

**AGREEMENT TO AMEND PRIMARY TERM OF
OIL AND GAS LEASE**

State: New Mexico

County: Lea

Lessor: Erma Stokes Hamilton, dealing in her sole and separate property

Lessor's Address: P.O. Box 1470
Big Spring, TX 79721

Lessee: Ameristate Oil & Gas, Inc.

Lessee's Address: P.O. Box 341449
Austin, TX 78734-0025

Date Executed: August 14, 2000

Effective Date: December 7, 1997

Lessee, named above, and his assignees are the present owners of that certain oil and gas lease (the "lease"), dated December 7, 1997, executed by lessor, named above, covering 720.00 acres of land (the "lands"), more or less, in the county and state named above, which covers the following described lands, to wit:

Township 16 South, Range 35 East, NMPM
 Section 13: SE¼
 Section 23: SE¼
 Section 24: NW¼SW¼, NW¼NE¼
 Section 25: NW¼
 Section 26: NE¼

The lease is recorded in Volume 827, Page 124 of the records of that county. Reference is made to the lease and its recording for a complete description of the lands and for all other purposes.

It is the mutual desire of lessor and lessee to amend the primary term of the lease.

For adequate consideration, lessor and lessee agree that the lease is hereby amended so that the primary term of three (3) years provided in the lease shall be forty-two (42) months from the original date of the lease. Lessor hereby grants, leases and lets to lessee, its successors and assigns, the lands described for the purposes and on the terms and conditions provided in the lease, as amended by this agreement.

Lessor warrants to be the owner of the lands and the minerals in and under the lands with full right and authority to execute this agreement to amend the primary term of the lease.

This agreement shall extend to and be binding upon both lessor and lessee, their heirs, executors, administrators, successors and assigns.

Except as stated in this agreement, the lease shall continue in full force and effect as to all of its terms and provisions.

LESSOR:

Erma Stokes Hamilton
 Erma Stokes Hamilton

LESSEE:

Ameristate Oil & Gas, Inc.

Mark K. Neerberg
 By: Mark K. Neerberg
 Title: President