an altered term, this should be in compliance with the statutes as long as Mr. Blackburn has continuing tenancy of the premises. Mr. Coebergh could set this for review in 3 to 6 months and instruct Mr. Williams to file copies of pleadings with Mr. Shaver's office.

Mr. Coebergh asked what the state's response to an approval such as this would be. Mr. Shaver stated he did not know. An explanation to the state as to this situation should allow them some flexibility in making their decision. Mr. Blackburn is in possession of the premises through the lease option agreement. Mr. Coebergh approved the renewal on the local level based upon the current possession of the premises. Mr. Coebergh set a review hearing for July 18, 2001.

Mr. Williams asked if a letter could be submitted from his office along with the renewal application explaining the situation with the lease. Mr. Shaver concurred with this. Mr. Williams stated his office would submit the letter to the City Clerk's office.

III. APPLICATION FOR RENEWAL AND REPORT OF CHANGE IN CORPORATE STRUCTURE

1. Wal Mart Incorporated dba Sam's Club #6360, 1040 Independent Avenue, 3.2% Beer Off Premise

President: H. Lee Scott, Jr., replaces David D. Glass
Vice President: David L. Bullington replaces Nick White

The applications were in order and approved.

IV. APPLICATION FOR TRANSFER OF OWNERSHIP

1. Genco Olive Oil Incorporated dba The Winery Restaurant, 642 Main Street, Hotel and Restaurant

Transfer of Ownership from Vintage Investments Corporation dba The Winery Restaurant to Genco Olive Oil Incorporated dba The Winery Restaurant-Applying for a Temporary Permit

President: Christopher Blackburn, 645 Grand View, Grand Junction

Christopher Blackburn was present. The final financial documents were submitted late yesterday. There has been no opportunity for review of these documents. A temporary permit was issued to the applicant on April 2, 2001. The rest of the application is in order.

Mr. Coebergh continued this matter to the April 18, 2001 meeting.

V. APPLICATION FOR A SPECIAL EVENTS PERMIT

1. Application by Latin Anglo Alliance Foundation for a Malt and Vinous Special Events Permit for "Cinco de Mayo" to be held on May 5, 2001 on Main Street between 5th and 7th Streets from 6:00 a.m. to 11 p.m.

President: Dolores Pitman-Garcia, 2721 Sierra Vista Road, Grand Junction
Event Manager: Elaine Rodriguez, 455 Cottonwood Lake, Grand Junction

Mark Achulleta was present representing the Latin Anglo Alliance. The application met the statutory requirements and was approved.

VI. REQUEST FOR REHEARING

1. Request from John Williams, attorney representing Don Compte, Crown Liquors, for a Rehearing on Walterscheid Investment & Consulting Incorporated dba All Pro Liquor, Hearings held on February 21, 2001 and March 7, 2001

Attorneys John Williams and Tom LaCroix were present. Mr. Williams stated he had not been notified of this hearing. Mr. Coebergh stated this would be a hearing based on whether or not there is a basis on which to file such a motion, and whether it is appropriate. Mr. Williams asked that this be continued to the next meeting so he would have time to prepare.

Mr. Shaver stated it was put on the agenda after it was submitted to the City Clerk's office. There is no basis under Colorado Liquor Law for such a cite. Once the Local Licensing Authority has made a decision, the appropriate recourse is to appeal through the District Court via a civil procedure 106(a) 4 action.

Mr. Coebergh set this matter over to the April 18, 2001 meeting. Mr. Coebergh invited Mr. LaCroix to be present at the April 18 meeting if he wished to present any evidence.

VII. ADJOURNMENT – The meeting was adjourned 9:43 a.m.

NEXT REGULAR MEETING – April 18, 2001

DISTRICT COURT, MESA COUNTY, COLORADO
125 North Spruce Street
P.O. Box 20,000
Grand Junction, CO 81502-5030
(970) (257-3625)

Plaintiff(s) :

BLACK SAM, INC., a Colorado corporation,

V.

COURT USE ONLY

Defendant(s) :

JOHN J. MAZZA, ANNALEE R. MAZZA, SAMUEL J.
PANTUSO AND MARY R. PANTUSO, d/b/a CROSS
HORIZONS, a Colorado general partnership.

Case No.: 01 CV ____
Division:

Attorney for Plaintiff Black Sam, Inc.

