

AMENDMENT TO STATE OIL AND GAS LEASE PRC 145

WHEREAS the State of California by and through the State Lands Commission did lease certain lands known as PRC 145 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 March 1, 1988, are Energy Development Corp. (87 1/2% above 5500 feet), Bush Oil Company (75% below 5500 feet), Sexton Corporation (12 1/2% above 5500 feet), and Seahawk Oil International Inc. (25% below 5500 feet), hereinafter collectively known as "EDOC GROUP", and

WHEREAS Bush Oil Company will be operator of the lease effective March 1, 1988; and

WHEREAS EDOC GROUP and Bush Oil Company have requested the State to modify the royalty rates and certain other terms of the above-referenced lease. The purpose of such amendments is to maintain the economic production of oil and gas from the lease so as to prevent the premature abandonment of the lease and to provide for further exploration and development of the lease, and

WHEREAS it has been determined to be in the State's best interests to make such modifications to prevent the premature abandonment and to encourage continued exploration and development of the lease; and

NOW THEREFORE, EDOC GROUP, Bush Oil Company, as operator, and the State Lands Commission mutually agree as follows:

1. Royalty Payments.

The State agrees to amend paragraph 2 of the lease PRC 145 relative to the calculation and payment of royalty as follows:

(a) Lessee agrees to account for and pay to the State in money as royalty on oil twelve and one-half percent (12-1/2%) of the current market price of all oil production removed or sold from the leased lands. When paid in money, the royalty shall be calculated upon the current market price of the oil as determined by the State, which price shall not be less than the highest price at which an oil of like gravity and quality is being sold in substantial quantities at the Rincon Field in Ventura County, California, and it shall be due and payable not later than the 45th day following the calendar month in which the oil is produced. Current market price of the oil is hereby interpreted to mean the current market price as determined by the State; plus any subsidy or extra payment which the Lessee, or any successor in interest thereto, may receive at any future time or at any time during the term of this lease, whether or not such subsidy or extra payment will be in the nature of money or other consideration.

(b) At the State's option, exercised upon sixty (60) days' written notice and in lieu of money royalty on oil production, the Lessee shall deliver to the State in kind its royalty percentage, as provided above, of all oil production removed or sold from the leased lands. If the State elects to take in kind its royalty share of oil produced from the leased lands, the State may require the Lessee to provide at the Lessee's shipping tanks, without charge to the State, tankage of sufficient capacity to store the State's royalty share of oil produced from the leased lands during any continuous forty-eight (48) hours.

(c) In addition to the rental, the Lessee shall account for and pay to the State in money as royalty on non-oil production, which consists of dry gas, including vented and flared gas (except during testing with approval of the State) natural gasoline and other products extracted and saved from the gas produced from the leased lands, except gas used for lease operations or reinjected into the leased lands, twelve and one-half percent (12-1/2%) of the current market price of all non-oil production removed or sold from the leased lands. The current market value shall be current market value as fixed by

the State, unless such dry gas, natural gasoline and other products are sold pursuant to a sales contract approved by the State. Money royalty on non-oil production shall be due no later than the 45th day following the calendar month in which the non-oil production is produced.

(d) At the State's option, exercised upon sixty (60) days' written notice and in lieu of money royalty on non-oil production, the Lessee shall deliver to the State in kind its royalty percentage, as provided above, of all non-oil production removed or sold from the leased lands.

(e) If the State elects to take in kind its royalty share or shares of oil or non-oil production or both, it may elect thereafter, upon sixty (60) days' written notice, to take its royalty share or shares in money, and upon like notice at any time thereafter, may elect to take its royalty share or shares either in kind or in money.

(f) All royalties payable to the State, whether in money or in kind, shall be without deduction for the cost of producing, gathering, separating, compressing, treating, dehydrating, processing, transporting and otherwise making the oil and non-oil production marketable.

(g) The royalty percentage rates described above shall remain in effect for two (2) years from and after the

effective date of these amendments. At the end of such two-year period, the royalty percentage rates shall increase to sixteen and two-thirds percent (16-2/3%).

