

105996

This Oil and Gas Lease (this "lease"), made and entered into this 6th day of June, 2008, by and between J. T. Walker as Trustee of the Mary Baker Walker Trust dated September 27, 1997, also known as Trust No. 1 and J. T. Walker as Trustee of the Mary Baker Walker Trust dated September 27, 1997, also known as Trust No. 3, and J. T. Walker, individually, whose address is 2547 Dorrington, Dallas, Texas 75228, hereinafter called Lessor(s), and Benedum & Trees, LLC, Texas limited liability company whose address is P.O. Box 141116, Las Colinas, Texas 75014 hereinafter called Lessee(s),

Witnesseth:

1. That Lessor, in consideration of the cash bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, telephone lines, roads and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder only, the following described land situated in Pecos County, State of Texas, to wit:

See Exhibit A attached hereto

and containing approximately 70,000 acres, more or less.

2. Subject to the other provisions hereof, this lease shall be for a term of two (2) years from this date (called "Primary Term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land or lands with which said land is pooled hereunder.

3. Lessee shall pay the following royalties, subject to the following provisions:

(a). Lessee shall pay the Lessor twenty percent (20%) of the gross proceeds of all oil and other liquid hydrocarbons recovered or separated on the leased premises, produced and saved from the leased premises and sold by Lessee in an arms' length transaction; provided however, in the event oil and other liquid hydrocarbons are not sold under an arms' length transaction, Lessor's royalty on such oil and other liquid hydrocarbons shall be calculated by using the highest price, plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run; or after sixty (60) days written notice from Lessor, which notice may be given from time to time, deliver free of cost to Lessor at the wells or to the credit of Lessor into the pipeline to which the well may be connected such percentage of all oil and other liquid hydrocarbons produced and saved from the leased premises.

(b). Lessee shall pay the Lessor twenty percent (20%) of the gross proceeds received by Lessee for all gas (including substances contained in such gas) recovered or separated on the leased premises, produced from the leased premises and sold by Lessee in an arms' length transaction; provided, however in the event gas is not sold under an arms' length transaction, Lessor's royalty on such gas (including substances contained in such gas) shall be calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.

(c). Lessee shall pay Lessor royalty on all oil and other liquid hydrocarbons, including condensate, and on all gas, including all substances contained in such gas, (all hereinafter collectively called "Products") produced from a well on the leased premises or on lands pooled with the leased premises and sold or used off the leased premises regardless of whether or not such Products are produced to the credit of Lessee or sold under a contract executed by or binding on Lessee. Should Products be sold under a sales contract not binding on Lessor, Lessor's royalty shall be calculated by using the highest price paid for any of the Products produced from the well from which such Products were produced.

(d). In no event will the price paid Lessor for Lessor's share of the Products be less than the price paid Lessee for Lessee's share of Products produced hereunder. For the purposes of this Section 3 an arms' length transaction shall be considered to be the sale of Products by Lessee to any non-affiliated company, subsidiary or other such entity through an agreement negotiated in good faith by all parties. Lessor shall not bear, directly or indirectly, any production or post-production cost or expenses, including without limitation, cost or expenses for storing, separating, dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing the Products, and no deduction or reduction shall be made for any such costs and expenses in computing any payment, or the basis upon which any payment is, to be made to Lessor pursuant to clauses (a), (b) or (c).

(e). While there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in or suspended for any reason, Lessee may pay as royalty on or before 90 days after the date on which (i) production from any such well is shut-in or suspended or (ii) this lease is no longer maintained by compliance with other provisions hereof, whichever is the later date, and thereafter at annual intervals, a sum in the amount of \$10.00 per acre for each acre in the production unit where such well is located, or a minimum of Fifty Dollars (\$50.00), whichever is greater, for each and every shut-in gas well; and if such payment is made or tendered in accordance with the terms hereof, this lease shall not terminate but shall continue in full force, subject to the provisions of paragraph 15, and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this lease, and in no event shall shut-in well payments maintain this lease in force for a cumulative period exceeding 2 (two) year(s). Lessee shall not be entitled to recover any shut-in royalty payments from the future sale of gas. Should the shut-in period extend beyond the expiration of the primary term, such shut-in provision will pertain only to the producing unit of such gas well as provided for in paragraph 15. Should such shut-in royalty payments not be made in a timely manner as provided in this paragraph, it will be considered for all purposes that there is no production or no excuse for delayed production of gas from any such well or wells and unless there is then in effect other preservation

provisions of this lease, this lease shall terminate at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all its interest in and to this oil and gas lease insofar as that portion of the premises included in the producing unit assigned to such shut-in well.