01 CV134

Name: Joseph Coleman, Esq.
Address: OLEMAN, JOUFLAS & WILLIAMS
P.O. Box 55245
2452 Patterson Road, Suite 200
Grand Junction, CO 81505
Phone No: (970) 242-33 1 1
Fax No: (970) 242-1893
E-mail: cjwlaw@gj.net
Atty. Reg.#:6856

COMPLAINT

Plaintiff, Black Sam, Inc., a Colorado corporation, by its attorneys, Coleman, Jouflas & Williams, files the following Complaint:

GENERAL ALLEGATIONS

1. Black Sam, Inc., (hereinafter "Black Sam") is a Colorado corporation in good standing with its principle place of business being in Mesa County, Colorado.
2. Black Sam is informed and believes that the defendants are all residents of Mesa County, Colorado.
3. On or about the 4th day of March, 1 996, Black Sam and defendants entered into a Lease With Option to Purchase, a copy of which is attached as Appendix 1 and hereinafter referred to as the "Option".
4. The Option was entered into after Black Sam agreed to purchase a restaurant business and substantially all of the assets associated with the business known as Pantuso Restaurant. The purchase of the assets was based on the representation that Black Sam would be entitled to purchase the land upon which the business was operated. The Option was intended to insure defendants' obligation to sell the real property that was the subject of the Option, being Lot 5, Block 1 Crossroads Subdivision, Mesa County, Colorado (hereinafter "Property").
5. Black Sam has paid the defendants \$200,000, \$100,000 in cash at the purchase closing and \$100,000 plus prime plus 2 percent interest pursuant to an owner carry back note, in full payment for the business assets. Without the defendants recognizing Black Sam's right to purchase the Property, Black Sam would not have made the above payments for the business assets.

6. Black Sam fully performed all lease obligations imposed on it by the Option and at all times was in good standing under the terms of the Option.

7. The Option, when executed, provided that Lessee was to give written notice to defendants, between March 1, 1999 and November 30, 2000, if the Lessee wished to purchase the Property pursuant to the specified price and terms or such other terms for payment that might be agreeable between Black Sam and the defendants.

8. After March 1, 1999 and before November 30, 2000, Black Sam and the defendants agreed to modify the notice provision for exercising the Option. The parties agreed that oral notice from Black Sam would be sufficient to afford Black Sam the right to purchase the Property.

9. Subsequent to the above agreed upon modification of the Option, the parties proceeded in accordance with the Option terms, as amended. Specifically, after the modification, Black Sam gave oral notice to the defendants of his intent to purchase the Property and in reliance on the giving of such notice and in reliance on the defendants' voluntary acceptance of such notice, the parties proceeded toward a real estate closing by discussing whether they wished to adhere to the precise terms for payment of the purchase price or whether they wished to agree upon 'other terms' as authorized by the Option.

10. The parties could never agree upon such other terms for payment of the purchase price so the Option terms for payment remained binding on both parties.

11. Black Sam is informed and believes, based on conversations with the defendants, the defendants had recognized that Black Sam had taken all action required of it to exercise its option to purchase the Property but the defendants wanted legal counsel about the wisdom of altering the payment terms. Despite admitting that both defendants and Black Sam believed that Black Sam was obligated to purchase the Property, the defendants have refused to proceed to close on the sale to Black Sam based on a late February 2001 discussion with their attorney who allegedly has advised them that their oral agreement to modify the written notice requirement can be breached.

12. Black Sam is informed and believes, based on conversations with the defendants, that they knew that the Option had been exercised in accord with the mutual agreement that oral notice of exercise was a permissible modification of the Option.

13. Black Sam is informed and believes, based on conversations with the defendants, that they know that prior to and continuing after November, 2000 that Black Sam was obligated to buy and defendants were obligated to sell the Property at the Option price and terms, assuming that the parties were unable to agree upon different terms of payment.

14. Defendants knew that the Option had been exercised in a manner that was mutually acceptable to the parties, with the parties agreeing that written notice would no longer be a requirement of the Option. Pursuant to this contractual modification, the parties proceeded to discussions of the terms by which the purchase price would be paid.

15. Black Sam performed all conditions precedent, as required by the Option, as modified by the mutual agreement of the parties, for exercise of its right to purchase the Property.

16. Defendants are in default because of their refusal to sell the property according to the Option, as modified.

17. Black Sam is ready, willing and able to close on the purchase, at the price and according to the terms set forth in the Option, recognizing that after multiple negotiating sessions the parties have been unable to agree on any alternative terms for payment, thereby leaving in place the payment terms set forth in the Option.

18. The Property is unique real property and Black Sam is and will suffer irreparable harm if it is unable to purchase the Property pursuant to the Option, as modified (relative to the method of notice).

