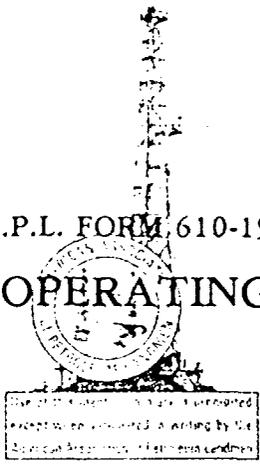


124-70000

A.A.P.L. FORM 610-1982

MODEL FORM OPERATING AGREEMENT



OPERATING AGREEMENT

DATED

April 17, 19 89,

OPERATOR BP EXPLORATION INC, formerly Sohio Petroleum Company

CONTRACT AREA Lots 3 and 4, E1/2 SW1/4 of Section 30,  
Township 17 South, Range 38 East N.M.P.M.

COUNTY OR PARISH OF LEA STATE OF NEW MEXICO

COPYRIGHT 1982 — ALL RIGHTS RESERVED  
AMERICAN ASSOCIATION OF PETROLEUM  
LANDMEN, 2408 CONTINENTAL LIFE BUILDING,  
FORT WORTH, TEXAS, 76102, APPROVED FORM.  
A.A.P.L. NO. 610 - 1982 REVISED

NM1-0010-0A-06

Ex. 11  
Case 9645



ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 17th day of April, 1989.

OPERATOR

BP EXPLORATION INC., formerly  
Sohio Petroleum Company

By: T.R. Brown  
T. R. Brown,  
Agent and Attorney-in-Fact

*[Handwritten initials]*

NON-OPERATORS

DAVID PETROLEUM CORP.

By: Edward K. David  
Edward K. David, President

YATES PETROLEUM CORP.

By: \_\_\_\_\_

COLIN R. MCMILLAN & KAY MCMILLAN

Colin R. McMillan Kay McMillan

SANTA FE ENERGY OPERATING PARTNERS, L.P.

\_\_\_\_\_

HARVEY E. YATES COMPANY

By: \_\_\_\_\_  
George M. Yates, President

SPIRAL INC.

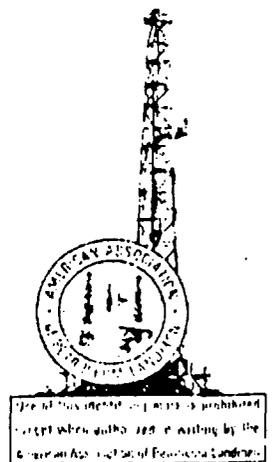
By: \_\_\_\_\_  
George M. Yates, Vice-President

EXPLORERS PETROLEUM CORP.

By: \_\_\_\_\_  
George M. Yates, President

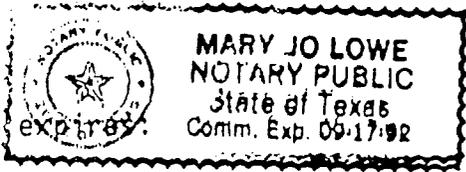
YATES ENERGY CORP.

By: \_\_\_\_\_  
Fred G. Yates, President



STATE OF TEXAS     )  
                          ) ss.  
COUNTY OF HARRIS )

The foregoing instrument was acknowledged before me this 17th day of April, 1989 by T. R. Brown, Agent and Attorney-in-Fact of BP EXPLORATION INC., formerly SOHIO PETROLEUM COMPANY, A Delaware corporation, on behalf of said corporation.



Mary Jo Lowe  
Notary Public

My commission expires:

\_\_\_\_\_

STATE OF NEW MEXICO )  
                          ) ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this 1st day of MAY, 1989 by Edward K. David, President of DAVID PETROLEUM CORP., a Texas Corporation, on behalf of said corporation.

William B. Owen  
Notary Public

My commission expires:

11-29-92

STATE OF NEW MEXICO )  
                          ) ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this 1st day of MAY, 1989 by COLIN R. MCMILLAN AND WIFE, KAY MCMILLAN.

William B. Owen  
Notary Public

My commission expires:

11-29-92

STATE OF NEW MEXICO )  
                          ) ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1989 by George M. Yates, President of HARVEY E. YATES COMPANY a New Mexico corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public

My commission expires:

\_\_\_\_\_

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 17th day of April, 19 89.

OPERATOR

BP EXPLORATION INC., formerly  
Sohio Petroleum Company

By: T. R. Brown  
T. R. Brown,  
Agent and Attorney-in-Fact

NON-OPERATORS

DAVID PETROLEUM CORP.

By: Edward K. David, President

COLIN R. MCMILLAN & KAY MCMILLAN

YATES PETROLEUM CORP.

By: [Signature] (RC)

SANTA FE ENERGY OPERATING PARTNERS, L.P.

HARVEY E. YATES COMPANY

By: George M. Yates, President

SPIRAL INC.

By: George M. Yates, Vice-President

EXPLORERS PETROLEUM CORP.

By: George M. Yates, President

YATES ENERGY CORP.

By: Fred G. Yates, President

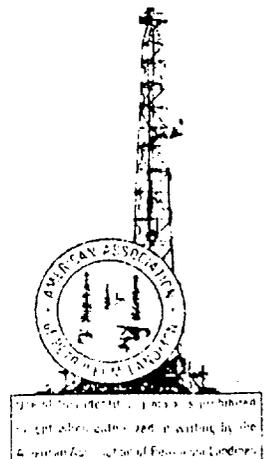


EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated April 17, 1989, between BP Exploration Inc., Operator and David Petroleum Corporation, et al as Non-operators.

CONTRACT AREA:

The Contract Area shall be the following described lands situated in Lea County, New Mexico.

Township 17 South, Range 38 East  
Section 30: Lots 3 & 4, E/2 SW/4  
Containing 155.56 acres, more or less.

WORKING INTEREST AND ADDRESSES OF PARTIES:

*BP Exploration Inc. P. O. Box 4587 Houston, TX 77120	43.5204
*David Petroleum Corporation **116 W. First St. Roswell, New Mexico 88201	13.9535
*Colin R. McMillan **118 W. First St. Roswell, New Mexico 88201	16.5108
**Yates Petroleum Corporation 105 South Fourth St. Artesia, New Mexico 88210	13.0561
Santa Fe Energy Operating Partners, L. P. 500 W. Illinois, Suite 500 Midland, Texas 75701	11.3967
Harvey E. Yates Company (HEYCO) P. O. Box 1933 Roswell, New Mexico 88202	.8916
Spiral, Inc. P. O. Box 1933 Roswell, New Mexico 88202	.1172
Explorer's Petroleum Corporation P. O. Box 1933 Roswell, New Mexico 88202	.1172
Yates Energy Corporation P. O. Box 2323 Roswell, New Mexico 88202	.4365
	<u>100.0000%</u>

\*These Interests are subject to that certain Exploration Agreement dated October 15, 1988 between BP Exploration Inc., formerly Sohio Petroleum Company and David Petroleum Corporation and Colin R. McMillan.

\*\*These interests are subject to that certain Exploration Agreement dated December 20, 1988 between Yates Petroleum Corporation, David Petroleum Corporation and Colin R. McMillan.