(f). Lessee agrees that before any gas produced from the leased premises is used or sold off the leased premises, it will be run, free of cost to Lessor, through an adequate oil and gas separator of a conventional type or equipment at least as efficient, to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered on the lease.

(g) Lessee agrees that if it enters into any contract for sale of any Products from this lease, which shall extend for 3 (three) years from the effective date of such sales contract and such contract does not have adequate provisions for redetermination of price at intervals of not less frequently than annually, then Lessee, its successors and assigns, shall in advance of executing any such sales contract provide Lessor with a full and complete copy of the proposed contract for the purpose of allowing Lessor to determine whether Lessee may sell Lessor's royalty share of Products under Lessee's proposed sales contract. Lessor shall, within thirty (30) days' of receiving such sales contract, notify Lessee as to whether Lessee may sell Lessor's royalty share of Products under Lessee's proposed sales contract. In the event Lessor approves Lessee's proposed sales contract, Lessee shall pay the Lessor twenty percent (20%) of all consideration received by or for the benefit of Lessee under said contract, without deducting any post-production cost or expenses, including without limitation, cost or expenses for dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing the Products. In the event Lessor does not approve Lessee's proposed sales contract, then Lessor's royalty shall nonetheless, be calculated by using the highest price paid or offered for Products of comparable quality in the general area where produced and when run.

(h) Lessor, at its sole option and discretion, may from time to time elect to take in kind and separately dispose of its royalty share of the gas for such periods of time as Lessor may designate in writing. In the event Lessor elects in writing to take and separately dispose of its royalty share of the gas, an appropriate gas balancing agreement shall be entered into between the parties. It is expressly agreed, however, that the inclusion of an option to permit Lessor to take its royalty gas in kind shall not modify or limit Lessee's duty to pay royalties as provided herein or to market the gas at such times, and from time to time, as Lessor does not choose to take and separately dispose of its royalty gas.

(i). Within 120 days following the first sale of oil or gas produced from the leased premises, settlement shall be made by Lessee or by its agent for royalties due hereunder with respect to such oil or gas sold off the premises, and such royalties shall be paid monthly thereafter. If said initial royalty payment is not so made under the terms hereof, this lease shall terminate as of 7 a.m. the first day of the month following the expiration of said 120-day period. After said initial royalty payment, with respect to oil or gas produced during any month, if royalty is not paid hereunder on or before the last day of the second succeeding month, this lease shall terminate at midnight of such last day.

4. If actual drilling is not commenced on said land, or on land pooled therewith, on or before twelve (12) months from the date of this lease, this lease shall then terminate, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in _____,

which bank and its successors shall continue as the depository for all rentals payable hereunder, regardless of changes in ownership of delay rentals, the sum of This is a paid-up lease and all references to delay rentals should be disregarded (\$N/A) (hereinafter called "rental"), which shall cover the privilege of deferring commencement of actual drilling for a period of twelve (12) months. In like manner, and upon like payments or tenders, actual drilling may be further deferred for like periods of twelve (12) months each during the primary term. In the event a portion or portions of said land is pooled and unitized with other land to form a pooled unit or units or is included in a proration or production unit under the applicable rules and regulations of the appropriate state or federal governing body (hereinafter called "unit"), operation on or production from such unit or the payment of shut-in royalty as defined in paragraph 3(e) will maintain this lease in force only as to the land included in such unit. This lease may be maintained in force during the primary term as to any of said land covered hereunder and not included in such unit in any manner provided for herein, which will include but not be limited to, the payment of delay rentals pursuant to the provisions of this paragraph, however it is understood that such delay rental shall be reduced in proportion to the number of acres covered hereby and included in such unit or units. The payment or tender of rentals or shut-in royalties may be made by check of Lessee mailed or delivered to Lessor or to said bank on or before the date of payment. The bonus paid hereunder is consideration for this lease and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository named above, a release or releases covering any portion or portions of said land and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rental and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. Lessee agrees that if at any time the aforesaid delay rental is not paid on or before the date on which same is required to be paid under the terms of this lease, or if this lease terminates for any other reason, then in said event, Lessee shall promptly prepare and execute a recordable release instrument covering the land leased hereunder and shall forward same to Lessor.

