

J. P. KING AUCTION COMPANY, INC.

TERMS OF AUCTION

Weiss Ranch
Saguache County, Colorado
Thursday, July 12, 2007 at 11:00 AM (MT)

J. P. King Auction Company, Inc., an Alabama corporation headquartered at 108 Fountain Avenue in Gadsden, Alabama 35901 (telephone 800-662-5464 or 256-546-5217 and facsimile 256-543-8036) and its Colorado broker, Patti Bruder (“Broker”) whose address is 1932 Amethyst Drive, Longmont, Colorado 80504 (these parties collectively “Auctioneer”) have contracted with Weiss Ranches, Inc. (“Seller”) to offer to sell at public auction (“Auction”) certain real property (“Property”). These terms, plus any additions, deletions, and/or revisions announced by Auctioneer before the commencement of the Auction, represent the exclusive terms for the Auction (“Terms of Auction”).

1. **AGENCY:** Auctioneer is acting exclusively as an agent for Seller and not as an agent for any Bidder or Buyer. No third-party broker is acting as a sub-agent of Auctioneer.
2. **COLLUSION:** Bid-rigging is a federal felony punishable by imprisonment and fine. Auctioneer will report all illegal conduct to the F.B.I. and cooperate with any prosecution.
3. **COPYRIGHT:** The Auction is the exclusive intellectual property of Auctioneer, covered by copyright protection, and may not be recorded, reproduced, or used in any form by anyone other than Auctioneer.
4. **PROPERTY:** The Property is described in the “Real Property Sale Contract” (“Sale Contract”), a copy of which is available from Auctioneer, online at www.jpking.com, and posted at the Auction.
5. **DUE DILIGENCE:** Seller and Auctioneer do not attempt to provide Bidder with all of the information Bidder may need to make an informed decision about the Auction and Property. Bidder should obtain professional advice and conduct due diligence on the Property, title commitment (available from Auctioneer and posted at the Auction), surrounding area, all information provided by Seller or Auctioneer, “Property Information Package” (available from Auctioneer, online at www.jpking.com, and posted at the Auction), public records, Terms of Auction, Auction, Sale Contract, transaction contemplated, and all circumstances, defects, facts, issues, matters, problems, and other relevant matters (collectively “Property Issues”). All information provided by Auctioneer came from Seller and is believed to be accurate, but neither Seller nor Auctioneer guarantees, represents, or warrants its accuracy or completeness and Bidder should not rely upon it without independent inspection and verification from sources Bidder knows to be reliable. Seller and Auctioneer are not required to update any information provided or published and shall have no liability on any basis for failing to do so.
6. **DISCLAIMER:** Participation in the Auction is at Bidder’s sole risk and Seller and Auctioneer, plus their agents, contractors, and employees, shall have no liability on any basis. The Property will be offered in “**AS IS, WHERE IS**” condition. To the fullest extent allowed by law, Seller and Auctioneer unconditionally disclaim any guarantee, representation, or warranty of every kind, whether expressed, implied, or statutory, whether oral or written, whether past, present, or future, with respect to all Property Issues, except as expressly provided in the Terms of Auction and the Sale Contract.
7. **DISCLOSURES:** The Property will be offered for sale and conveyed subject to all conditions, covenants, deeds, easements, reservations, restrictions, right-of-ways, title exceptions, and matters of record. Maps, depictions, and sketches in any materials related to the Property are for illustration purposes only and Seller and Auctioneer do not guarantee, represent, or warrant their accuracy or completeness.

Lead-Based Paint: Residential dwellings built prior to 1978 may include lead-based paint. Buyer of such property must immediately execute a “Lead-Based Paint Waiver” in favor of Seller to be made part of the Sale Contract, thereby waiving Buyer’s right to conduct any risk assessment or inspection for lead-based paint hazards. Every Bidder should read and understand the lead hazard information pamphlet provided and the “Lead Warning Statement” in the Sale Contract.

Final Survey: The Parcels, as sold at the Auction either individually, in combination or as an entirety will be surveyed by Scott Johnson of Summit Engineering of Crestone, Colorado immediately following the Auction and prior to closing. Should the final survey indicate greater or lesser acreage in the Property than represented by Seller or Auctioneer, an adjustment will be made to the purchase price (“Total Contract Price”) to be paid by Buyer to Seller for the Property. All costs for the final survey will be paid by the Buyer at closing. If the Property is sold as an entirety, the

Property will be conveyed according to the legal description contained in the title commitments. The Seller will extend to the Buyer the right to delay the closing date should the final survey being performed not be complete by the closing date referenced in the Sale Contract.

