

2006-004395-0

Recording Dist: 302 - Kenai
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**AMENDMENT OF THE RIGHT-OF-WAY LEASE FOR THE
KENAI KACHEMAK PIPELINE, ADL 228162**

This Amendment of the RIGHT-OF-WAY LEASE FOR THE KENAI KACHEMAK PIPELINE, ADL 228162, is made and entered into and becomes effective this 24 day of April, 2006, by and between the STATE OF ALASKA acting through the Commissioner of the Department of Natural Resources hereinafter referred to as COMMISSIONER, located at 411 West 4th Avenue, Suite 2C, Anchorage, Alaska 99501; and Kenai Kachemak Pipeline, LLC, whose mailing address is P.O. Box 196168, Anchorage, Alaska 99519-6168, hereinafter referred to as the LESSEE.

WHEREAS, the STATE OF ALASKA and the LESSEE are parties to that RIGHT-OF-WAY LEASE FOR THE KENAI KACHEMAK PIPELINE, ADL 228162, dated November 26, 2002, which was recorded in the Kenai Recording District as Document Number 2003-000608-0 on January 15, 2003, and in the Homer Recording District as Document Number 2004-001478-0 on April 5, 2004; and amended with the Happy Valley Extension, dated June 16, 2004, which was recorded in the Homer Recording District as Document 2004-002969-0 on June 24, 2004; hereinafter referred to as "ADL 228162"; and

WHEREAS, the LESSEE has applied to amend ADL 228162 to include additional State of Alaska lands for the construction and operation of an extension to the existing Kenai Kachemak Pipeline, to be known as the Kasilof Extension; and

WHEREAS, in conformance with the requirements of AS 38.35.100, the COMMISSIONER has determined that the LESSEE is fit, willing and able to perform the proposed construction and operation of the Kasilof Extension and that the proposed Amendment of ADL 228162 to include the additional State lands is in the public interest.

NOW THEREFORE, the COMMISSIONER and the LESSEE agree to amend ADL 228162, to include the additional State lands. Approximately 4.2 miles of the Kasilof Extension to the Kenai Kachemak Pipeline is on State lands. The following is a description of the State lands containing 35.6 acres, more or less. All the lands are located within the Kenai Recording District, and within the State of Alaska. All Milepost references are approximate.

The State lands near Milepost 114.3 of the Sterling Highway right-of-way are within Section 14, Township 2 North, Range 12 West, Seward Meridian. The State lands within the Cohoe Loop Road right-of-way are described in a northwesterly direction: Sections

14, 15, 10, 9, and 4, Township 2 North, Range 12 West, Seward Meridian; and Sections 33 and 28, Township 3 North, Range 12 West, Seward Meridian. The construction rights-of-way for the Sterling Highway and the Cohoe Loop Road rights-of-way are 60 feet wide, except on two shores of Bottleneck Lake and within other temporary construction areas required for horizontal directional drilling. A temporary construction area (100 feet by 300 feet) to accommodate the equipment for the horizontal directional drilling equipment is on each shore of Bottleneck Lake within the Cohoe Loop Road right-of-way, within Section 9, Township 2 North, Range 12 West, Seward Meridian. Other temporary construction areas (100 feet by 300 feet) may be required at each entry and exit area where horizontal directional drilling is used.

The COMMISSIONER and the LESSEE agree to amend Exhibit E of ADL 228162 to include Utility Permits, Permit Nos. 1-110000-06-061 and 1-114700-06-062, issued by the State of Alaska, Department of Transportation and Public Facilities.

The COMMISSIONER and the LESSEE agree to amend Exhibit D of ADL 228162 with the following Documents submitted on behalf of Kenai Kachemak Pipeline, LLC:

Happy Valley Extension to the Kenai-Kachemak Pipeline Design Basis and Criteria Update, dated September 2004.

KKPL-Kasilof Extension Design Basis and Criteria, dated January 2006.

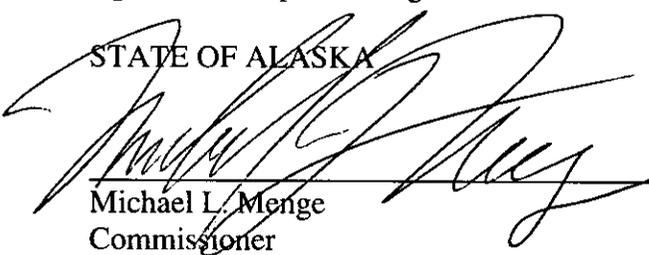
The State lands; Utility Permits in Exhibit E; and Documents in Exhibit D; described above are incorporated into and made a part of ADL 228162.

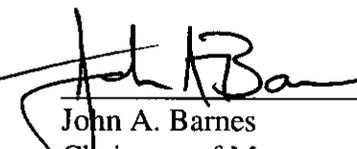
The State lands needed after construction will be less than those described above. The LESSEE will submit an As Built for the COMMISSIONER'S approval. The As Built will tie the Kasilof Extension to the existing Kenai Kachemak Pipeline. Upon the COMMISSIONER'S approval of the As Built and release of the construction right-of-way, ADL 228162 will thereby reflect the final legal description.

IN WITNESS WHEREOF, the COMMISSIONER AND the LESSEE have affixed their signature to duplicate originals of this AMENDMENT on or before the date first above written.

STATE OF ALASKA

LESSEE


Michael L. Menge
Commissioner
Department of Natural Resources


John A. Barnes
Chairman of Management Committee
Kenai Kachemak Pipeline, LLC



STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 19th day of April, 2006, before me, personally appeared John A. Barnes, Chairman of the Management Committee of Kenai Kachemak Pipeline, LLC who stated that he executed the foregoing Amendment as an authorized representative of the Kenai Kachemak Pipeline, LLC and acknowledged voluntarily signing the same.



Betty J. Veldhuis

Notary Public in and for the State of Alaska
My Commission expires June 13, 2009

STATE OF ALASKA)
) SS.
3rd JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 24th day of April, 2006, before me, personally appeared Michael L. Menge, the Commissioner of the Department of Natural Resources of the State of Alaska, who executed the foregoing Amendment and acknowledged voluntarily signing the same.



Kathleen C. Johnson
Notary Public in and for the State of Alaska
My Commission expires Oct 31, 2006

Return Recorded Document to:

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Land Department
Marathon Oil Company
P.O. Box 196168
Anchorage, AK 99519-6168