5. Lessee is hereby granted the right to pool or combine the land covered by this lease, or any part or parts thereof, as to all strata or any stratum, with any other land, as to all strata or any stratum, for the production of oil or gas. Pooled units which do not include 100% of the herein leased premises shall be subject to the written approval of the Lessor, such approval shall not be unreasonably withheld. Pooling in one or more instances shall not exhaust the right of Lessee hereunder to pool this lease or portion thereof into other or different units. Units pooled for oil hereunder shall not exceed forty (40) acres each, and units pooled for gas hereunder shall not exceed six hundred forty (640) acres each, provided that if any federal or state law, executive order, rule or regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based in whole or in part on acreage per well, then any such unit may consist of that minimum number of additional acres which will permit the allocation to such unit and the well thereon of the maximum producing allowable. To effect a unit or units Lessee shall file a written unit designation and surveyor's plat outlining any such unit and describing the participating tracts in the county conveyance records in which the premises are located. A copy of the unit designation shall be furnished to Lessor within thirty (30) days after it is filed in the appropriate county records, and if Lessee fails to do so, such unit may be declared invalid by Lessor by an instrument filed in such county records. Drilling or reworking operations and production on any part of the pooled acreage shall be treated for all purposes hereof (except the payment of royalties on such production) as if such drilling or reworking operations were upon or such production was from the land described in this lease whether the well or wells be located on the land covered by

this lease or not. For the purpose of computing the royalties and other payments out of production to which the owners of such interests shall be entitled on production of oil and gas, or either of them, from any such pooled unit, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis; thus, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production whether it be oil and gas, or either of them so allocated to the land covered by this lease and included in the unit just as though such production were from such land. In the event only a part, or parts, of the land covered by this lease instrument is pooled or unitized with other land, or lands, so as to form a pooled unit, or units, operations on or production from such unit, or units, will maintain this lease in force only as to the land included in such unit, or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein, provided that if it be by rental payments, rental payments shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.

6. If, prior to discovery of oil or gas on said land or land pooled therewith, Lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences reworking or actual drilling within sixty (60) days thereafter, or, if it be within the primary term, commences or resumes the payment or tender of rentals or commences actual drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion and abandonment of said dry hole or holes or the cessation of production. If, at the expiration of the primary term, oil or gas is not being produced on said land or land pooled therewith and Lessee is then engaged in actual drilling or reworking of any well thereon, this lease shall remain in force so long as drilling or reworking is prosecuted with no cessation of more than sixty (60) consecutive days, and if such operation results in production, so long thereafter as oil or gas is produced in paying quantities from said land or land pooled therewith. In the event a well or wells producing oil or gas should be brought in on adjacent land within four hundred sixty seven feet (467') of the leased premises for an oil well or within six hundred sixty feet (660') of the leased premises for a gas well, Lessee agrees to commence the drilling of an offset well within 120 days or release that portion of the leased acreage that would be allocated to such well unit. If oil or gas is discovered on the land covered by this lease, or on land pooled therewith, Lessee agrees to further develop said land covered by this lease as a reasonably prudent operator would under the same or similar circumstances.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells, tanks, creeks, rivers, streams and springs, for all operations hereunder, provided that no surface water or underground fresh water will be used for water flood or pressure maintenance purposes. Lessee shall have the right at any time within 180 days after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing except as to water wells in which Lessee shall have the right to remove all property and fixtures except casing and shall do nothing that will in any way damage said water well or prevent its future use by Lessor. Lessee will, at Lessor's request, remove the casing from and plug and abandon such water well at Lessee's sole expense. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200') feet of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at its risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. In the event Lessor owns all or any part of the surface estate, Lessee will so conduct its operations hereunder as not to interfere unreasonably with Lessor or its assigns in the use of the surface of the lands covered by this lease provided, that any use of the surface will require written consent of Lessor in advance. Lessor agrees that such consent will not be unreasonably withheld. Prior to any use of the surface, Lessee will present to Lessor a plat of the property showing the area proposed to be used and the type of use to be made. Within 30 days of the receipt of such notice, Lessor will either deliver written consent or propose a reasonable alternative area for such use. Lessee will provide at Lessee's expense all protective measures to prevent any loss or damage to the property of Lessor on account of any operations by Lessee. Lessee will pay for all damages to the surface of or crops or improvements on the leased lands or suffered by any tenant of Lessor and caused by or arising out of operations under this lease. Pits and excavations made during drilling operations or otherwise will be filled by Lessee and the surface restored, as nearly as reasonably possible, to its original condition; and if Lessee shall fail to do so, the cost to Lessor of such filling and restoration shall be paid by Lessee.