Seller's Property Disclosure: As required by Colorado Real Estate Commission (SPD 19-10-05), Seller has provided a Seller's Property Disclosure for each Parcel offered in the Auction. Every Bidder should read and understand the content of the disclosure statement provided in the Sale Contract.

Tracts Not Included In Auction: Parcel Nos. 1, 2, 4 and 5 include within their overall boundaries tracts that are NOT OWNED by Seller and are NOT INCLUDED in the Property that will be offered and sold in the Auction ("non-owned tracts"). These non-owned tracts are each five acres plus-or-minus (5.0+/- acres) in size and were originally part of the "Oklahoma Land & Colonization Company's Tracts" and are now owned by other individuals and/or entities. One non-owned tract that is located within Parcel 1 abuts County Road T. The remaining non-owned tracts are each landlocked within the respective Parcels where they are located and do not have access roads across Seller's land leading to any public road. Seller has not granted a right of ingress/egress across Seller's land to any owner of these non-owned tracts and Seller will not do so before closing. Seller has no knowledge of what, if any, legal right of ingress/egress the owners of these non-owned tracts might have and Seller makes no representation whatsoever regarding this issue. Parcel No. 1 contains two non-owned tracts. Parcel No. 2 contains one non-owned tract. Parcel No. 4 contains four non-owned tracts. Parcel No. 5 contains one non-owned tract. Bidders can view the location of these non-owned tracts within the respective Parcels in which they located by referencing a map of the Property which was prepared by San Luis Valley CIS/GPS Authority. This map is included in property information packet located at www.jpking.com and will be posted at the Auction for inspection.

Wet Lands: Portions of the Property are considered wetlands.

Property Possession: The Property is selling subject to the sale of the property closing on or before August 13, 2007 and the Seller retaining possession of the Property through September 30, 2007.

Fences: Any fencing situated on the Property is not necessarily an indication of the Property's boundary. Buyer should rely on the final survey of the Property for the location of any and all Property boundaries.

Colorado State Leased Land: Seller has entered into State Lease No. 44290 with Colorado State Board of Land Commission for 480.0+/- acres of grazing land that will convey with Parcel No. 7. The lease will expire December 5, 2013; the current annual rent is \$651.60 payable on December 5th of each year. Prior to the closing of this sale, the Buyer will be required to complete two applications: a Lease Assignment Application and Rider and a Resource Management Questionnaire in which both documents will be subject to approval by the local representative of the Colorado State Board of Land Commissioners. The Buyer will be responsible for the \$100.00 application fee and the assignment fee of \$325.80 (one half of the annual rent or 50.0% of the value paid for the State lease by the buyer, whichever is greater). The current year's rent, which has been paid in full by the Seller, will be prorated between the Seller and Buyer through the date of closing of this sale. Buyers should contact Kit Page at the local Colorado State Board of Land Commission office located at 305 Murphy, Suite A, Alamosa, Colorado 81101 (telephone 719-589-2360) for further information about assignment of the grazing land lease.

Mineral Rights: Seller has agreed to convey at the time of closing Forty-nine percent (49.0%) of the mineral rights to the Buyer(s) of the Parcels.

Water Rights: The Property is selling subject to certain wells and water rights located within each respective Parcel offered in this Auction sale. The Seller retains no reservations to the wells or the water rights on the Property. The water rights on each Parcel, as owned by the Seller, will be conveyed with the real estate. The Buyer of each Parcel will be responsible for the transfer of the well permits and water rights and any other requirements by the State of Colorado. A parcel map with the water rights divided by parcel is available at www.jpking.com.