2. New Drilling.

Bush, as operator, agrees to commence the drilling of a Deep Zone Test Well on PRC 145 by March 1, 1988. It is understood that this is the well identified in paragraph 3(a)(1) of the amendment to PRC 410.1, PRC 429.1 and PRC 1466.1, effective October 1, 1987, and that this well meets the drilling obligation for lease PRC 410 and that royalty on production from it will be calculated in the same manner as described in the October 1, 1987 amendments.

3. Letter of Credit.

The letter of credit in the amount of \$4 million submitted pursuant to paragraph 5 of the amendment of PRC 410, PRC 429 and PRC 1466 guaranteeing performance of all terms and conditions of the leases as amended now and hereafter will be amended to include PRC 145. The amount of the security shall be subject to review and modification every three years, from October 1, 1987, based on the change of Bureau of Labor Statistics Index Code No. 0561 Crude Petroleum (Domestic Production) Base Year 1967, with March 1987 index of 387.4.

4. Default and Termination.

Bush Oil Company agrees that its failure to meet the obligations set forth in these amendments in a timely manner shall immediately invoke the default and termination provisions found in the lease, provided, however, that the obligations imposed on Bush by the provisions of this amendment shall be suspended during such time as Bush is prevented from complying therewith by the rules and regulations of any federal, state, county or municipal agency.

5. Terms of Amendments.

The term of the amendments shall be for so long as oil and gas produced in paying quantities from the leased lands.

6. Effective Date.

The effective date of these amendments of State Oil and Gas Lease PRC 145 shall be March 1, 1988.

7. Other Terms and Conditions.

It is further agreed that all other terms and conditions of State Oil and Gas Lease PRC 145, as amended, and any other lease referenced in these amendments are to remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of State Oil and Gas Lease PRC 145 as of the date hereafter affixed.

LESSEE:

Energy Development ~~of~~
~~Corp.~~
~~of California~~

LESSOR:

STATE OF CALIFORNIA
STATE LANDS COMMISSION
245 W. Broadway, Suite 425
Long Beach, CA 90802



By [Signature]
Dated: Feb. 29, 1988 V.P.

By W. M. Thompson
Dated: 3-17-88

Sexton Corporation

By _____
Dated: _____

TRUE COPY	
APPROVED:	<u>[Signature]</u>
Section Head	<u>[Signature]</u>
Legal	<u>J.F. [Signature]</u>

Seahawk Oil International, Inc.

By _____
Dated: _____

IN WITNESS WHEREOF, the parties hereto have executed this

State of California
County of Los Angeles } SS.

On this the 29 day of February 1988, before me,

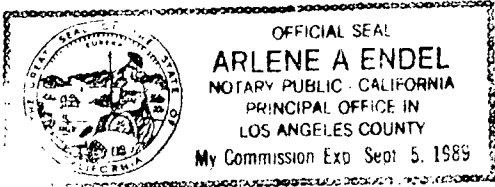
ARLENE A. ENDEL

the undersigned Notary Public, personally appeared

C. E. CHRISTIE, JR

personally known to me
 proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) IS subscribed to the
within instrument, and acknowledged that HE executed it.
WITNESS my hand and official seal.

Arlene A. Endel
Notary's Signature



Sexton Corporation

By _____

Dated: _____

Seahawk Oil International, Inc.

By _____

Dated: _____

COPY	
APPROVED:	<u>[Signature]</u>
Section Head	<u>[Signature]</u>
Legal	<u>J.F. [Signature]</u>

STATE OF CALIFORNIA)
) ss.
County of Los Angeles)

On this 18th day of March _____, A.D., 1988, before me, the undersigned, a Notary Public for the State of California, personally appeared W.M. Thompson _____, known to me to be the Chief, Extractive Development _____ of the CALIFORNIA STATE LANDS COMMISSION, and to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same.

WITNESS my hand and official seal.



Brenda J. Ray

NOTARY PUBLIC IN AND FOR THE
STATE OF CALIFORNIA

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of State Oil and Gas Lease PRC 145 as of the date hereafter affixed.

LESSEE:
Energy Development Corp.

LESSOR:
STATE OF CALIFORNIA
STATE LANDS COMMISSION
245 W. Broadway, Suite 425
Long Beach, CA 90802

BY _____

BY _____

Dated: _____

Dated: _____

Sexton Corporation

BY *W. T. [Signature] president*
Dated: *3-9-88*

Seahawk Oil International, Inc.

