



Post Office Box 1600
San Antonio, Texas 78296-1600

IRREVOCABLE STANDBY LETTER OF CREDIT NO. 25777-SA

Date: September 26, 2007

Expiration: September 26, 2008

Beneficiary:

United States Department of the Interior
National Park Service
Padre Island National Seashore
P.O. Box 181300
Corpus Christi, Texas 78480-1300

Applicant:

BNP Petroleum Corporation
500 North Water Street, Ste. 300
Corpus Christ, Texas 78471

Issuing Financial Institution: The Frost National Bank

Telephone No: 210-220-5510

Address: 100 West Houston Street, San Antonio, TX 78205, Attn: Letter of Credit Dept. RB-1

O&G Operations: All established BNP Petroleum Corp. Oil & Gas operations and future
Oil & Gas Operations within Padre Island National Seashore

Date Issued: September 26, 2007

Letter of Credit No.: 25777-SA

Amount: USD 200,000.00

On behalf of BNP Petroleum Corporation, 500 North Water Street #3005, Corpus Christi, as Obligor, we The Frost National Bank hereby establish this irrevocable Letter of Credit No. 25777-SA (LOC), in favor of the United States Department of the Interior, National Park Service, Padre Island National Seashore (NPS) and agree to immediately pay upon demand by and to the NPS the full amount of (Two Hundred Thousand Dollars U.S. Dollars) \$200,000.00 upon receipt of a written demand, by the NPS.

This LOC is effective the date issued and will expire one year from the date issued. It is a condition of this Letter of Credit that it shall be automatically extended without amendment for an additional period of one year from the current expiration date and each future expiration date, unless and until you have been notified by us in writing, by certified mail, return receipt requested or overnight courier, not less than thirty (30) days before the expiration date that we elect not to renew this Letter of Credit.

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Page two, which forms an integral part of Letter of Credit No. 25777-SA

Upon receipt by the NPS of such a notice from us not to extend this Letter of Credit, NPS may draw on us by sight draft identified by Letter of Credit No. 25777-SA for up to the amount of this LOC prior to the expiration thereof, provided that such draft is accompanied by a statement purportedly signed by the Regional Director of the Intermountain Region or his designee to the effect that no satisfactory replacement bond has been provided by the Obligor prior to thirty (30) days before the Letter of Credit expires.

It is also understood that, at any time the LOC is in effect, the NPS may draw on us by sight draft identified by the Letter of Credit No. 25777-SA for any amount, up the full amount, to cover any default by Obligor with respect to its obligations under the Plan of Operations for the above referenced Oil and Gas operations. Such draft shall be accompanied by a written statement purportedly signed by the Regional Director of the Intermountain Region or his designee to the effect the Obligor has been determined to be in default and the amount drawn represents the reasonable amount as determined by the NPS of such default.

NPS shall not be required to furnish the original of this LOC in order to draw on it. However, it is understood, as a condition of any payment there under, that the face amount of the Letter of Credit shall automatically be reduced by any payment made by the bank and that the NPS will promptly surrender the original Letter of Credit when and if the bank shall tender to the NPS the full amount of funds represented by the Letter of Credit; such surrender will occur as soon as reasonably practical after full payment is made. The original LOC shall also be surrendered promptly following its expiration, provided that no drawing on such Letter of Credit was made prior to the expiration.

We assure that the amount of the LOC herein established will not be reduced for any reason during the effectiveness of the Letter of Credit without the prior written approval of the NPS.

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Page three, which forms an integral part of Letter of Credit No. 25777-SA

We certify that the deposits of this bank are Federally Insured by the Federal Deposit Insurance Corporation and that this bank is a member of the Federal Reserve System.

We hereby engage with you that documents drawn under and in compliance with the terms of this Irrevocable Standby Letter of Credit will be duly honored if presented for payment to The Frost National Bank, 100 West Houston Street, San Antonio, Texas 78205, Attention: Letter of Credit Department RB-1 prior to 4:00p.m. Central Time on or before the expiration date of this Letter of Credit.

This Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 ("ISP98"), in effect on the date this Letter of Credit is issued, and as to matters not addressed by ISP98 is subject to and governed by Texas State Law and applicable U.S. Federal Law.

The Frost National Bank

Rosalinda M. Soriano, Asst. Vice President

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