

OFFICIAL RECORDS
FAYETTE COUNTY, TEXAS

LEASE AMENDMENT AND RATIFICATION AGREEMENT

STATE OF TEXAS §

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF FAYETTE §

WHEREAS, the undersigned (herein "Owner" whether one or more) is the present owner of a mineral, royalty and/or overriding royalty interest in all or a portion of the Lease or the lands described as follows:

Oil, Gas and Mineral Lease dated May 5, 1982, by and between Real Estate Mortgage Corporation, Acting By and Through Its Duly Authorized Officers, Lessee, and CAG Petroleum Corp., Lessor, recorded in Volume 184, page 666 of the Oil and Gas Records of Fayette County, Texas.

WHEREAS, all or a portion of the Lease and/or the rights thereunder are now owned by Union Pacific Resources Company, whose mailing address is 777 Main Street, Fort Worth, Texas 76102 (herein "Lessee"); and

WHEREAS, the Lessee desires to assure its title to the Lease and the lands described therein for the purpose of including all or a portion of the Lease and the lands described therein in a unit for the drilling of a horizontal well;

WHEREAS, Lessee and Owner desire to amend (or, if a nonexecutive owner, consent to) certain provisions in the Lease including (1) the pooling provisions in the Lease, and (2) to ratify the Lease.

NOW, THEREFORE, in consideration of the premises and other valuable consideration, the receipt and sufficiency of which are expressly acknowledged, Owner and Lessor do hereby amend the above described Oil, Gas and Mineral Lease to add the following provisions, to wit:

"Additional Paragraph 1. Pooling

A. Horizontal Well Pooling. In the event that larger units than those permitted under the pooling provisions of the Lease are prescribed or permitted under any governmental rule or other (including, without limitation, field state wide rule, as applicable, of the Railroad Commission of Texas) for the drilling or operation of a horizontal or directional well at a regular location, or for obtaining maximum, allowable production from any horizontal or directional well drilled thereon, acreage from this Lease may be pooled or unitized with other acreage to establish units which conform to the size prescribed or permitted by such rule or order. The term "horizontal or directional well" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length.

B. Unit Revisions. Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder, by expansion or contraction or both, either before or after commencement of production. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision.

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C. Unit Dissolution. Lessee may, without the joinder of Lessor, at any time, dissolve any unit formed hereunder, whether producing or not, by filing a written declaration describing the unit, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration.

D. Separate Tract Clause. If the Lease now or hereafter cover separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within the Lease by Lessee shall nevertheless have the right to pool or unitize as provided in the paragraph with consequent allocation of production as herein provided. As used herein the words "separate tracts" mean any tract with royalty ownership differing, now or hereafter either as to parties or amounts, from that as to any other part of the leased premises."



Carolyn Kubos Roberts
COUNTY CLERK, FAYETTE COUNTY, TEXAS

OCT 25 1999

STATE OF TEXAS
I hereby certify that this instrument was FILED on the date and at the time indicated herein by me, and was duly recorded in the Volume and Page of the Record specified at Fayette County, Texas as depicted herein by me, on

"Additional Paragraph No. 2. Ratification and/or Revival

For the same consideration recited above, Owner does hereby consent to, ratify, adopt, and confirm all of the terms and provisions of the Lease, as amended herein, and does hereby grant, Lease, and demise and let, to Lessee, its successors and assigns, the land covered by said Lease, as amended herein, upon and subject to all of the terms and provisions set out in the Lease, as amended hereby. The undersigned hereby further declare that the Lease, as amended, in all its terms and provisions is and remains a valid and subsisting Oil, Gas and Mineral Lease, and declares that the Lease is binding upon the Owner, and the Owner's successors and assigns."

In the event of conflict between the above provisions and any other provision contained in the Lease, the above provisions shall prevail to the extent of such conflict.

