

AMENDMENT TO STATE OIL AND GAS LEASES PRC 145.1, PRC 410.1,  
PRC 429.1 AND PRC 1466.1 AND RIGHT OF WAY LEASES  
PRC 1961.1 AND PRC 5968.1

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 145.1 in Ventura County to Beloil Corporation, Lido Petroleum Company and O.C. Field Gasoline Corporation on July 3, 1944, and through successive assignments the lessees effective November 1, 1995, are Energy Development Corp. (87 1/2 % above 5500 feet), Rincon Island Limited Partnership (75 % below 5500 feet), Sexton Corporation (12 1/2 % above 5500 feet) and Seahawk Oil International Inc. (25 % below 5500 feet); and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 410.1 in Ventura County to Pan America Petroleum Company on April 17, 1929, and through successive assignments to Rincon Island Limited Partnership on November 1, 1995; and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 429.1 in Ventura County to Sea Cliff Development Company on April 21, 1931, and through successive assignments to Rincon Island Limited Partnership on November 1, 1995; and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 1466.1 in Ventura County to Richfield Oil Corporation on August 29, 1955, and through successive assignments to Rincon Island Limited Partnership on November 1, 1995; and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 1961.1 in Ventura County to Richfield Oil Corporation on October 10, 1957, and through successive assignments to Rincon Island Limited Partnership on November 1, 1995; and

Whereas the State of California by and through the State Lands Commission did lease certain lands known as PRC 5968.1 in Ventura County to Norris Oil Co. on February 15, 1981, and through successive assignments to Rincon Island Limited Partnership on November 1, 1995; and

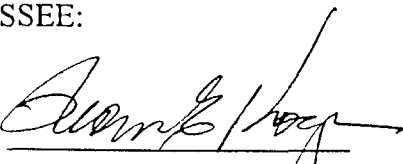
Whereas it has been determined to be in the State's best interest to make certain modifications in the operating requirements under the above-referenced leases; and

NOW THEREFORE, Rincon Island Limited Partnership and the State Lands Commission mutually agree as follows:

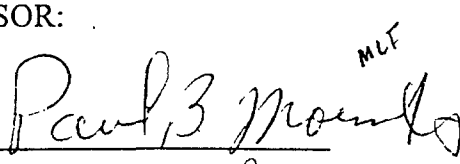
1. The Lessee may designate, with approval of the State, an operator with full authority to act on its behalf in complying with the terms and conditions of the leases and the regulations applicable thereto. The designated operator may, with the approval of the Lessee and the State, provide the security required to insure performance under the terms of the leases.
2. The operating agreement and all amendments thereto shall be submitted for review and approval by the State.
3. It is understood that designation of an operator does not relieve the Lessee of responsibility for compliance with the terms and conditions of the leases, statutes and regulations of the State Lands Commission. It is also understood that the designation of an operator does not constitute an assignment of any interest in the leases.
4. In case of default on the part of the designated operator, the Lessee will make full and prompt compliance with all regulations, and terms and conditions of the leases.
5. The operator shall obtain a Bond Accompanying Lease in the amount of \$4,600,000.00 ("Bond") and execute a Guaranty in the amount of \$400,000.00 ("Guaranty") guaranteeing performance of all terms and conditions of the leases as amended now and hereafter. The amount of the Bond shall be subject to review and modification every three years based on the change of Bureau of Labor Statistics Index Code No. 0561 Crude Petroleum (Domestic Production) Base Year 1995, with May 1995 index of 56.1 and the amount of the Guaranty shall not change.
6. It is further agreed that all other terms and conditions of Leases PRC 145.1, PRC 410.1, PRC 429.1, PRC 1466.1, PRC 1961.1 and PRC 5968.1, as amended, are to remain unchanged and in full force and effect.
7. The effective date of these amendments shall be November 1, 1995.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Leases PRC 145.1, PRC 410.1, PRC 429.1, PRC 1466.1, PRC 1961.1 and PRC 5968.1 as of the date hereafter affixed.

LESSEE:

By   
Dated NOVEMBER 1, 1995

LESSOR:

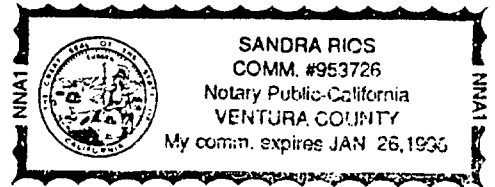
By  MCF  
Dated November 1, 1995

STATE OF CALIFORNIA        )  
  )  
COUNTY OF VENTURA        )

On November 1, 1995, before me, **SANDRA RIOS**, Notary Public, personally appeared **THOMAS E. HOGAN**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

*Sandra Rios*  
Sandra Rios, Notary Public



STATE OF CALIFORNIA        )  
  )  
COUNTY OF VENTURA        )

On November 1, 1995, before me, **SANDRA RIOS**, Notary Public, personally appeared **PAUL MOUNT, II**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

*Sandra Rios*  
Sandra Rios, Notary Public