Hay Crop: The Property is selling subject to the presence of an agricultural crop of hay that will be harvested and removed from the Property not later than September 30, 2007. Seller retains exclusive ownership of, and all rights to, this crop including, but not limited to, the right to freely access the property, as reasonably necessary, to plant, tend, cultivate, harvest, and remove the crop. No buyer of any portion of the Property shall have any claim or right to collect any rent or other compensation of any kind from Seller with relation to this crop and Seller planting, tending, cultivating, harvesting, and/or removing it. Upon the completion of the harvest and removal of the crop, Seller shall have no further right to access or use the Property at any time and in any regard whatsoever. Seller and King shall specifically, fully, and unconditionally disclaim any and all responsibility and liability whatsoever to any buyer, and all other persons, both real and artificial, for any casualty, damage, death, destruction, injury, or loss of any kind, to either person or property, regardless of cause and including, but not limited to, any accident, act, act of God, crime, error, fire, hazard, intentional wrongdoing, negligence, omission, theft, trespass, or vandalism.

Property Specifics: Seller represents that to the best of his knowledge, no person has used, generated, stored, dumped, released, buried, disposed of or emitted any hazardous material on the Property, nor are there any transformers or underground tanks on the Property, except as otherwise disclosed by Seller. Purchaser(s) are advised that they must assume the liability of inspection to satisfy their conditions of this purchase and their need for use of the Property. Purchaser(s) are strongly encouraged to conduct a survey, tests, inspections, and/or other studies prior to bidding to satisfy themselves of any condition regarding the subject property and pertaining to expansive soils, bedrock moisture content, soil permeability, availability of utilities such as water, electricity, telephone and presence or absence of noxious weeds as described by the State of Colorado or county weed laws, boundaries, restrictions, reservations or dedications, and any other condition that may inhibit or deter the intended or projected enjoyment or use of the subject property by the Purchaser(s).

8. **REGISTRATION:** Any competent adult with a satisfactory photo identification who properly registers and complies with the Terms of Auction may bid. Auctioneer may refuse to register or expel any person who is disruptive, noncompliant, or previously caused a problem for Seller or Auctioneer. Should the Bidder wish to bid on the Property as an entirety, Bidder must deposit a cashier's check in the amount of Fifty Thousand Dollars and no cents (\$50,000.00) with Auctioneer at registration. This deposit must be in the form of a cashier's check made payable to Bidder. Any person intending to bid on behalf of another must present Auctioneer with an executed, enforceable, recorded, and unexpired power of attorney which is subject to Auctioneer's approval. The requirements for Bidder registration may be waived by Auctioneer with respect to any Bidder, without waiving same for any other Bidder. By registering, Bidder acknowledges receipt of the Terms of Auction and access to the Sale Contract and unconditionally and irrevocably agrees to be bound by both. No bid deposit will be required to bid on individual Parcels.

9. **BUYER'S PREMIUM:** A ten percent (10.00%) buyer's premium shall be in effect for the Auction and added to the amount of the highest bid to arrive at the selling price for the Property ("total contract price").

10. **AUCTION:** Auctioneer's discretion in the conduct of the Auction includes, but is not limited to, the auction method, bid-calling, bid increments, and determining the buyer. The decision of Auctioneer is final regarding all matters that arise before, during, or after the Auction. Seller shall not bid. Bidder shall not retract any bid. Bidder's purchase shall be considered a single transaction whether of the whole or a fraction of the Property. The sale of any fraction of the Property shall not be contingent upon the sale of any other portion thereof, whether purchased by the same Buyer or not.

11. **HIGH BIDDER'S CHOICE – MULTI-PAR:** Seller and Auctioneer reserve the right to offer the tracts of the Property in any manner they choose. An individual purchase shall be considered a singular transaction whether it includes one or more Parcels. Under no circumstances will the sale of any Parcel be contingent upon the sale of any other Parcel whether or not purchased by the same Buyer.

Auctioneer tentatively has scheduled the Parcels to be sold in two rounds of bidding in an Auction without reserve ("absolute auction") using a combination of the "High Bidder's Choice" and "Multi-Parcel Bidding" methods of auction, as described below.

Round One: The initial highest Bidder in round one of the bidding will select any one or more of the parcels from the Property inventory. Once the initial highest Bidder has completed this selection, if any parcels in the Property inventory remain available, bidding will resume in a second phase of round one for the available Parcels. The highest Bidder in the second phase of round one will select any one or more of the available parcels from the Property inventory. This process will continue into a third and subsequent phases of round-one bidding until all parcels in the Property inventory have been selected by their respective highest bidders. Prior to starting the second and any subsequent phase of round-one bidding, Seller and Auctioneer may offer Bidders, on a first-come-first-serve basis, the opportunity to select any one or more of the unselected parcels which remain in the Property inventory for the amount of the last highest Bidder's bid. Once a high Bidder has selected one or more of the parcels from the Property inventory, that Bidder may not exchange a parcel previously selected for another parcel.

