

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Underlying (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|-----------|-----|--|-----------------|--|
| | | | | | V | (A) | (D) | Date Exercisable | Expiration Date | |
| Warrants | \$ 0.75 | 01/12/2009 | | A ⁽³⁾ | | 300,000 | | 01/12/2009 | 12/31/2018 | Common Stock |
| Deferred Compensation Obligation | \$ 0.75 | 01/12/2009 | | A ⁽⁴⁾ | | \$ 66,076 | | 01/12/2009 | 12/31/2009 | Common Stock |
| Deferred Compensation Obligation | \$ 0.75 | 01/12/2009 | | C ⁽¹⁾ | | \$ 66,076 | | 01/12/2009 | 12/31/2009 | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------|-------|
| | Director | 10% Owner | Officer | Other |
| SMITH MARK A BOX 566 CRESTONE, CO 81131 | X | | President | |

Signatures

/s Mark A. Smith
01/15/2009

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Represents conversion of deferred compensation due on 12/31/08 of \$66,076 into 88,102 shares of common stock at \$.75 per share.
- (2) Represents acceptance of "pre-payment" of 2009 base compensation of \$150,000 for 200,000 shares at \$.75 per share.
- (3) Represents warrant to purchase 300,000 shares of common stock at \$.75 per share until 12/31/08 issued as \$30,000 of a \$37,500 bonus.
- (4) Represents option to convert the deferred compensation due on December 31, 2008 of \$66,076 to 88,102 shares of restricted common stock at \$.75 per share.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.