9. No assignment of this lease, or interest therein, may be made without written approval of the Lessor, such approval shall not be unreasonably withheld. Subject to the preceding condition, the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of Lessor and Lessee, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land, rentals or royalties shall be binding upon Lessee for any purpose until Lessee shall have been furnished with the instrument or instruments, or certified copies thereof, evidencing such change or division. In the event of a permitted assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area owned by each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder, and liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or a portion thereof who commits such breach.

10. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure, except any and all monetary payments due under the terms of this lease. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, landslides and lightning. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule or regulation enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the land covered by this lease or if Lessee by operation of force majeure is prevented from conducting drilling operations, reworking operations or producing operations, then until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of sixty (60) days after such termination each and every provision of this lease or implied covenant arising thereunder that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full

force, provided, however, that in no event will the primary term be extended unless Lessee has begun the actual drilling of a well prior to the date of the expiration of the primary term.

11. If Lessor owns an interest in said land less than the entire and undivided fee simple estate therein, then the royalties and rental herein provided shall be paid the Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein.

12. Lessor herein executes and delivers this lease without warranty of title either express or implied. Lessee, at its option, 30 days after giving written notice to Lessor, may discharge any tax lien upon the interest herein leased; and, in the event Lessee does so, Lessee shall have the right to apply rentals and royalties accruing hereunder to reimburse such payment.

13. In the event this lease expires for any reason as to all or any portion of the land described in this lease, Lessee shall furnish Lessor promptly with a written, recordable release instrument covering all of the land as to which this lease has so expired.

14. Lessee shall advise Lessor in writing as to the location of each well drilled upon the premises, or on land pooled therewith, on or before seven (7) days after commencement of operations, and shall advise Lessor in writing as to the date of completion or abandonment of each well drilled within thirty (30) days after such completion or abandonment. Lessee agrees to furnish Lessor with all well drilling, completion and production data, reports, title opinions, logs, and information when specifically requested by the Lessor. Lessee agrees that immediately following this instrument being recorded in the county records where the leased premises are located that Lessee will provide Lessor with a copy of this fully recorded instrument as it appears in said records.

15. If at the end of the primary term this lease is still in force, this lease shall expire as to all that part of said land (as hereinafter described) on which there is not a producing oil or gas well or on which Lessee is not then drilling or reworking a well. At the end of the primary term, Lessee shall select and designate a producing unit around and including each producing oil or gas well or drilling or reworking well, the area of such unit to be limited to and conform with the minimum area provided for or established directly or indirectly in the applicable rules and regulations of the appropriate governing body of the state in which the subject acreage is located with reference to the spacing of wells or the size of producing units. As to each producing unit so designated, this lease shall continue in force so long as oil or gas is produced in paying quantities therefrom or so long as drilling or reworking operations are prosecuted thereon as provided in paragraph 6 and shall be limited in depth from the surface down to and including 50 feet below the base of the deepest producing formation however such lower depth limit shall not exceed 100 feet below the deepest producing perforation within the wellbore situated on that producing unit; and Lessee shall execute a release of this lease as to the balance of the land covered hereby as well as formations at depths below the respective producing units. In the absence of field rules promulgated by the appropriate governing body of the state in which such acreage is located, the term "producing unit" as used herein means the following number of acres, depending on the depth to which the well has been drilled, and whether the well is an oil or gas well: A. 40 acres for an oil well completed at any depth; B. (i) 80 acres for a gas well completed at a depth of less than 2,000 feet subsurface; (ii) 160 acres for a gas well completed at a depth of 2,000 feet subsurface to 6,000 feet subsurface; (iii) 320 acres for a gas well completed at a depth of 6,000 feet subsurface to 9,000 feet subsurface; (iv) 640 acres for a gas well completed at a depth greater than 9,000 feet subsurface. If a portion of Lessee's rights terminate as provided in this Paragraph 15, then Lessee shall designate in writing the acreage it is allowed to retain around each oil well and each gas well and such written designation shall be filed for record in the county in which such acreage is located. Lessee shall be entitled to designate the number of acres above specified in a form of his choosing so long as no side is more than twice as long as any other side. The provisions of this paragraph 15 shall not have the effect of relieving the Lessee of its obligations to develop the lease with reasonable diligence after oil or gas is first discovered in paying quantities.