BY _____

Dated: _____

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of State Oil and Gas Lease PRC 145 as of the date hereafter affixed.

LESSEE:
Energy Development Corp.

LESSOR:
STATE OF CALIFORNIA
STATE LANDS COMMISSION
245 W. Broadway, Suite 425
Long Beach, CA 90802

BY _____

BY _____

Dated: _____

Dated: _____

Sexton Corporation

GENERAL ACKNOWLEDGMENT

NO 201

State of OREGON }
County of MULTNOMAH } SS.

On this the 9 day of MARCH 19 88, before me,

DEE JAY WOLFE
the undersigned Notary Public, personally appeared

WILLIAM T SEXTON

personally known to me
 proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is subscribed to the within instrument, and acknowledged that he executed it.
WITNESS my hand and official seal.

Dee Jay Wolfe
Notary's Signature DEE JAY WOLFE
NOTARY PUBLIC - OREGON
NATIONAL NOTARY ASSOCIATION
My Commission Expires 2-25-91

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of State Oil and Gas Lease PRC 145 as of the date hereafter affixed.

LESSEE:
Energy Development of
of California

LESSOR:
STATE OF CALIFORNIA
STATE LANDS COMMISSION
245 W. Broadway, Suite 425
Long Beach, CA 90802

By _____

By _____

Dated: _____

Dated: _____

Sexton Corporation

By _____

Dated: _____

Seahawk Oil International, Inc.

By Robert F. _____

Dated: February 5, 1988

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of State Oil and Gas Lease PRC 145 as of the date hereafter affixed.

LESSEE:
Energy Development of
of California

LESSOR:
STATE OF CALIFORNIA
STATE LANDS COMMISSION
245 W. Broadway, Suite 425
Long Beach, CA 90802

By _____

By _____

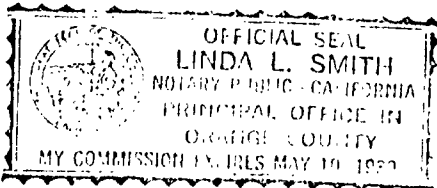
Dated: _____

Dated: _____

Sexton Corporation

By _____

State of California }
County of Orange } SS.



On this the 5 day of February, 1988, before me,

Linda L. Smith

the undersigned Notary Public, personally appeared

Robert Faldenberg

personally known to me
 proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) _____ subscribed to the
within instrument, and acknowledged that _____ executed it.
WITNESS my hand and official seal.

Linda L. Smith
Notary's Signature

Bush Oil Company

P.O. Box 1538

Taft, CA 93268

By Harvey L. Bryant

Dated: February 8, 1988

GUARANTOR:

Berry Petroleum Company

P.O. Bin X

Taft, CA 93468

By Harvey L. Bryant

Dated: February 8, 1988

GENERAL ACKNOWLEDGMENT

NO. 201

State of Calif
County of Kern } SS.

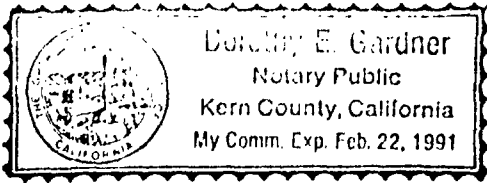
On this the 8th day of February 1988, before me,

Dorothy E. Gardner
the undersigned Notary Public, personally appeared

Harvey L. Bryant

personally known to me
 proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) _____ subscribed to the
within instrument, and acknowledged that he executed it.
WITNESS my hand and official seal.

Dorothy E. Gardner
Notary's Signature Dorothy E. Gardner



10 122

NATIONAL NOTARY ASSOCIATION • 23012 Ventura Blvd. • P.O. Box 4625 • Woodland Hills, CA 9138

GENERAL ACKNOWLEDGMENT

NO. 201

State of Calif
County of Kern } SS.

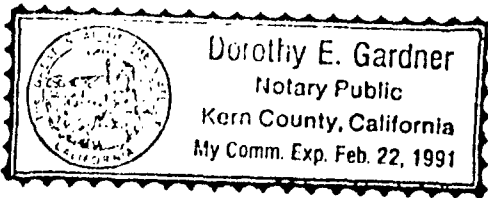
On this the 8th day of February 1988, before me,

Dorothy E. Gardner
the undersigned Notary Public, personally appeared

Harvey L. Bryant

personally known to me
 proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) _____ subscribed to the
within instrument, and acknowledged that he executed it.
WITNESS my hand and official seal.

