

**DESIGNATION OF AGENT**

Chevron U.S.A. Inc. is designated as Unit Operator in the records of the Bureau of Land Management for the Bogle Flats Unit, Eddy County, New Mexico. The Bogle Flats Unit Agreement was approved by the working interest owners effective November 30, 1964 and approved by the BLM and State of New Mexico on January 28, 1965 (BLM Certification No. 14-08-0001-8655). Chevron U.S.A. Inc, as Unit Operator of record hereby designates:

NAME: Kerr-McGee Oil & Gas Onshore LLC  
ADDRESS: PO Box 809004  
Dallas, TX 75380-9004

as its agent, with full authority to act on its behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the authorized officer or his representative may serve written or oral instructions in securing compliance with the Oil and Gas Operating Regulations with respect to drilling, testing, completing, and reworking unit well No. 21 in the SW/4 of NE/4 of Sec. 17, T22S-R23E, N.M.P.M., Eddy County, New Mexico.

It is understood that this designation of agent is limited to Kerr-McGee Oil & Gas Onshore LLC's planned drilling of the Bogle Flats Unit Well No. 21. This designation shall expire when such operations are completed, or on September 1, 2000, whichever date is earlier, and Chevron shall resume its duties as operator of this unit well. At such time, Kerr-McGee Oil & Gas Onshore LLC shall promptly file a sundry notice naming Chevron as operator of the Bogle Flats Unit Well No. 21.

It is understood that this designation of agent 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 agent 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 agent, the Unit Operator will make full and prompt compliance with all regulations, lease terms, or orders of the Secretary of the Interior or his duly authorized representative.

The Unit Operator agrees promptly to notify the authorized officer of any change in the designated agent.

This designation of agent is deemed to be temporary and in no manner a permanent arrangement, and a designated agent may not designate another party as agent.

This designation is given only to enable the agent herein designated to drill the above specified unit well. Unless sooner terminated, this designation shall terminate when there is filed in the appropriate office of the Bureau of Land Management a completed file of all required Federal reports pertaining to the subject well. It is also understood that this designation of agent is limited to field operations and does not cover administrative actions requiring specific authorization of the Unit Operator.

CHEVRON U.S.A. INC., UNIT OPERATOR

by

Ray M. Vaden

Date

3-20-2000