I. FIRST CLAIM

1.1 Black Sam realleges the general allegations.

1.2 The parties modified the Option to accept oral notice with the same effect as written notice.

1.3 Pursuant to the modification of the notice provision, Black Sam gave defendants the required notice and all parties accepted such notice as adequate.

1.4 Black Sam relied on defendants' willingness to alter the notice provision and therefore only gave oral notice. Had defendants not voluntarily agreed to accept oral notice and then proceed to act in recognition of the validity of the oral notice, Black Sam could and would have given the formal written notice.

1.5 Black Sam relied on defendants' post contract commitments about the adequacy of oral notice and Black Sam will suffer irreparable detriment if defendants are allowed to now change their position based solely on their attorney, after the fact, demanding that only written notice would be deemed binding.

1.6 Black Sam is entitled to an order of specific performance requiring that defendants comply with their contract modification concerning the method of notice and requiring the defendants to sell the Property in accord with the Option price and terms.

1.7 Defendants are promissorially estopped from refusing to allow Black Sam to purchase the Property according to the price and terms set forth in the option.

1.8 Black Sam is entitled by the terms of the Option to recover all of its attorney fees and costs incurred in this proceeding.

SECOND CLAIM

2.1 Black Sam realleges all prior allegations.

2.2 Defendants agreed to accept the oral notice that Black Sam gave relative to the purchase of the Property.

2.3 Defendants agreed to sell the Property according to the price and terms set forth in the Option.

2.4 Defendants have breached the contractual obligations that they owe to Black Sam

2.5 Defendant's breach relates to unique real property and Black Sam will be irreparably harmed if the contractual obligations, including the oral agreement allowing oral notice, are not specifically enforced.

THIRD CLAIM

3.1 Black Sam realleges the prior allegations.

3.2 Black Sam is entitled to possession and ownership of the Property.

3.3 Black Sam is actively operating a restaurant business on the Property and must continue to do so to preserve the going concern value of the business.

3.4 Any interference by defendants with Black Sam's continued occupancy would be wrongful.

3.5 Black Sam is entitled to a preliminary injunction to prevent irreparable harm that would result if the defendants attempted any efforts to dispossess Black Sam from the Property which defendants are obligated to sell to Black Sam.

3.6 Black Sam is ready, willing and able to proceed with the purchase, conditioned only on the defendants' simultaneous performance of the Option, recognizing that financing the purchase, which has been arranged for by Black Sam, requires that the defendants convey unencumbered, marketable title.

PRAYER FOR RELIEF

THEREFORE, Plaintiff requests this Court enter and Order (i) requiring the defendants' specific performance to sell the Property to Plaintiff in accord with the Option price and terms; (ii) for preliminary injunction to prevent the defendants' from interfering with Plaintiffs continued possession and operation of the business and (iii) awarding Plaintiff its attorney fees and costs and such other relief that the Court deems appropriate and just.

Dated this 8 day of March, 2001.

Respectfully submitted,

COLEMAN, JOUF WILLIAMS

By: /s/ Joseph Coleman

Joseph Colman, #6856

Joseph Williams, #8529

Attorney for Plaintiff Black Sam, Inc.

Plaintiffs address:
2782 Crossroads Blvd.
Grand Junction, CO 81506

LEASE WITH OPTION TO PURCHASE

Lease effective this 4th day of March, 1996, by and between CROSS HORIZONS, a general partnership consisting of JOHN J. MAZZA, ANNALEE R. MAZZA, SAMUEL J. PANTUSO and MARY LOU R. PANTUSO, hereinafter referred to as "Lessor," and BLACK SAM, INC., a Colorado corporation, hereinafter referred to as "Lessee."

In consideration of the mutual covenants contained herein, the parties agree as follows:

ARTICLE 1.0

PROPERTY

1.1 Lessor leases to Lessee the real property and improvements thereon located in the County of Mesa, State of Colorado, described as follows:

See Exhibit "A" attached hereto and incorporated herein by this reference (hereinafter referred to as "property")

located at 2782 Crossroads Boulevard, Grand Junction, Colorado 81506, and presently known as Pantuso's Ristorante.

ARTICLE 2.0

TERM

2.1 The term of this lease is for five (5) years beginning March 4, 1996 and ending February 28, 2001.

ARTICLE 3.0

RENT

3.1 Lessee agrees to pay as rental to Lessor at the address specified in this Lease, or at such other place as Lessor may from time to time designate in writing, the sum of Twenty-One Thousand Nine Hundred Seventy Dollars (\$21,970.00) per year (which is \$6.50 per square feet for 3,380 square feet), payable in monthly installments of One Thousand Eight Hundred Thirty and 83/100 Dollars (\$1,830.83), payable on the first date of each month.

