

District III
1000 Rio Brazos Rd., Aztec, NM
87410

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-104A
Permit 1348

Change of Operator

Previous Operator Information

OGRID: 18154
Name: PRODUCING ROYALTIES INC
Address: P.O. Box 56
City, State, Zip: Fredericksburg, Tx 78624

New Operator Information

Effective Date: 07/01/2004
OGRID: 22044
Name: MCEL VAIN OIL AND GAS PROPERTIES INC
Address: 1050 17th Street
Address: Suite 1800
City, State, Zip: Denver, CO 80265

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: Paul L. Payne
Printed Name: PAUL L. PAYNE
Title: President
Date: Aug 16, 2004 Phone: (505) 492-2428

New Operator

Signature: John D. Steuble
Printed Name: John D. Steuble
Title: Vice President
Date: 7/1/2004 Phone: 303-893-0933

