



GRAZING LEASE

TERMS

Date: November 1, 2010

Landlord: See attached Signature Pages

Landlord's Address: C/O Cindel Alles
4245 S. Highway 71
Wewahitchka, FL 32465

Tenant: Tommy Smithson

Tenant's Address: 451 County Road 245
Ackerly, Texas 79713

Premises: All of Surveys two to six (2-6), inclusive, in Block Twelve (12), H & GN Ry Co. Original Grantee, Pecos County, Texas, LESS and EXCEPT that portion of Survey 6 now owned of record by others; The land hereby leased comprising 2805.31 acres, more or less, as per the Pecos County Tax Records.

Base Rent: \$7,013.28, payable in five (5) equal annual installments of \$1,402.66 on December 1 of each year. Payments shall be made in accordance with the percentage ownership and in the amounts shown on Exhibit A.

Term: Five years, and continuing thereafter unless and until terminated by either party giving the other party at least 180 days advance written notice of termination before the end of the then current term. Lessee has an option to renew the lease under the same terms for an additional five year term by giving Lessee at least 90 days advance written notice of the extension of the lease.

Commencement Date: November 1, 2010

Termination Date: October 31, 2015

Use: The Leased Premises shall be used solely for grazing cattle, and shall exclude sheep and other livestock other than horses needed for the cattle grazing operations. The Leased Premises shall not be used for farming or other purposes without the written consent of the Lessors.

DEFINITIONS

“**Rent**” means Base Rent plus any other sums of money due Landlord by Tenant.

“**Landlord**” means those persons on the attached Exhibit A and their agents, invitees, licensees or visitors.

“**Tenant**” means Tommy Smithson and his agents, employees, invitees, licensees and visitors.

CLAUSES AND COVENANTS

1.01 **Tenant agrees to-**

1.1 Lease the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.

1.2 Accept the Premises in their present condition “AS IS,” the Premises being currently suitable for Tenant’s Intended Use; subject, however, to Landlord’s performance of its obligations under Sections 3.3, 3.4, and 3.5 of this Lease.

1.3 Obey all laws, ordinances, orders and rules and regulations applicable to the use, condition and occupancy of the Premises.

1.4 Pay the Rent in advance without demand, beginning December 1, 2010, and on or before the dates outlined above each year thereafter for so long as this Lease continues in effect.

1.5 Pay a late charge of 5.0% of any Rent not received by Landlord by the due date of each payment.

1.6 Pay for all labor, fuel and utility services used by Tenant.

1.7 Pay all taxes due on Tenant’s personal property located on the Premises.

1.8 Allow Landlord to enter the Premises to perform Landlord’s obligations, inspect the Premises and show the Premises to prospective purchasers or tenants, oil and gas companies, oil field service companies, or other similarly related companies.

1.9 Pay for all labor and materials to repair, replace and maintain the fences, water wells, tanks, roads and other improvements on the Premises in good condition, normal wear excepted.

1.10 Repair or replace any damage to Premises caused by Tenant.

1.11 Indemnify, defend and hold Landlord harmless from any loss, attorney's fees, court and other costs, or claims arising out of Tenant's use of the Premises, including, but not limited to any livestock inadvertently injured or killed, injuries, loss or death resulting from hunting activities, or injury or death to any third party while on the premises, or any loss resulting from a grass fire.

1.12 Vacate the Premises on termination of this Lease.

1.13 Use the highest standards of animal husbandry in grazing the Premises, and will not over-graze or abuse the land.

1.14 Maintain the integrity of the pastures through use of gates, locks, guards and fences.

1.15 Cooperate with all oil and gas companies, pipeline companies, seismic companies and any other entities with which Landlord may contract.

1.16 Maintain the watering locations in an orderly and presentable manner.

2.0 Tenant agrees not to –

2.1 Use the Premises for any purpose other than that stated in this Lease.

2.2 Create or allow a nuisance or permit any waste of the Premises.

2.3 Alter the Premises, except with the Landlord's prior written consent.

2.4 Allow a lien to be placed on the Premises.

2.5 Assign this Lease or sublease any portion of the Premises for any purpose, except for hunting, as specifically set forth herein.

2.6 Litter or leave trash or debris on the Premises.

2.7 Overgraze the Premises, giving due attention to pasture conditions, rainfall levels and other pertinent factors.

3.01 Landlord agrees to –

3.1 Lease to Tenant the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.

3.2 Obey all laws, ordinances, orders and rules and regulations applicable to the use, condition and occupancy of the Premises.

4.0 Landlord agrees not to –

4.1 Other than otherwise specified herein, allow any use of the Premises inconsistent with Tenant's permitted use as long as the Lease is in effect and Tenant is not in default.

