

DESIGNATION OF SUB-OPERATOR

DISTRICT MANAGER, BUREAU OF LAND MANAGEMENT, UNITED STATES DEPARTMENT OF THE INTERIOR:

The Wiser Oil Company is on the records of the Bureau of Land Management as Unit Operator under the Skelly Unit Agreement, Eddy County, New Mexico, BLM Contract No. I-Sec. No. 276 dated December 17, 1937 and hereby designates

Texaco Exploration and Production Inc.
P.O. Box 3109
Midland, Texas 79702

as its Sub-Operator, with full authority to act in its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto, and on whom the Authorized Officer of the BLM or his representative may serve written or oral instructions in securing compliance with the oil and gas operating regulations with respect to drilling, testing and completing, operating and producing of all unit wells in those formations below the base of the San Andres formation.

It is understood that this designation of Sub-Operator does not relieve the Unit Operator of responsibility for compliance with the terms of the Unit Agreement and the oil and gas operating regulations. It is also understood that this designation of Sub-Operator does not constitute an assignment of any interest under the Unit Agreement or any lease committed thereto.

In case of default on the part of the designated Sub-Operator, the Unit Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative and any agency of the State of New Mexico.

The Unit Operator agrees promptly to notify the District Manager of any change in the designated Sub-Operator.

This designation is given only to enable the Sub-Operator herein designated to test, operate and produce all unit wells in those formations below the base of the San Andres formation.

Date: 9-23-96

The Wiser Oil Company

By: [Signature]
Attorney-in-Fact

ACCEPTANCE OF DESIGNATION

Texaco Exploration and Production Inc. hereby accepts the designation by The Wiser Oil Company as Sub-Operator of those formations below the base of the San Andres formation described above, and agrees to comply with all terms of the Unit Agreement and the applicable regulations, lease terms, and orders of the Department of the Interior and all agencies of the State of New Mexico. Texaco Exploration and Production Inc. further agrees that it will assume and will indemnify and hold harmless The Wiser Oil Company and any other working interest owner in the Skelly Unit, from all claims, damages, causes of action, fines, or penalties arising out of its operation of the above described wells, which are the responsibility of the Unit Operator and/or the working interest owners under the provisions of the Unit Agreement or any applicable federal and state regulations, leases and orders, except those arising out of the sole or concurrent negligence of The Wiser Oil Company or the working interest owners of the Skelly Unit.

APPROVED

Date: 9/23/96

SEP 25 1996
[Signature]
AUTHORIZED OFFICER, MINERALS
BUREAU OF LAND MANAGEMENT

Texaco Exploration and Production Inc.

By: [Signature]
Attorney-in-Fact