AMENDMENT TO CONTRACT NUMBER 6300-94102

This Amendment to Contract Number 6300-94102 ("Amendment") is made and effective as of the 1st day of August 1998 ("Effective Date"), by and between the United States of America, Department of the Interior, Minerals Management Service ("MMS") and Gary-Williams Energy Corporation, 370 17th Street, Suite 5300, Denver, Colorado 80202 (the "Purchaser").

Recitals

MMS and the Purchaser are parties to a Contract for the Sale and Purchase of Government Royalty Oil, Contract Number 6300-94102, dated August 15, 1995 (the "Contract").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MMS and the Purchaser expressly agree to amend the Contract as follows:

Delete ARTICLE IV - DELIVERY OF ROYALTY OIL, paragraphs 1-4 (not numbered in the original contract) and replace with numbered paragraph 1.

1. Unless otherwise specified, all crude oil will be physically delivered by the lessees at MMS's expense to the trading centers identified in Table A for sale by MMS to the Purchaser at such trading centers. Crude oil specified in Table B will be physically delivered by the lessees at MMS's expense to the specific delivery locations identified in Table B. In either case, the Purchaser will be responsible for transportation from the designated delivery point.

Delete ARTICLE V -PRICE and replace with numbered paragraphs 2 through 5 and Tables A and B.

2. The Purchaser agrees to pay for royalty oil subject to this contract in accordance with the following terms. The price for each grade of crude oil will be based on the relevant market prices for the physical month of delivery and the agreed upon differentials as reflected in Tables A and B. For the purposes of the price formulas in Table A, the following items have the meanings set forth below:

   a. "BS" (Bonito Sour) means the arithmetic average of the daily high and low price quotes for "Bonito" for Platt's Month of Delivery.

   b. "EDQ" means equal daily quantities.

   c. "EI" (Eugene Island) means the arithmetic average of the daily high and low price quotes for "Eugene Island" for Platt's Month of Delivery.

   d. "HLS" (Heavy Louisiana Sweet) means the arithmetic average of the daily high and low price quotes for "HLS" for Platt's Month of Delivery.

e. "Koch Posting" means Koch Oil Company's posting for West Texas/New Mexico Intermediate, deemed 40 degrees, EDQ for the Physical Month of Delivery.

f. "Koch UTGC" means Koch Oil Company's posting for Upper Texas Gulf Coast, deemed 40 degrees, EDQ for the Physical Month of Delivery.

g. "LLS" (Light Louisiana Sweet) means the arithmetic average of the daily high and low price quotes for "LLS" for Platt's Month of Delivery.

h. "Physical Month of Delivery" means the calendar month during which the delivery of crude oil occurs.

i. "Platt's Month of Delivery" means Platt's quotes from the twenty-sixth (26th) day of the month two (2) months prior to the physical month of delivery through the twenty-fifth (25th) day of the month one month prior to the physical month of delivery (excluding weekends and holidays).

j. "P+" (Posting Plus) means the arithmetic average of the daily high and low price quotes for "P-Plus WTI" for Platt's Month of Delivery.

k. "Platt's" means Platt's Oilgram Price Report.

l. "WTI" (West Texas Intermediate) means the arithmetic average of the daily high and low price quotes for "WTI" for Platt's Month of Delivery.

m. "WTS" (West Texas Sour) means the arithmetic average of the daily high and low price quotes for "WTS" for Platt's Month of Delivery.

n. "UTGC" means Upper Texas Gulf Coast.

3. Prices and delivery points established pursuant to Tables A and B herein and the other terms and conditions herein will govern the Contract in lieu of any orders, rules, regulations or guidelines now in effect or hereafter issued by MMS, which would otherwise apply regarding the setting of prices or delivery points, or the other terms and conditions herein.

4. While MMS retains the right to adjust the amount of monthly payments due MMS based on contract reconciliations or audits related to volumes taken by the Purchaser, prices established pursuant to Tables A and B herein may not be later adjusted by MMS. Notwithstanding any other provision herein, MMS or the Purchaser may adjust the price due to mathematical errors in its calculations. For price differentials in Table B, the Purchaser agrees to furnish all documentation necessary to justify the price differentials (between the delivery points in Table B and those specified in Table A). This documentation may include location exchange agreements, buy/sell transportation agreements, pipeline tariffs, pipeline statements, gravity/sulfur bank statements, etc..

Failure to furnish the MMS with such documentation could result in the MMS invoicing the Purchaser based on the prices established in Table A for like-quality crude oil, with no adjustment for location, at MMS's sole discretion.

5. Prices established pursuant to Tables A and B herein are intended to apply prospectively as of the Effective Date. MMS may not use the fact of this Amendment to establish retroactive determination of value for any crude oil sold to the Purchaser before the Effective Date of this Amendment, or for any other purpose to seek additional payments from the Purchaser.

TABLE A

Crude Oil Grade	**Delivery Point**	**Price per Barrel (for the Physical Month of Delivery)**
Light Louisiana Sweet	St. James, Louisiana	X-5, X-4
Light Louisiana Sweet	South Bend, Louisiana	
Heavy Louisiana Sweet	Empire, Louisiana	
Eugene Island	St. James, Louisiana	
Mars Blend	Clovelly, Louisiana	
Bonito Sour	St. James, Louisiana	
Texas Gulf Coast	Texas City, Texas	

[1] The following provides an example of this price calculation:

X-5, X-4

TABLE B		
Lease #	Delivery Point	Price per Barrel
N/A		

Insert paragraph 6.