5.0 Landlord and Tenant agree to the following:

5.1 *Alterations.* Any physical additions or improvements to the Premises made by Tenant will become the property of Landlord. Landlord may require that Tenant, at termination of this Lease and at Tenant's cost, remove any physical additions and improvements, repair any alterations and restore the Premises to the condition existing on the Commencement Date, normal wear excepted.

5.2 *Abatement.* Tenant's covenant to pay rent and Landlord's covenants are independent. Except as otherwise provided, Tenant will not be entitled to abate Rent for any reason.

5.3 *Hunting.* Tenant shall have the right to lease the Premises for purposes of hunting birds and game, provided the hunting lease term is one year or less. Any sublessee for hunting purposes shall be subject to the terms and provisions of this Lease. Tenant recognizes the inherent dangers in leasing the Premises for hunting, and shall fully indemnify Landlord for any loss, injury or death occurring as a result of hunting on the Premises.

5.4 *Release of Claims/Subrogation.* Landlord and Tenant release each other from any claim, by subrogation or otherwise, for any damage to the Premises or Tenant's personal property by reason of fire or the elements, regardless of cause, including negligence of Landlord or Tenant. This release applies only to the extent that it is permitted by law, the damage is covered by insurance proceeds, and the release does not adversely affect any insurance coverage.

5.5 *Condemnation/Substantial or Partial Taking.*

- a. If the Premises cannot be used for the purposes contemplated by this Lease because of condemnation or purchase in lieu of condemnation, this Lease will terminate.
- b. If there is a condemnation or purchase in lieu of condemnation and this Lease is not terminated, the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.
- c. Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.

5.6 *Default by Landlord/Events.* A default by Landlord is the failure to comply with any provision of this Lease that is not cured within 30 days after written notice.

5.7 *Default by Landlord/Tenant's Remedies.* Tenant's sole remedy for Landlord's default is to terminate this Lease.

5.8 *Default by Tenant/Events.* Default by Tenant are:

- a. failing to timely pay Rent; and
- b. failing to comply within 10 days written notice with any provision of this Lease other than the event of default set forth in a. above, including, specifically, notice to Tenant that the Premises, or any part thereof, are being overgrazed or misused.

5.9 *Default by Tenant/Landlord's Remedies.* Landlord's remedies for Tenant's default are to:

- a. enter and take possession of the Premises, after which Landlord may relet the premises on behalf of Tenant and receive the Rent directly by reason of the reletting, and Tenant agrees to reimburse Landlord for any reasonable expenditures made in order to relet.
- b. enter the Premises and perform Tenant's obligations; and
- c. terminate this Lease by written notice and sue for damages.

Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary, and may lock out Tenant or any other person who may be using the Premises for grazing, until the default is cured, without being liable for damages.

5.10 *Landlord's Right to Withdraw Acreage.* Tenant agrees that at any time during the Term, the Landlord may withdraw any part or all of the Premises from this Lease (by giving Tenant at least thirty (30) days prior written notice of each withdrawal) if such property being withdrawn is to be sold or if Landlord elects, in its sole discretion to withdraw such property from this Lease for soil conservation purposes, to allow pasture regeneration, or for oilfield locations, easements, or other similar purposes. To the extent any portion of the Premises is withdrawn during the Term, a prorata portion of any previously paid rent will be returned to Tenant by Landlord, based on the number of acres withdrawn and the time of such withdrawal. If the Landlord withdraws twenty-five percent (25%) or more of the Premises from this Lease, at Tenant's option this Lease will terminate and a prorata portion of any previously paid rent will be returned to Tenant by Landlord, based on the term remaining after such termination.

5.11 *Landlord's Right to Control Property for Purposes Other Than Grazing.* Landlord and Tenant agree that, during the Term, the Landlord shall control all aspects of the Premises for purposes other than for grazing. This shall include the right to negotiate with third parties for pipelines, electrical lines, roadways and right-of-ways, well sites, easements, caliche sales, water sales, etc. Landlord agrees to cooperate in negotiating with any third party and shall keep Tenant informed of any proposed damages or changes to the Premises. Furthermore,

Landlord agrees to contract with third parties for the least possible disruption of grazing operations. Landlord shall be entitled to all compensation associated with any contracts negotiated with third parties during the Term.

5.12 *Default/Waiver/Mitigation.* It is not a waiver of default if the non-defaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in the Lease does not preclude pursuit or other remedies in this Lease or provided by law. Landlord and Tenant have a duty to mitigate damages.

5.13 *Holdover.* If Tenant does not vacate the Premises following termination of this Lease, Tenant will become a tenant-at-will and must vacate the Premises on receipt of notice from Landlord. No holding over by Tenant, whether with or without the consent of Landlord, will extend the Term. The rent during any such holdover period will be at 1.5 times the rent as is payable during the Term, prorated for the number of days of such holdover.

