



Colorado - Kansas (Paid-Up)

(10-59)

**OIL AND GAS LEASE**

THIS AGREEMENT, is made and entered into the 1st day of December, 2008, by and between The Dorothy M. Benton Estate, c/o Christine A. Benton, f/k/a Christine Collins, Personal Representative of the Dorothy M. Benton Estate, whose address is 1957 S. Taft Street, Lakewood, CO 80228, hereinafter called Lessor (whether one or more) and Rosewood Resources, Inc., whose address is 2101 Cedar Springs Road, Suite 1500, Dallas, Texas 75201, hereinafter called Lessee:

1. For and inconsideration of in hand paid, receipt of which is hereby acknowledged, and of the agreements of Lessee hereinafter set forth, Lessor hereby grants, demises, leases, and lets exclusively unto said Lessee the lands hereinafter described for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, including, but not as a limitation, casinghead gas, casinghead gasoline, gas-condensate (distillate) and any substance, whether similar or dissimilar, produced in a gaseous state, together with the right to construct and maintain pipe lines, telephone and electric lines, tanks, power stations, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas, and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or conjointly with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of Yuma, State of Colorado, and being described as follows, to-wit:

**TOWNSHIP 4 NORTH, RANGE 46 WEST, 6<sup>th</sup> P.M.****Section 05: SW/4**

it being the purpose and intent of Lessor to lease, and Lessor does hereby lease, all of the lands or interests in lands owned by Lessor which adjoin the lands above described or which lie in the section or sections herein specified. For all purposes of this lease, said lands shall be deemed to contain **160.00** acres.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years from December 1, 2008** (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the above described land or lands pooled therewith or drilling operations are continuously prosecuted as hereinafter provided. "Drilling operations" includes operations for the drilling a new well, the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to obtain or re-establish production of oil or gas; and drilling operations shall be considered to be "continuously prosecuted" if not more than 90 days shall elapse between the completion or abandonment of one well or hole and the commencement of drilling operations on another well or hole. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the above described land but Lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced. If, after the expiration of the primary term of this lease, production from the above described land should cease, this lease shall not terminate if Lessee is then prosecuting drilling operations, or within 90 days after each such cessation of production commences drilling operations, and this lease shall remain in force so long as such operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the above described land.
3. Lessee shall deliver free of cost to Lessor, into the pipeline or storage tanks to which the wells may be connected, **sixteen percent (16.00%)** of all oil and other liquid hydrocarbons produced and saved from the leased premises, or, at Lessee's option, to pay to Lessor for such oil **sixteen percent (16.00%)** of the amount received by Lessee for all oil and other liquid hydrocarbons produced and saved from the lease premises.

4. Lessee shall pay to Lessor for gas, gas condensate, gas distillate, casinghead gas and all other gases, including their constituent parts, produced from the lease premises and sold or produced from said lands and used off the lease premises or in the manufacture of other products, a sum equal to **sixteen percent (16.00%)** of the net proceeds received by Lessee from the sale of such produced substances where the same is sold at the mouth of the well or, if not sold at the mouth of the well, then **sixteen percent (16.00%)** of the market value thereof at the mouth of the well, but in no event more than **sixteen percent (16.00%)** of the actual amount received by Lessee for the sale thereof. Without limiting the foregoing, it is expressly agreed the Lessee shall at all times have the right to charge the Lessor's royalty share of gas produced hereunder, with a proportionate share of the costs, if any, of gathering, compression, transportation, dehydration and any other costs incurred for the delivery and transportation of such gas to the point of delivery to the first purchaser of such production, and all applicable production, severance and other taxes.

5. If a well capable of producing gas or gas and gas-condensate in paying quantities located on the leased premises (or on acreage pooled or consolidated with all or a portion of the leased premises into a unit for the drilling or operation of such well) is at any time shut in and no gas or gas-condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products then, notwithstanding any other provision to the contrary, such shut-in well shall be deemed to be a well on the leased premises producing gas in paying quantities and this lease will continue in force during all of the time or times while such well is so shut in, whether before or after the expiration of the primary term hereof. Lessee shall be obligated to pay or tender to Lessor within **45 days** after the expiration of each period of one year in length (annual period) during which such well is so shut in, as royalty, an amount equal to the end of any such annual period, or if at the end of any such annual period, this lease is being maintained in force and effect otherwise than by reason of such shut-in well, Lessee shall not be obligated to pay or tender, for that particular annual period, said sum of money. Such payment shall be deemed a royalty under all provisions of this lease. Royalty ownership as of the last day of each such annual period as shown by Lessee's records shall govern the determination of the party or parties entitled to receive payment.

6. If the interest Lessor owns in the land covered by this lease is less than the entire and undivided fee simple mineral estate therein, then whether or not such lesser interest is referred to or described herein, all royalties herein provided shall be paid to Lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

7. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessees, successors and assigns of the parties; and in the event of an assignment or subletting by Lessee, Lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to Lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee or require separate measuring or installation of separate tanks by Lessee. Notwithstanding any actual or constructive knowledge of or notice to Lessee, no change in ownership of said land or of the right to receive rentals or royalties hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on Lessee (except at Lessee's option in any particular case) until 90 days after Lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original or certified copies of all documents and other instruments or proceedings necessary in Lessee's opinion to establish the ownership of the claiming party.