3.2 Lessee shall at Lessee's expense:

3.2.1 Pay all utilities.

3.2.2 Pay all water assessments.

3.2.3 Maintain and keep the premises in as good a condition as when received, ordinary wear and tear excepted.

3.2.4 Procure, pay for and maintain in force and effect at all times during the term hereof a policy or policies of public liability insurance issued by an insurance company or companies approved by Lessor, in which Lessor and Lessee shall be named as insureds as their interests may appear, which policy covers all of the leased property which is the subject matter of this Lease irrespective of the use and occupancy thereof, and insuring Lessor against loss, damage or liability on account of the use and occupancy thereof in an amount of not less than \$500,000.00 for personal injuries, and in an amount of not less than \$100,000.00 for damage or injury to personal property. Certificates evidencing the insurance required by this paragraph shall be furnished to Lessor by Lessee.

3.3 All insurance premiums, maintenance costs and expenses which the Lessee is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of the Lessee's failure to pay such amounts, and all damages, costs and expenses, including attorney's fees, which the Lessor may incur by reason of any default of the Lessee or failure on the Lessee's part to comply with the terms of this Lease, shall be deemed to be additional rent; and, in the event of non-payment by the Lessee, the Lessor shall have all the rights and remedies with respect thereto as the Lessor has for the non-payment of the basic rent.

ARTICLE 4.0

ADDITIONS AND ALTERATIONS TO LEASED PROPERTY

4.1 Lessee shall not make, or cause to be made, any permanent additions or alterations of the leased property or any part thereof, without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Any permanent additions to or alterations of the leased property shall become a part of the realty and shall become and remain the property of Lessor. The parties acknowledge Lessee may install upon the premises certain items of moveable and non-permanent type or nature which are intended to be and remain the property of Lessee. Any such items not removed upon expiration of the lease term shall become the property of Lessor.

ARTICLE 5.0

TAXES AND PROPERTY INSURANCE

5.1 Lessee shall at Lessee's expense pay all real property taxes.

5.2 Lessee shall at Lessee's expense pay all charges, costs and fees for fire insurance or other casualty in an amount sufficient to cover the replacement cost of the property.

ARTICLE 6.0

USE

6.1 Lessee shall use the property for operation of a restaurant and lounge only, which use shall be in full conformance with all applicable zoning laws.

ARTICLE 7.0

INDEMNITY OF LESSOR

7.1 Lessee shall and hereby agrees to indemnify and forever save the Lessor and the property free and harmless from and against:

7.1.1 Any and all liabilities, penalties, losses, damages, costs and expenses, causes of action, claims or judgments arising from or growing out of any injury or injuries to any person or persons or any damage or damages to any property as a result of any accident or other occurrence during the term of this Lease caused by any negligent or intentional act or acts, omission or omissions of the Lessee and Lessee's employees, agents, servants, subtenants, concessionaires, licensees, contractors, invitees or permittees, or arising from or growing out of negligent or intentional acts in the use, maintenance, occupation or operation of the property during the term of this Lease.

7.1.2 From and against all legal costs and charges, including reasonable attorney's fees, incurred in and about such matters and the defense of any action arising out of the same or in discharging the property or any part thereof from any and all liens, charges or judgments which may accrue or be placed thereon by reason of any act or omission of the Lessee.

7.1.3 From any liability on account of or in respect of any mechanic's lien or liens in the nature thereof for work and labor done or materials furnished at the instance and request of the Lessee in, on or about the property; and, accordingly, Lessee will either satisfy such lien or, if

Lessee disputes the validity thereof, will defend any action for the enforcement thereof (and if Lessee loses any action, will cause such lien to be satisfied and released).

ARTICLE 8.0

DEFAULT

8.1 Should default be made and continue for thirty (30) days after written notice from the Lessor specifying such default, either in the payment of any portion of the rent or items in the nature of rent or other charges herein provided to be paid by Lessee, as and when the same come due, or in the performance of any of the other covenants herein contained on the part of Lessee to be kept and performed, or in the event Lessee ceases business operations, the Lessor or Lessor's agent or attorney shall have, and at Lessor's option may, exercise any one or more of the following rights and remedies, each of which shall be cumulative and in addition to all other rights and remedies authorized by law.