16. If Lessor files a legal action to enforce any express or implied obligation of this lease and receives a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse Lessor for all costs of such legal proceeding including reasonable attorney's fees.

17. Lessee shall conduct its operations in compliance of all applicable rules and regulations of any regulatory body having jurisdiction on such operations. Lessee agrees to indemnify, save and hold harmless Lessor and its respective directors, officers, employees, and agents from and against all claims, damages, demands, losses, environmental liabilities and expenses (including attorneys' fees, court costs and other expenses of litigation) in any way arising out of or relating to Lessee's acts, omissions, performance or operations hereunder. This provision shall extend beyond termination of this agreement.

18. The Supplement to Oil and Gas Lease attached hereto is made a part hereof for all purposes.

Executed on the date first above written.

Lessor(s):

J. T. Walker as Trustee of the Mary Baker Walker Trust dated September 27, 1997, also known as Trust No. 1

J. T. Walker
J. T. Walker, Trustee

J. T. Walker as Trustee of the Mary Baker Walker Trust dated September 27, 1997, also known as Trust No. 3

J. T. Walker
J. T. Walker, Trustee

J. T. Walker
J. T. Walker, individually

Address: 2547 Dorrington
Dallas, Texas 75228

Lessee(s):

Benedum & Trees, LLC

By: Benny Barton
Name: Benny Barton
Title: Member
August 20, 2008

Address: P. O. Box 141116
Las Colinas, Texas 75014

State of Texas

County of Tarrant

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared J. T. Walker, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 6th day of June, 2008.



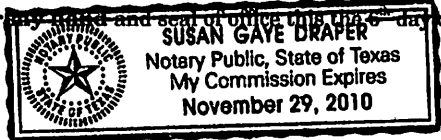
Bonnie Faye Berry Hodge
Notary Public in and for the State of Texas

State of Texas

Dallas
County of Tarrant

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Benny Barton, a Member of Benedum & Trees, LLC, a Texas limited liability company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said limited liability company in the capacity therein stated.

Given under my hand and seal of office this the 20th day of August, 2008.



Susan Gaye Draper
Notary Public in and for the State of Texas

VOL. 805 PAGE 51
Supplement to Oil and Gas Lease
Between
Benedum & Trees, LLC, as Lessee,
And

J. T. Walker as Trustee of the Mary Baker Walker Trust dated September 27, 1997, also known as Trust No. 1, J. T. Walker as Trustee of the Mary Baker Walker Trust dated September 27, 1997, also known as Trust No. 3, and J. T. Walker, individually, as Lessor

The Oil and Gas Lease (the "Lease") to which this Supplement is attached is amended as provided in this Supplement and the provisions contained in this Supplement shall govern over the printed portions of the Lease.

- 1) In the preamble of the Lease, delete the phrase:

"this ____ day of _____, 2008" and insert the phrase "as of the date this Agreement is signed by Lessee (the "Effective Date")."

- 2) Add the following sentence at the end of Section 2:

"The Primary Term shall not commence until the "Effective Date."

- 3) Delete the last two sentences of Section 3(i) and insert the following:

"After said initial royalty payment, with respect to oil or gas produced during any month, royalty shall be paid hereunder on or before the last day of the second succeeding month. If payments to be made by Lessee to Lessor are not made when due for whatever reason, the unpaid portion shall bear interest at the lower of the prime rate at Bank of America N.A. plus 2%, or the highest rate allowed by law. If Lessee is in default hereunder and this matter is turned over to an attorney for collection, or is collected by suit, Lessee agrees to pay all attorney fees incurred by Lessor. Payments may be remitted to Lessor annually for the aggregate of up to twelve months' accumulation of proceeds if the total amount owed is \$25.00 or less."

