

DESIGNATION OF OPERATOR

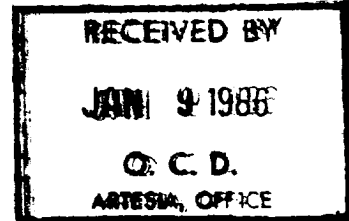
The undersigned is, on the records of the Bureau of Land Management, holder of lease #NM-53377

DISTRICT LAND OFFICE:

SERIAL No.: #NM-53377

and hereby designates

NAME: Colter Operating
ADDRESS: 206 N. Main
Midland, Texas 79701



as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to (describe acreage to which this designation is applicable):

SW/4 SW/4 Section 4, Township 17 South, Range 30 East,
Eddy County, New Mexico.

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Operating Regulations. It is also understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the lessee will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his representative.

The lessee agrees promptly to notify the supervisor of any change in the designated operator.

BELNORTH PETROLEUM CORPORATION

A handwritten signature in cursive script, appearing to read "B. H. Morrison".

(Signature of lessee)

B. H. Morrison, Vice President
One Petroleum Center, Bldg. 6, Suite 201,
3300 North "A" St., Midland, Texas 79705

(Address)

December 30, 1985

(Date)