8.1.1 Lessor may, without terminating this Lease, bring and maintain an action for any amount due and unpaid.

8.1.2 Lessor may re-enter and take possession of the property, remove all persons and property therefrom, and, at Lessor's option, declare this Lease and the leasehold estate hereby created to be, and thereupon the same shall be and become, terminated and ended.

8.1.3 Lessor may re-enter and take possession of the property and remove all persons therefrom, and, at Lessor's option, without declaring this Lease or the leasehold estate created hereby terminated or ended, may re-let the property or any portion thereof for such rent and upon such terms as Lessor may see fit during any unexpired lease term, or Lessor may operate said property itself.

8.2 If, by reason of any such default, Lessor shall have re-entered and shall have elected not to declare this Lease terminated but to relet the said property or to operate said property itself as provided in Paragraph 8.1.3, above, and if a sufficient sum shall not be thus realized, after paying the expenses of re-entry and of reletting and collecting or of operating said property to satisfy the rent hereby reserved plus any charges or items equivalent to or in the nature of rent payable by Lessee, Lessee agrees forthwith to satisfy and pay any such deficiency as and when the same arises and as and when demanded by Lessor.

8.3 Any re-entry or possession of said property by the Lessor, or any notice served in connection therewith, or for money due the Lessor hereunder, shall not operate to release the Lessee from any obligation under this Lease.

8.4 In addition to the foregoing rights and remedies, the Lessor shall have and, at Lessor's option, may exercise all other rights and remedies, whether similar or dissimilar to the foregoing and whether now or hereafter authorized by law or equity, it being understood that each and all of the rights and remedies available to the Lessor shall be cumulative and none of them exclusive.

ARTICLE 9.0

DAMAGE OR DESTRUCTION

9.1 In the event of total or substantial damage or destruction of the property as the result of any casualty covered by the insurance which Lessee is to maintain, Lessee or Lessor, upon receipt of the insurance proceeds, shall with all reasonable speed and diligence, repair, restore and reconstruct the damaged or destroyed property with the insurance proceeds so that upon completion thereof the property will be substantially the same as before the occurrence of the damage or destruction. Such destruction shall not annul or void this Lease.

9.2 During the restoration and repair of the property as described in paragraph 9.1 above, the rent required by this Lease shall be abated until the restoration or repairs have been completed.

ARTICLE 10.0

CONDEMNATION

10.1 If during the term of this Lease, proceedings are instituted for the condemnation of the whole or any part of the property and improvements herein let or if Lessor shall dispose of Lessor's interest in said property, or any part thereof, either voluntarily or involuntarily, in order that the property may be devoted wholly or partially to any public use, this Lease shall forthwith cease and terminate; and Lessee shall surrender possession upon demand by Lessor. In the event Lessee continues in possession after such termination, then and in that event Lessee shall pay rent for such period of possession as hereinabove provided. Lessor and Lessee shall prorate the award of any condemnation proceeds based on the relative value of the respective interests taken by the award.

ARTICLE 11.0

ASSIGNMENT

11.1 This Lease agreement is personal in nature, and Lessee shall not assign this Lease nor sublet the property, or any portion thereof, without the written consent of Lessor.

ARTICLE 12.0

BANKRUPTCY OF LESSEE

12.1 In the event the Lessee shall, at any time during the term hereof, become insolvent or be adjudicated a bankrupt, or assign over all of Lessee's estate or effects for the payment of Lessee debts, or file a voluntary petition under the National Bankruptcy Act, or under any similar or substitute act which may be hereafter adopted, or in the event any execution or attachment shall issue against Lessee, or any of the effects of the Lessee, and remain in force for a period of more than thirty (30) days, or a receiver or trustee be appointed over the business, property or assets of Lessee, then this Lease shall be deemed to be in default; and Lessor shall be entitled to pursue any or all of the remedies listed in Article 8.0 hereinabove.

ARTICLE 13.0

OPTION TO PURCHASE PROPERTY

13.1 Provided that Lessee is in good standing under the terms and conditions of this Lease, Lessee shall at any time after March 1, 1999, but in no event later than November 30, 2000, have the option to purchase the property by giving Lessor written notice to that effect at a price of Three Hundred Seventy-Five Thousand Dollars (\$375,000.00). In the event of exercise of said option to purchase:

13.1.1 Lessor shall within sixty (60) days after receipt of notice of intent to exercise said option, at Lessor's option and expense, supply to Lessee either an abstract of title to said property, certified to date, or a commitment from a title insurance company authorized to do business in the State of Colorado, binding said company to issue its regular form of owner's title insurance policy in the amount of the purchase price to the Lessee; and the Lessor further agrees to pay for the certification of said abstract or the issuance of said owner's title insurance policy, whichever the case may be.