- 4) Delete Section 4 in its entirety and insert the following:

"This Agreement is paid up for the Primary Term hereof so that no delay rentals are required to maintain this Agreement."

- 5) Delete the first two sentences of Section 6 and substitute therefore the following:

"This lease shall continue in full force and effect beyond the expiration of the Primary Term so long as Lessee has complied with the following continuous development program:

(a) During the Primary Term Lessee may commence, the drilling of a well to a depth of at least 6,000 feet.

(b) If the well described in clause (a) above was commenced during the Primary Term but not completed during the Primary Term (either as a well capable of producing oil or gas in paying quantities or as a dry hole), then at the end of the Primary Term Lessee must be engaged in drilling or completing such well with no cessation of more than sixty (60) consecutive days.

(c) If a well was completed during the Primary Term (either as a well capable of producing oil or gas in paying quantities or as a dry hole), or if Lessee complied with the requirements of clause (b) above, Lessee may continue this lease in full force and effect as to all of the acreage described on Exhibit A by commencement of the drilling, deepening or re-working (the term "re-working" shall include, without limitation, the re-entry of an abandoned or temporarily abandoned well bore) of a well within the Continuous Development Period following the later of (A) the end of the Primary Term, or (B) the date of completion of drilling, deepening or re-working of the last well that was drilled, deepened or re-worked by Lessee. Lessee may drill, deepen or re-work any number of subsequent wells and maintain this lease in full force and effect provided that Lessee complies with the time requirements specified in this Section 6 by commencing the drilling, deepening or reworking of a well within the Continuous Development Period beginning on the date of completion of the prior well that was drilled, deepened or re-worked. Failure to commence drilling, deepening or re-working such additional well or wells within the time herein provided shall terminate this Agreement *ipso facto* as to all lands save and except those lands included within the surface boundaries of a "production unit" (as such term is hereafter defined in Section 15 hereof) within which oil or gas is being produced in paying quantities and this lease shall continue as to the lands within such production units for so long as oil or gas is being produced in paying quantities.

(d) As used herein, (1) the term "drilling" shall mean the drilling of a well by means of a rotary drilling rig; (2) the term "commencement" or "commenced" with respect to the drilling of a well shall refer to the actual spudding of such well, and in the case of the deepening or re-working of a well, shall refer to the placement of a drilling or work-over rig on such well; (3) the term "date of completion" with respect to drilling or deepening a well shall refer to the date that a drilling rig reaches the total depth of such well and in the case of the re-working of a well, shall refer to the removal of the drilling or work-over rig from such well, and (4) the term "Continuous Development Period" shall mean the period commencing upon the date of completion of the drilling, deepening or re-working of a well and ending 180 days thereafter; provided, however, if at the end of any Continuous Development Period Lessee is engaged in drilling, deepening or re-working a well, such Continuous Development Period shall be automatically extended until the completion of the drilling, deepening or re-working, as applicable, of such well so long as there is no cessation in the drilling, deepening or re-working of such well for more than sixty (60) consecutive days.

(e) Notwithstanding anything to the contrary contained in this Supplement or in this lease, Lessee shall have the option at the end of the Primary Term or at the end of any Continuous Development Period to extend this Lease for an additional Continuous Development Period by paying to Lessor a bonus payment equal to the sum of \$300 multiplied by the net acres owned by Lessor in an area designated by Lessee and containing not less than 640 surface acres. Such payment may be made by check or wire or cash prior to the end of any Continuous Development Period. The payment of such amount shall waive the requirement that Lessee drill, deepen or re-work a well in order to extend this Lease for an additional Continuous Development Period and such payment shall constitute compliance in full with the continuous development program described in this Section 6. Further, the payment of such amount shall constitute the payment of bonus (for the 640 acres designated by Lessee) as set forth in Section 3 of that certain unrecorded letter agreement between Lessor and Lessee referred to in paragraph 9 below and no additional bonus shall be payable with respect to such acreage. Lessee may exercise the option to pay bonus as aforesaid and thereby extend this lease any number of times without limit. Lessee shall not be required to designate the 640 acres relating to such payment until the end of the Continuous Development Period for which such payment was made.