6. MMS agrees that it will not issue any enforcement actions (e.g., demand letters, bills, invoices, orders or decisions) regarding price related adjustments to amounts due under this Contract for crude oil sold prior to the Effective Date unless it has previously sent an Issue Letter, setting out any potential alleged price related adjustments for comment by Purchaser. Such an Issue Letter will not be issued prior to December 1, 1998. If MMS sends an Issue Letter, it will attach an agreement (*pro forma* agreement attached) to toll the issuance of any enforcement actions by MMS and any Statute of Limitations defense by Purchaser for a period of not less than one year from the date of the Issue Letter. MMS and the Purchaser expressly understand and agree that this paragraph shall survive the termination of the Contract.

Delete ARTICLE VI - PAYMENTS, second bulleted paragraph and replace with paragraph 7.

7. As of the Effective Date, the Purchaser may elect to

   a. apply the balance of the estimated cash payment the Purchaser paid for the first 30 days of royalty oil entitlements under the Contract to any outstanding bill issued by MMS pursuant to the Contract up to the amount of the estimated cash payment; or

   b. reduce the surety, under ARTICLE X, to an amount, calculated by MMS, sufficient to cover the value of sixty-nine (69) days of royalty oil purchases. If the Purchaser elects to reduce its surety, MMS will retain the current estimated cash payment balance to pay for royalty oil delivered in the final month of the Contract.

Insert paragraphs 8 and 9 at the end of ARTICLE X

8. Upon termination of deliveries of crude oil under the Contract, MMS will reduce the amount of the Purchaser's surety instrument in amounts proportionate to payments made by the Purchaser to fulfill payment obligations. Such reductions will occur at the time the Purchaser makes such payments. The Purchaser may not reduce the surety to an amount less than the amount that MMS determines, which is the amount required to cover the estimated maximum adjustment that will be made to billed volumes following reconciliation, until the Purchaser pays the final bill (post reconciliation). MMS will notify the Purchaser of this amount, within 90 days of the end of the month in which deliveries of crude oil under the Contract were terminated.

9. MMS will release the surety in its entirety when the Purchaser has paid all billed amounts up to and including bills issued following final volume reconciliation.

RATIFICATION

10. MMS and the Purchaser hereby ratify and confirm the Contract, as Amended hereby, and confirm that all of the other terms and conditions of the Contract not modified by this Amendment shall remain in full force and effect, when not inconsistent with any modification made herein.

11. In witness whereof the parties have executed this Amendment to Contract as of the Effective Date. MMS expressly acknowledges that this Amendment is made in accordance with approved MMS procedures.

MINERALS MANAGEMENT SERVICE	Gary-Williams Energy Corporation
By:_____ Vernon B. Ingraham Chief, Accounting & Reports Division Royalty Management Program	By:_____
Date: _____	Date: _____

TOLLING AGREEMENT

To avoid unnecessary administrative and judicial litigation, and to allow the Department of the Interior, through the Minerals Management Service (MMS) and the *PURCHASER* to review the facts and to present the issues fully and fairly, and to allow for potential legislation, which would forgive some or all potential liability by small refiners for underpayments that MMS believes have been made, the MMS agrees to forbear the issuance of any enforcement actions (e.g., demand letters, bills, invoices, orders or decisions) for a period of one year from the date this agreement is signed. In return, *PURCHASER* agrees that it will not assert as a defense to any claims, associated with the attached issue letter, by the Minerals Management Service (MMS) for underpaid royalties, late payment interest, or civil penalties that the limitation period under any applicable statute of limitations was running from the date of execution of this agreement until the date of termination of this agreement. *PURCHASER* further waives any defense of laches which it might otherwise assert with respect to that period.

Through this agreement, neither MMS nor *PURCHASER* waives any other rights, claims, or defenses.

PURCHASER	Minerals Management Service
BY: _____	By: _____
_____	_____
TITLE	TITLE
DATE: _____	DATE: _____

LEASES ASSOCIATED WITH TABLE A
Gary Williams Energy Corporation
Contract Number 6300-94102

LEASE	Oil Type	Delivery Point
054-001959-0	LLS	St. James
054-002071-0	LLS	St. James
054-002091-0	LLS	St. James
054-002103-0	LLS	St. James
054-002109-0	BS	St. James
054-002111-0	BS	St. James
054-002116-0	LLS	St. James
054-002279-0	LLS	St. James
054-002359-0	TXG	Texas City
054-002391-0	TXG	Texas City
054-002392-0	TXG	Texas City
054-002393-0	TXG	Texas City
054-002445-0	HLS	Empire
054-002645-0	TXG	Texas City
054-002646-0	TXG	Texas City
054-002647-0	TXG	Texas City
054-002648-0	TXG	Texas City
054-002712-0	TXG	Texas City
054-002722-0	TXG	Texas City
054-002923-0	LLS	St. James
054-002968-0	HLS	Empire
054-002970-0	HLS	Empire
054-003137-0	LLS	St. James
054-003152-0	LLS	St. James
054-003170-0	LLS	St. James
054-003205-0	HLS	Empire
054-003597-0	HLS	Empire
054-003818-0	HLS	Empire
054-004002-0	HLS	Empire
054-004109-0	LLS	St. James
054-004473-0	HLS	Empire
054-005502-0	LLS	St. James
054-005503-0	LLS	St. James
054-005550-0	LLS	St. James
054-005551-0	LLS	St. James

LEASES ASSOCIATED WITH TABLE A
Gary Williams Energy Corporation
Contract Number 6300-94102

LEASE	Oil Type	Delivery Point
054-005659-0	HLS	Empire
054-005825-0	HLS	Empire
054-006693-0	LLS	St. James
054-009591-0	BS	St. James
054-009627-0	LLS	St. James
055-000443-0	LLS	St. James