13.1.2 Closing shall occur no later than 6 months following exercise of the option (but in any event no later than February 28, 2001), at which time upon receipt of the purchase price Lessor shall execute and deliver to Lessee Lessor's good and sufficient general warranty deed conveying the property to Lessee free and clear of all liens and encumbrances excepting easements, rights of way, restrictions and reservations of record and subject also to the then current real property taxes.

13.1.3 Unless other agreed, the purchase price shall be paid to Lessor as follows:

(A) \$100,000.00 in cash or certified funds at closing; and

(B) Lessee shall execute Lessee's promissory note in favor of Lessor in the amount of \$275,000.00, to accrue interest at two points over the Wall Street prime on the date the option to purchase is exercised, to be adjusted annually on the anniversary date of the note and with a minimum interest rate of 8% per annum and a maximum interest rate of 12.5% per annum, payable in equal monthly installments based on a five-year amortization, until paid in full. Said note shall be secured by a first lien deed of trust on the property. The note shall require that no principal pre-payment may be made on the note prior to three years from the date of the note.

13.1.4 Real property taxes, water assessments and prepaid insurance premiums shall be prorated to the date of closing, and a cash adjustment for the same shall be made between the parties.

13.2 If an election to exercise the option to purchase shall be made during the term of this lease, the lease term will terminate on the closing of the election to purchase the property.

ARTICLE 14.0

MISCELLANEOUS

14.1 In the event Lessor or Lessee files an action to enforce any covenant or agreement contained in this Lease, or for breach of any covenant or condition, the prevailing party in such action shall be entitled to its reasonable attorney's fees and court costs.

14.2 All notices to be sent under the within instrument shall be deemed to have been duly given as and when deposited in the United States mail, certified, return receipt requested, properly stamped and addressed to the party for whom intended at the address of such party stated below:

Lessor:

Cross Horizons
c/o John J. Mazza
362 Music Lane
Grand Junction, Colorado 81506

Lessee:

Black Sam, Inc.
c/o Baird B. Brown
P.O. Box 2207
Grand Junction, Colorado 81502

14.3 Modifications or amendments to this Lease shall be effective only if made in writing and executed by the parties with the same formality as and by making reference to this Lease.

14.4 The failure of either party to insist upon the strict and prompt performance of any of the terms, covenants, agreements and conditions herein contained or upon the other party imposed, shall not constitute or be construed as a waiver or relinquishment of such party's right or

rights thereafter to enforce any term, covenant, agreement or condition, but the same shall continue in full force and effect.

14.5 Lessor shall have the right to come upon and inspect the property at all reasonable times.

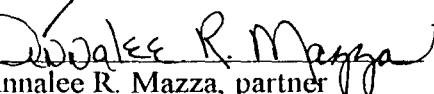
14.6 This Lease when fully executed shall extend to and be binding upon the successors and assigns of the parties.

Signed this 4th day of March, 1996.

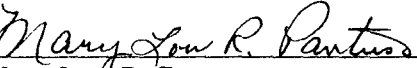
LESSOR

CROSS HORIZONS,
a Colorado general partnership

By 
John J. Mazza, partner

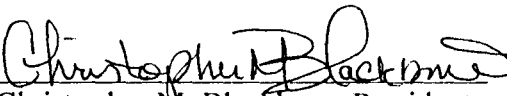
By 
Annalee R. Mazza, partner

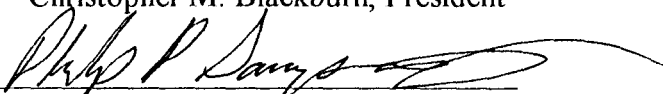
By 
Samuel J. Pantuso, partner

By 
Mary Lou R. Pantuso, partner


LESSEE

BLACK SAM, INC.,
a Colorado corporation

By 
Christopher M. Blackburn, President


Philip P. Sampinos, Secretary

GUARANTORS OF LESSEE


Christopher M. Blackburn

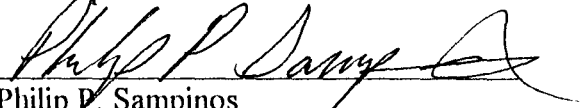

Philip P. Sampinos

EXHIBIT "A"

Lot 5, Block 1
Crossroads Subdivision
Mesa County, Colorado.