8. Lessee may, at any time, execute and deliver to Lessor or place of record a release covering all or any part of the acreage embraced in the leased premises or covering any one or more zones, formations or depths underlying all or any part of such acreage, and thereupon shall be relieved of all obligations thereafter to accrue with respect to the acreage, zones, formations or depths covered by such release.

9. Lessee is granted the right, from time to time while this lease is in force, to pool into a separate operating unit or units all or any part of the land covered by this lease with other land, lease or leases, or interests therein (whether such other interests are pooled by a voluntary agreement on the part of the owners thereof or by the exercise of a right to pool by the Lessee's thereof) when in Lessee's judgment it is necessary or advisable in order to promote conservation, to properly develop or operate the land and interests to be pooled, or to obtain a multiple production allowable from any governmental agency having control over such matters. Any pooling hereunder may cover all oil and gas, or any one or more of the substances covered by this lease, and may cover one or more or all zones or formations underlying all or any portion or portions of the leased premises. Any unit formed by such pooling shall be of abutting or cornering tracts and shall not exceed **640 acres** (plus a tolerance of **10%**) for gas and gas-condensate and shall not exceed **40 acres** (plus a tolerance of **10%**) for any other substances covered by this lease; provided that if any governmental regulation or order shall prescribe a spacing pattern for the development of a field wherein the above described land, or a portion thereof, is located, or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be permitted in such allocation of allowable. The area pooled and the zones or formations and substances pooled shall be set forth by Lessee in a "declaration of pooling" filed for record in the county or counties in which the pooled area is located. Such pooling shall be effective on the date such declaration is filed unless a later effective date is specified in such declaration. In lieu of the royalties elsewhere herein specified, except shut-in gas well royalties, Lessor shall be paid on pooled substances produced from any unit in the proportion, but only in the proportion, that Lessor's acreage interest in the land covered by this lease and placed in the unit bears to the total acreage in the land placed in such unit. Nothing herein contained shall authorize or effect any transfer of any title to any leasehold, royalty or other interest pooled pursuant hereto. The commencement of a well, the conducting of other drilling operations, the completion of a well or of a dry hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for royalty purposes) the same as if said well were located on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations are being conducted upon, said lands. Lessee may terminate any pooling effected pursuant hereto at any time the pooled unit is not producing and no drilling operations are being

conducted thereon by executing and filing of record in \_\_\_\_\_ county or counties in which the pooled area is located. \_\_\_\_\_ It is declared that the termination of such pooling, provided that the pooling of all interests not covered by this lease which comprise a part of such pooled unit be also terminated in some effective manner.

10. Lessee shall have the right to use, free of cost, oil, gas and water produced on said land for its operations thereon except water from wells of Lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. No part of the surface of the leased premises shall, without the written consent of Lessee, be let, granted or licensed by Lessor to any other party for the location, construction or maintenance of structures, tanks, pits, reservoirs, equipment, or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil, gas or other minerals.

11. Lessee shall bury below plow depth its pipe lines on the leased premises when requested by a Lessor owning an interest in the surface. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessee shall pay for damages to growing crops caused by its operations on said lands.

*Christine A. Benton*  
~~12. Lessor hereby warrants and agrees to defend the title to the lands herein described, but if the interest of Lessor covered by this lease is expressly stated to be less than the entire fee or mineral estate, Lessor's warranty shall be limited to the interest so stated. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but Lessee shall not suffer any forfeiture nor incur any liability to Lessor by reason thereof. Lessee shall have the right at any time to pay for Lessor, any mortgage, taxes or other lien on said lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and any such payments made by Lessee for Lessor may be deducted from any amounts of money which may become due Lessor under this lease.~~

13. All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor Lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to the breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure is the result of the exercise of governmental authority, war, armed hostilities, lack of market, act of God, strike, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of Lessee.

14. Breach by Lessee of any obligations hereunder shall not constitute a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby or be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence compliance with the obligations imposed by this lease.

15. This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to Lessor and Lessee shall include reference to their respective successors and assigns. Should any one or more of the parties named above as Lessor not execute this lease, it shall nevertheless be binding upon the party or parties executing same.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

The Dorothy M. Benton Estate

*Christine A. Benton Personal Representative*

Christine A. Benton, f/k/a Christine Collins,  
Personal Representative of the Dorothy M. Benton Estate

STATE OF COLORADO )  
COUNTY OF JEFFERSON ) ss. }

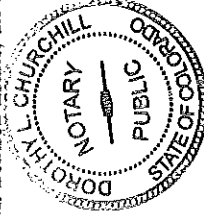
Oldhama, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGEMENT - INDIVIDUAL

On the 2nd day of February, A.D. 2010, personally appeared before me, Christine A. Benton, f/k/a Christine Collins, Personal Representative of the Dorothy M. Benton Estate, the signet(s) of the above instrument, who duly acknowledged to me that he/she/they executed the same.

WITNESS my hand and official seal.

My commission expires:

11-3-2010



*Dorothy L. Churchill*  
Notary Public  
Residing at: Lakewood, CO



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Yuma County Recorder, Beverly A Wenger Page 2 of 2  
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