Nothing herein shall be construed to limit or modify Lessee's obligation to drill any offset wells provided for herein. If, after the end of the Primary Term and after the end of the continuous drilling program described in this Section 6, the production of oil or gas should cease from any production unit from any cause, this lease shall not terminate as to such production unit if Lessee commences production of oil or gas or deepening, reworking or drilling on such production unit within ninety days (90) days after such cessation.

6) Delete Section 9 and substitute therefore the following:

"The provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of Lessor and Lessee, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in ownership of the land, rental or royalties shall be binding on Lessee for any purpose, until Lessee shall have been furnished with the instrument or instruments, or certified copies thereof, evidencing such changes or division."

7) Delete Section 15 and substitute therefore the following:

"At the end of the continuous development program described in Section 6, this lease shall expire as to all of the lands covered by this lease that are not included within a production unit or producing unit (hereinafter defined) on which there is located a producing oil and/or gas well or on which Lessee is then drilling, deepening or reworking a well. As used herein, a "production unit" or "producing unit" shall be the area selected and designated by Lessee around each producing oil and/or gas well (and well which Lessee is then drilling, deepening or reworking) which shall be limited to and conform with the minimum area provided for or established directly or indirectly in the applicable rules and regulations of the appropriate governing body of the state in which the subject acreage is located with respect to the spacing of wells or the size of production units; *provided, however*, due to the uniquely high porosity and permeability characteristics of detrital oil and gas reservoirs that are present in the subject area, a well completed in a detrital zone on the lands covered by this lease will be allowed to hold 640 acres as a production unit. In the absence of field rules promulgated by the appropriate governing body of the state in which such acreage is located, and except for wells completed in a detrital zone which shall have a production unit of 640 acres as provided above, the term "producing unit" or "production unit" as used herein means the following number of acres, depending on the depth to which the well has been drilled, and whether the well is an oil or gas well: (A) 40 acres for a an oil well completed at any depth; (B) (i) 80 acres for a gas well completed at a depth of less than 2,000 feet subsurface; 160 acres for a gas well completed at a depth of 2,000 feet subsurface to 6,000 feet subsurface; (iii) 320 acre for a gas well completed at a depth of 6,000 feet subsurface to

9,000 feet subsurface; (iv) 640 for a gas well completed at a depth greater than 9,000 feet subsurface. Subject to the size limitations set forth above, Lessee shall designate the boundaries of each production unit in a form of his choosing so long as no side is more than twice as long as any other side. As to each production unit so designated, this lease shall continue in full force and effect so long as oil or gas is produced in paying quantities therefrom or so long as drilling, deepening or reworking operations are prosecuted thereon and shall be limited in depth from the surface down to and including 50 feet below the base of the deepest producing formation, however, such lower depth limit shall not exceed 100 feet below the deepest producing perforation within the deepest well bore situated on that production unit. If a portion of Lessee's rights terminate as provided in this Section 15, then Lessee shall designate in writing the production unit (and the lands covered thereby) it is allowed to retain around each producing well and such written designation shall be filed for record in the county in which such acreage is located and Lessee shall execute a release of this lease as to the balance of the lands covered by this lease as well as formations at depths below the respective production units. The provisions of this Section 15 shall not have the effect of relieving the Lessee of its obligations to develop the lease with reasonable diligence after oil or gas is first discovered in paying quantities. Nothing contained herein shall prohibit Lessee from drilling multiple wells within a production unit so long as the spacing of wells is permitted under applicable governmental regulations."

8) Add to the Lease a new Section 12, such section to read as follows:

"It is recognized that a part of the land covered by this lease is covered by valid and subsisting oil and gas leases shown of record in the public records of Pecos County, Texas. This lease shall be secondary and subordinate to any such lease, however, upon the termination of any such lease the terms and provisions hereof shall be applicable as to the interests of any person, or entity, or the successor in interest of any person or entity who executes this Agreement; provided, however, if any such existing oil and gas lease has not expired on or before 10 years from the Effective Date then this Agreement shall automatically terminate as to the lands and depths covered by such existing oil and gas leases."