Dorothy E. Gardner
Notary's Signature Dorothy E. Gardner



10 122

NATIONAL NOTARY ASSOCIATION • 23012 Ventura Blvd. • P.O. Box 4625 • Woodland Hills, CA 9138

Guaranty by Berry Petroleum Company.

In consideration of the execution of these amendments of lease PRC 145, effective March 1, 1988, by and between the State and Bush Oil Company, as lessee and operator of State Oil and Gas Lease PRC 145, (hereinafter referred to as Bush) the undersigned, Berry Petroleum Company, (hereinafter referred to as Berry) does hereby guarantee unconditionally to the State, its successors and assigns, the prompt payment by Bush of the rental and all other sums in the lease reserved in the manner and at the times prescribed, and the faithful performance by Lessee of all the terms, covenants and conditions contained in the lease.

This guaranty shall not be affected by any deviation from the lease by Bush or by any alteration of the terms, covenants or conditions of the lease consented to by Berry or by any permitted assignment or subletting of all or any part of the interest of Bush in the lease consented to by Berry. This guaranty shall not be released, extinguished, modified or in any way affected by failure on the part of State to enforce any or all of the rights or remedies of State whether pursuant to the terms of said lease or at law or in equity.

The guaranty is a continuing one and shall terminate only upon payment by Bush of all the rental and other sums in said lease reserved and upon performance by Bush of all duties and obligations contained in the lease.

The undersigned waives notice of acceptance by State of this guaranty. State agrees to give written notice to the undersigned ten days prior to commencing legal action against Bush or against the undersigned.

The undersigned further consents that it shall not be necessary for State, in order to enforce this guaranty, to institute suit or exhaust its legal remedies against Bush.

Notwithstanding any other paragraph of the lease, the insolvency of Bush, as defined in paragraph 23 of PRC 145.1, shall be deemed a default of the leases.

In the event any action should be commenced by State against the undersigned to enforce any of the terms of conditions of this guaranty, State shall be entitled to recover from the undersigned hereunder in any action in which it shall prevail, reasonable attorney's fees which shall be fixed as part of the costs by the court or judge in which the action is pending.

This guaranty shall inure to the benefit of State, its successors and assigns, and shall bind the successors and assigns of the undersigned.

GUARANTOR:

BERRY PETROLEUM COMPANY

By Harvey L. Bryant

Dated: February 8, 1988

The undersigned waives notice of acceptance by State of this guaranty. State agrees to give written notice to the undersigned ten days prior to commencing legal action against Bush or against the undersigned.

The undersigned further consents that it shall not be necessary for State, in order to enforce this guaranty, to institute suit or exhaust its legal remedies against Bush.

Notwithstanding any other paragraph of the lease, the insolvency of Bush, as defined in paragraph 23 of PRC 145.1, shall be deemed a default of the leases.

In the event any action should be commenced by State against the undersigned to enforce any of the terms of conditions of this guaranty, State shall be entitled to recover from the undersigned hereunder in any action in which it shall prevail, reasonable attorney's fees which shall be fixed as part of the costs by the court or judge in which the action is pending.

This guaranty shall inure to the benefit of State. its

GENERAL ACKNOWLEDGMENT

NO. 2

State of Calif }
County of Kern } SS.

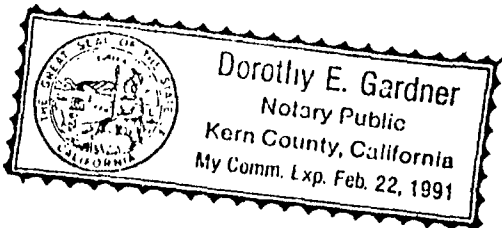
On this the 2nd day of February 19 88, before me,

Dorothy E. Gardner

the undersigned Notary Public, personally appeared

Harvey L. Bryant

personally known to me
 proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) _____ subscribed to the
within instrument, and acknowledged that he executed it.
WITNESS my hand and official seal.



Notary's Signature Dorothy E. Gardner