

STATE OF LOUISIANA
PARISH OF ST. MARY

MAY 0 3 1996

AMENDMENT AND RATIFICATION
OF
OIL, GAS AND MINERAL LEASE

KNOW ALL MEN BY THESE PRESENTS:

THIS Amendment and Ratification of Oil, Gas and Mineral Lease made and executed on the dates hereinafter set forth, but made effective March 1, 1996, by and between:

BETTY D. BLANCHARD, a person of the full age of majority, widow of Joseph A. Blanchard, a resident of the Parish of St. Mary, State of Louisiana, whose mailing address is 301 Main Street, Franklin, Louisiana, hereinafter sometimes referred to as "LESSOR"; and,

BLANCHARD 1986 LTD., a Texas limited partnership, duly authorized to transact business in the State of Louisiana having filed its Agreement of Limited Partnership in the Office of the Secretary of State of the State of Louisiana, appearing herein through John E. Hine, its General Partner, whose principal place of business and mailing address is 2400 Augusta Drive, Suite 212, Houston, Texas 77057, hereinafter sometimes referred to as "LESSEE".

W I T N E S S E T H:

WHEREAS, Agnes Rochel, widow of John T. Pender, and Joseph A. Blanchard, married to Dorothy Gibbons, executed an Oil, Gas and Mineral Lease dated October 28, 1942, recorded in COB 6-F, Page 489, under Entry No. 69350, conveyance records of St. Mary Parish, Louisiana, in favor of The Texas Company, as lessee, covering the following described property situated in St. Mary Parish, Louisiana (hereinafter the "Subject Lease") to-wit:

547.59 acres, more or less, commonly called "Park Plantation", situated in Sections 35 and 37, Township 13 South, Range 9 East, Sections 55 and 56, Township 14 South, Range 9 East, Section 70, Township 13 South, Range 8 East, and Section 1, Township 14 South, Range 8 East, Southwestern Land District of Louisiana, and being the same property acquired by Mrs. Agnes R. Pender from William Ernest Gray, et al, by Sheriff's Sale dated August 6th, 1921 and recorded in Conveyance Book 3-2, at Folio 652, Entry No. 47793, St. Mary Parish Records, reference to which is hereby made.

WHEREAS, Betty D. Blanchard is the successor-in-title to Agnes Rochel and Joseph A. Blanchard and the current record-title owner of the above-described property covered by the Subject Lease.

WHEREAS, by mesne conveyances, Blanchard 1986 Ltd. acquired the full ownership, as Lessee, of the Subject Lease.



WHEREAS, Betty D. Blanchard filed suit under Docket No. 77,796 "E", Sixteenth Judicial District Court in and for St. Mary Parish, Louisiana, against various parties, including Lessee, seeking, inter alia, to cancel the Subject Lease claiming that it had failed to produce in paying quantities (hereinafter sometimes referred to as the "Lawsuit").

WHEREAS, the parties have agreed to settle the Lawsuit and LESSOR and LESSEE execute this instrument in accordance with the terms of settlement of the Lawsuit.

WHEREAS, the terms of settlement of the Lawsuit provide, in part, as follows: (i) LESSOR will ratify and confirm that the Subject Lease is still in full force and effect; (ii) LESSOR and LESSEE will amend the Subject Lease to provide for an increase in the royalty on production obtained from wells drilled and completed to a subsurface depth below 8000' and outside the geographic limits of the VUB Herton Unit; and (iii) LESSOR will not seek cancellation of the Subject Lease under any legal theory for one year from the effective date of this instrument.

NOW THEREFORE, in consideration of the premises and of the benefits to be derived by the parties from the settlement of the Lawsuit, LESSOR and LESSEE agree as follows:

1. Amendment of Subject Lease

LESSOR and LESSEE agree that Paragraph 6 (the royalties paragraph) of the Subject Lease shall be amended to provide for the payment of royalties of one-fifth (1/5th) on oil, gas and liquid or gaseous hydrocarbons and one-fifth (1/5th) of the value of all other minerals mined and marketed rather than one-eighth (1/8th) on production obtained from wells drilled and completed to a subsurface depth below 8000' and situated outside the geographic limits of the VUB Herton Unit. Except as expressly amended hereby, Paragraph 6 of the Subject Lease shall remain unchanged. The royalty on all production other than that obtained from wells drilled and completed to a subsurface depth below 8000' and situated outside the geographic limits of the VUB Herton Unit shall remain one-eighth (1/8th) on oil, gas and liquid or gaseous

hydrocarbons and one-eighth (1/8th) of the value of all other minerals mined and marketed.

2. Ratification of Subject Lease

LESSOR expressly ratifies, confirms and adopts the Subject Lease, as amended hereby, and acknowledges that the same is valid, subsisting and in full force and effect, and LESSOR does by these presents hereby grant, lease and let the property covered and affected by the Subject Lease to LESSEE upon all and singular the terms and provisions of the Subject Lease, as amended hereby.

3. Waiver of Cancellation

LESSOR expressly waives the right to seek cancellation of the Subject Lease under any legal theory for a period of one year from the effective date of this instrument and expressly agrees to refrain from making any demands upon LESSEE regarding the performance or non-performance of operations or obligations under the Subject Lease.

This agreement shall be binding upon and shall inure to the benefit of the respective heirs, successors, legal representatives, sublessees or assigns of the parties hereto.

IN WITNESS WHEREOF, this instrument is executed on the dates set forth in the acknowledgements below, but shall be effective as of March 1, 1996.

WITNESSES:

James A. Quinn
Jessie A. Riddick

Betty D. Blanchard
BETTY D. BLANCHARD

BLANCHARD 1986 LTD.

Margaret A. West
Kimberly A. Page

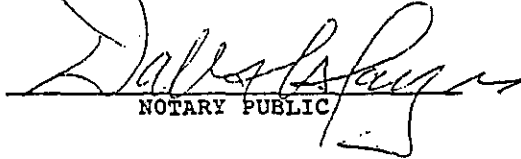
By: John E. Hine
JOHN E. HINE, General Partner

STATE OF LOUISIANA

PARISH OF ST. MARY

BEFORE ME, the undersigned authority, a Notary Public duly authorized in and for the said Parish and State, on this day personally appeared BETTY D. BLANCHARD, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed it in the presence of the subscribing witnesses, for the purposes and consideration therein expressed, as her free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 21st day of March, 1996.

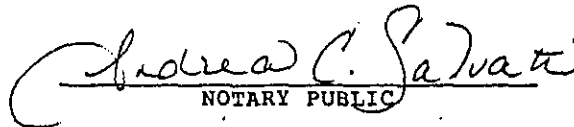

NOTARY PUBLIC

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, a Notary Public duly authorized in and for said County and State, on this day personally appeared JOHN E. HINE, known to me to be the person whose name is subscribed to the foregoing instrument, who declared that he is the General Partner of BLANCHARD 1986 LTD., a Texas Limited Partnership, and acknowledged to me that he executed same in the presence of the subscribed witnesses, for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said limited partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16th day of April, 1996.


NOTARY PUBLIC