Round Two: All Bidders shall have the right to select any parcel for re-bidding, or to select and combine two or more parcels for re-bidding, on the terms defined by Auctioneer and subject to a minimum, five-percent (5.00%) increase over the current highest bid price for the parcel(s) selected. Bidding shall remain open for the parcel(s) so selected through one or more phases of round-two bidding until all bidding has ended and no further requests are received from Bidders to re-bid any parcel, or combination of parcels, at which time Auctioneer will close the bidding and announce which parcels have been sold and the identities of the respective Buyers.

12. **SALE CONTRACT:** This is a cash sale and not contingent upon any matter, including Buyer obtaining financing. Buyer shall immediately execute the Sale Contract and all related documents presented by Auctioneer to bind Bidder and Seller to the sale of the Property. Any Buyer purchasing on behalf of a business or arm of government ("artificial person") shall immediately execute the Sale Contract in both the artificial person's and buyer's names, until

such time as the artificial person presents Auctioneer with acceptable, written evidence of the artificial person's good standing in its state of formation, plus written authority, in a form acceptable to Auctioneer, agreeing to be bound by the Sale Contract. The Terms of Auction are incorporated into the Sale Contract which defines the entire agreement between Seller and Buyer. The Terms of Auction complement the Sale Contract and, in the event of any conflict between them, the Sale Contract shall control in all instances. Buyer shall execute the Sale Contract and no addition, deletion, or revision shall be permitted.

13. *DEPOSIT*: Buyer shall immediately pay to the escrow/closing agent, in U. S. Dollars, an earnest money deposit of no less than ten percent (10.00%) of the total contract price of the Property ("deposit"). If for any reason Buyer fails to timely execute the Sale Contract or pay the deposit, Seller has sole discretion, to: (a) pursue all legal and equitable remedies available against Buyer, or (b) declare Buyer's bid to be immediately forfeited, null, and void, without any requirement of notice, and immediately re-sell the Property to another buyer.

14. *ARBITRATION*: Any action, claim, controversy, counterclaim, dispute, or proceeding arising out of the Property Issues and involving Seller, Bidder, Buyer, or Auctioneer, in any combination, whether controlled by federal or state law, and whether an issue of law or equity, including the determination of the scope and applicability of this agreement to arbitrate, shall be determined and resolved exclusively by final and binding arbitration, with no appeal permitted, except as provided by applicable law for the judicial review or enforcement of arbitration decisions. The arbitration shall be administered by Judicial Arbitration and Mediation Services, Inc., or its successor, and decided by a panel of three (3) independent arbitrators. Judgment on the arbitration award may be entered in any court having jurisdiction. The parties waive the right to any legal action and trial by jury. The costs of arbitration, including the fees and expenses of the arbitrators, but not including the parties' attorneys' fees, shall initially be paid equally by them. The prevailing party shall be entitled to collect from the other its full costs associated with the arbitration, including reasonable attorneys' fees. All aspects of any arbitration shall be permanently kept confidential and not disclosed in any form or manner to any entity, media, or person, and the parties shall jointly move the court entering judgment on the arbitration award to so order. Any arbitration must be commenced within two (2) years from the date when the cause of arbitration accrues or it will be forever barred. The right of arbitration shall accrue, and the two (2) year limitation period shall begin to run, on the date the breach, damage, or injury is sustained and not when the resulting damage or harm is discovered.

15. *CHOICE OF LAW, JURISDICTION, AND VENUE*: Any Auction matter shall be exclusively construed and governed in accordance with the laws of the State of Colorado, without regard to its conflict of laws principles. The exclusive jurisdiction and venue for any controversy or claim between the parties shall be the County of Saguache in the State of Colorado.

16. *MISCELLANEOUS*: The Terms of Auction shall bind Bidders and their agents, assigns, attorneys, beneficiaries, brokers, directors, distributees, employees, executors, heirs, legatees, officers, representatives, shareholders, and successors in interest. No deletion, modification, supplement, or waiver of any provision of the Terms of Auction shall be made, except by Auctioneer's written revision or announcement at the Auction.

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