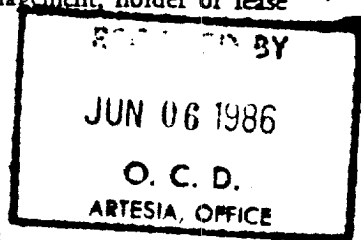


## DESIGNATION OF OPERATOR

The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE: Roswell  
SERIAL NO.: LC-061497



and hereby designates

NAME: J.F.G. Enterprises  
ADDRESS: P.O. Box 100, Artesia, New Mexico 88210

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):

Township 26 South, Range 29 East  
Section 13: SW 1/4 SE 1/4, Eddy County, New Mexico

Limited in depth from the surface to the base of the Brushy Canyon formation or 5,500', whichever is the lesser.

Operator shall be required to operate under his separate bond and shall not be allowed to operate under any bond previously posted by Chevron U.S.A. Inc.

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.

CHEVRON U.S.A. INC.

(Signature of lessee)

D. H. Messer, Assistant Secretary

P.O. Box 1150, Midland, Texas 79702

(Address)

April 9, 1986

(Date)