9) Simultaneously with the execution of this Lease, Lessor and Lessee have entered into an unrecorded letter agreement setting forth the terms and conditions of bonus payments payable to Lessor in consideration for this lease.

Exhibit "A"

to Oil and Gas Lease
between

Benedum & Trees, LLC, as Lessee,
and

J. T. Walker as Trustee of the Mary Baker Walker Trust dated September 27, 1997, also known as
Trust No. 1, J. T. Walker as Trustee of the Mary Baker Walker Trust dated September 27, 1997, also
known as Trust No. 3, and J. T Walker, individually, as Lessor

Property Description
Pecos County, Texas

All oil, gas and other minerals in which Lessor (whether one or more) has an interest
located in Pecos County, Texas including, without limitation, the following:

BLOCK 194, G.C. & S.F. RR Co. SURVEY:

Section:

55, Abstract 4372

56, Abstract 6841

57, Abstract 4377

58

59, Abstract 4376

60, Abstract 6841

81, Abstract 4380

82, Abstract 6843

83, Abstract 4375

84

85

86

87

88, Abstract 7729

89, Abstract 4374

90, Abstract 7651

91, Abstract 4369

92

93, Abstract 4378

94

95, Abstract 4362

97

BLOCK 207, T.C. RR. Co. SURVEY:

Section:

1, Abstract 4497

2

3, Abstract 4498

4

5, Abstract 4499

6, Abstract 7585

BLOCK Z, T.C. RR. Co. SURVEY:

Section:

S/part 21, Abstract 4200

25, Abstract 416[?]

26, Abstract 4005

27, Abstract 4194

S/part 36

S/part 37

38

39

40

41

42, Abstract 5917

43, Abstract [?]049

44

S/part 45, (South of Old Spanish Trail)

S/part 52, Abstract 7054 (South of Old Spanish Trail)

53, Abstract 3800

54, Abstract 5214

Section:

5
7
12
42
43
44
47, Abstract 4277
48, Abstract 583[?]
49, Abstract 4366
50, Abstract 5860
51, Abstract 4367
52
53, Abstract 4368
54, Abstract 5530

BLOCK Z, TEXAS CENTRAL RR CO. SURVEY:

Section:

7, Abstract 4186
8, Abstract 5738
9, Abstract 4192
10, Abstract 7743
11, Abstract 4191
12, Abstract 7148
13
14
15, Abstract 4193
16
17, Abstract 4202
18

19, Abstract 420

20

N/part 21

N/part 28

29, Abstract 4794

30

31

32

33

34

35

36

N/part 37, (North of Old Spanish Trail)

N/part 45, (North of Old Spanish Trail)

46

47, Abstract 39226 [?]

48

49, Abstract 3801 [?]

50

51 (6449.6 Ac)

N/part 52, (North of Old Spanish Trail)

BLOCK 194, G.C. & S.F. RR. Co. SURVEY:

Section:

84

86

87

88

89

BLOCK 207, T.C. RR. Co. SURVEY:

Section:

S/2 1, Abstract 449[?]

4

BLOCK Z, T.C. RR. Co. SURVEY:

Section:

25

N/2 36

S/2 41

N/part 45, (North of Old Spanish Trail)

105996

OIL & GAS LEASE

JT WALKER TRUSTEE et al

to

BENEDUM & TREES LLC

PAID \$53.00 RMF \$5.00 CHS \$1.00

STEVE HORN

PO BOX 2755

MIDLAND, TEXAS 79702

FILED

OCT 28 2008

STATE OF TEXAS
COUNTY OF PECOS

I hereby certify that this instrument was FILED on
the date and at the time stamped hereon by me
and was duly RECORDED in the Volume and
Page of the lease RECORDS of Pecos
County, Texas.



BY Monica Guzman DEPUTY

JUDY DEERFIELD
County Clerk, Pecos County, Texas

VOL. 805 PAGE 46

RECORDED 10-28-08

FILED

AT 9:30 O'CLOCK A M
ON THE 28 DAY OF OCT
A.D., 2008

JUDY DEERFIELD

COUNTY CLERK, PECOS COUNTY, TEXAS

BY Mary Sanchez DEPUTY