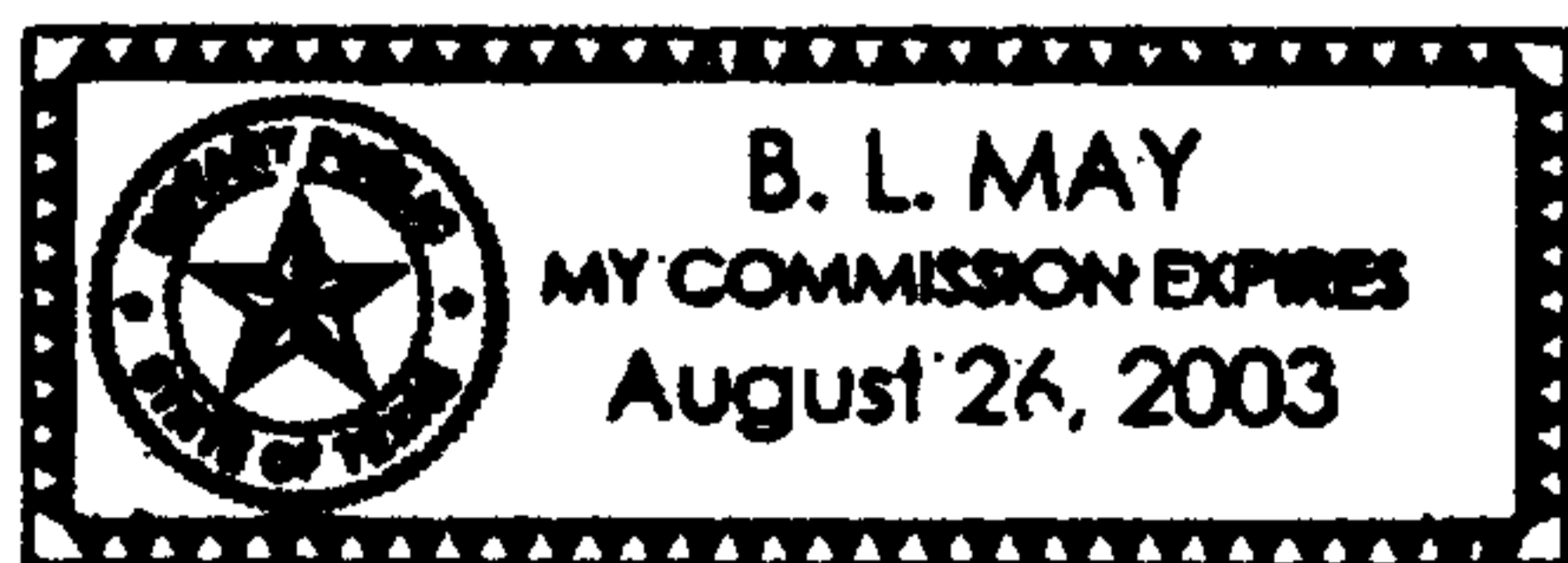
This Lease Amendment and Ratification Agreement may be executed in multiple counterparts with the same effect as though all parties executed the same document. The provision hereof shall extend to and be binding upon the successors and assigns of the parties that executed this Lease Amendment and Ratification Agreement even though it is executed by fewer than all parties amending and ratifying the Lease. This Amendment is hereby accepted by Lessee upon Lessee's duly recording this instrument in the Official Records of Fayette County, Texas.

This Lease Amendment and Ratification Agreement is effective for all purposes as of May 1, 1998, (herein the "Effective Date").

Patricia Smith McCanlies
Patricia Smith McCanlies

STATE OF TEXAS §
COUNTY OF Fayette §

This instrument was acknowledged before me on this the 25 day of OCTOBER, 1999, by Patricia Smith McCanlies.



B. L. May
Notary Public State of Texas

\$11.00 Due
Filed by: Bill May
Chg. To: UPRC
Return To: Union Pacific Resources
c/o: Mike Barron
777 Main St.
Ft. Worth, Texas 76102

FILED
12:45 p.m.
OCT 25 1999

Carolyn Kubos Roberts
CAROLYN KUBOS ROBERTS
CO. CLERK, FAYETTE CO., TEXAS