5.14 *Alternative Dispute Resolution.* Landlord and Tenant agree to mediate in good faith before filing suit for damages.

5.15 *Attorney's Fees.* If either party retains an attorney to enforce this Lease, the party prevailing in litigation is entitled to recover reasonable attorney's fees and court and other costs.

5.16 *Venue.* Venue is in Midland County, Texas, the county in which the Tenant and one of the Landlords are located.

5.17 *Entire Agreement.* This Lease is the entire agreement of the parties, and there are no oral representations, warranties, agreements or promises pertaining to this Lease or to any expressly mentioned exhibits and riders not incorporated in writing in this Lease.

5.18 *Amendment of Lease.* This Lease may be amended only by an instrument in writing signed by Landlord and Tenant.

5.19 *Late Charge.* Notwithstanding anything to the contrary contained herein, if the late charge is ever deemed to be interest and, as a result, Landlord would be deemed to have charged, collected or received interest in excess of the maximum lawful non-usurious rate, then this provision shall automatically be amended to reduce the late charge to an amount that complies with all applicable laws and regulations, and, if necessary, Landlord will promptly refund to Tenant an amount that will cause Landlord to comply with all applicable laws and regulations. Landlord and Tenant intend that Landlord shall never be entitled to charge, collect or receive interest in excess of the maximum lawful non-usurious rate.

5.20 *Limitation of Warranties.* THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LEASE.

5.21 *Notices.* Any notice required or permitted under this Lease must be in writing. Any notice required by this Lease will be deemed to be delivered (with or without actually received or not) three business days after being deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this Lease. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as proved herein.

5.22 *Mineral Interests.* This Lease is subordinate to any present or future oil, gas or other mineral exploration agreements and leases. Landlord will not be liable to Tenant for any damages for actions attributable to those agreements and will receive all consideration paid therefor, including, specifically, amounts paid for surface damages or for easements or rights-of-way.

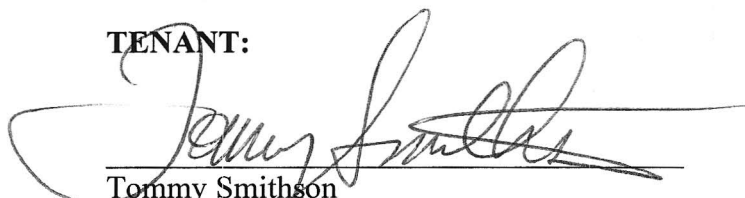
5.23 *Pipelines.* This Lease is subordinate to any present or future easements for pipelines constructed on the Premises or easements for any other purpose. Landlord will not be liable to Tenant for any damages for actions attributable to those agreements and will receive all consideration paid therefor.

5.24 *Multiple Counterparts.* This lease may be executed in multiple counterparts, each of which shall constitute an original. This may be necessary based upon the number of parties to the Lease. When signed by all the parties, a complete set of signature and acknowledgment pages may be assembled with one copy of the text of the Lease for ease of copying and reference.

LANDLORD:

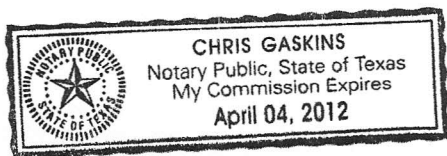
See attached signature pages


TENANT:


Tommy Smithson

State of Texas §
 §
County of DANSON §

The foregoing document was acknowledged before me, the undersigned notary public, on this 15th day of February, 2011, by Tommy Smithson.




Notary Public in and for the State of Texas

Landlord:

Ruth Mary Locke Bard Revocable Trust of 09/29/2005
Elsie Price Barry
Anna Ellen Lyle
Cindel Johnson Alles
Dennie L. Fry Trust of 01/19/2006
Betsy Lee Hull
James Edward Roush
William Cody Roush

By: Tom Scott, agent and attorney in fact
Tom Scott, agent and attorney-in-fact

State of Texas §
§
County of Midland §



The foregoing document was acknowledged before me, the undersigned notary public, on this 17th day of February, 2011, by Tom Scott as agent and attorney-in-fact for Elsie Price Barry, Ruth Mary Locke Bard, Anna Ellen Lyle, Cindel Johnson Alles, Dennie L. Fry, William Cody Roush, Betsy Lee Hull and James Edward Roush.

Carol Lynne Walker
Notary Public in and for the State of Texas

John D. Mohler

State of Nebraska §
§
County of _____ §

The foregoing document was acknowledged before me, the undersigned notary public, on this _____ day of _____, 2011, by John D. Mohler.

Notary Public in and for the State of Nebraska

Landlord:

Ruth Mary Locke Bard Revocable Trust of 09/29/2005
Elsie Price Barry
Anna Ellen Lyle
Cindel Johnson Alles
Dennie L. Fry Trust of 01/19/2006
Betsy Lee Hull
James Edward Roush
William Cody Roush

By: _____
Tom Scott, agent and attorney-in-fact

State of Texas §
§
County of Midland §

The foregoing document was acknowledged before me, the undersigned notary public, on this ____ day of February, 2011, by Tom Scott as agent and attorney-in-fact for Elsie Price Barry, Ruth Mary Locke Bard, Anna Ellen Lyle, Cindel Johnson Alles, Dennie L. Fry, William Cody Roush, Betsy Lee Hull and James Edward Roush.


Notary Public in and for the State of Texas



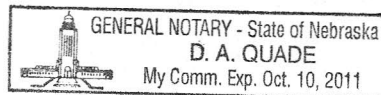
John D. Mohler

State of Nebraska §
§
County of Cass §

The foregoing document was acknowledged before me, the undersigned notary public, on this 8 day of February, 2011, by John D. Mohler.



Notary Public in and for the State of Nebraska



Landlord continued:

James D. Mohler

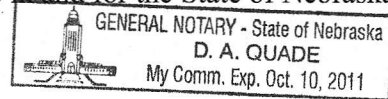
James D. Mohler

State of Nebraska §

County of Cass §

The foregoing document was acknowledged before me, the undersigned notary public, on this 8 day of February, 2011, by James D. Mohler.

D. A. Quade
Notary Public in and for the State of Nebraska



Amy L. Mohler

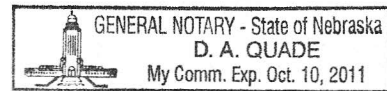
Amy L. Mohler

State of Nebraska §

County of Cass §

The foregoing document was acknowledged before me, the undersigned notary public, on this 8 day of February, 2011, by Amy L. Mohler.

D. A. Quade
Notary Public in and for the State of Nebraska



Melinda S. Mohler

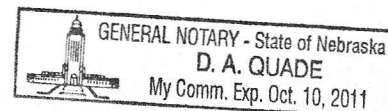
Melinda S. Mohler

State of Nebraska §

County of Cass §

The foregoing document was acknowledged before me, the undersigned notary public, on this 8 day of February, 2011, by Melinda S. Mohler.

D. A. Quade
Notary Public in and for the State of Nebraska



Landlord continued

Pamela Whitcomb Friend
Pamela Whitcomb Friend, Individually

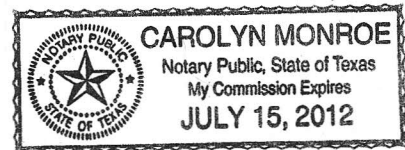
Frances Thomson Harris
James B. Mohler
Margery Mohler Lindsey
Laine Whitcomb
Valerie Aldridge
Sharon Thompson
Robert W. Shoemaker Inter Vivos Trust
dated September 17, 1991

By: Pamela Whitcomb Friend
Pamela Whitcomb Friend

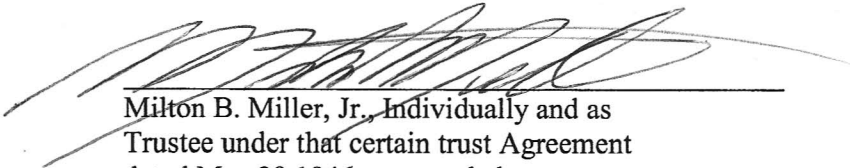
State of Texas §
County of Hidalgo §
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The foregoing document was acknowledged before me, the undersigned notary public, on this 15th day of MARCH, 2011, by Pamela Whitcomb Friend, Individually and as agent and attorney-in-fact for Robert W. Shoemaker, Trustee of the Robert W. Shoemaker Inter Vivos Trust dated September 17, 1991, and as attorney in fact for James B. Mohler, Margery Mohler Lindsey, Valerie Aldridge, Sharon Thompson, Laine Whitcomb, and Frances Thomson Harris

Carolyn Monroe
Notary Public in and for the State of Texas



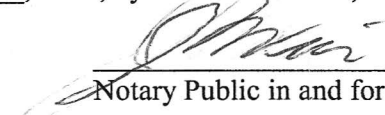
Landlord continued



Milton B. Miller, Jr., Individually and as
Trustee under that certain trust Agreement
dated May 29, 1946 as amended

State of Kansas §
 §
County of Shawnee §

The foregoing document was acknowledged before me, the undersigned notary public, on
this 11th day of February, 2011, by Milton B. Miller, Jr. Individually and as Trustee..


Notary Public in and for the State of Kansas