

INTERIM OPERATOR AGREEMENT

LOCKHART B-35 #9

THIS AGREEMENT is made and entered into this July 08, 2008, by and between ConocoPhillips Company (hereinafter referred to as "Operator") with an address of 600 North Dairy Ashford, Houston, Texas 77079, in its capacity as Operator and Apache Corporation, with an address of 6120 South Yale, Suite 1500, Tulsa, Oklahoma 74136-4224, (hereinafter referred to individually as "Interim Operator"), and Operator and Interim Operator hereinafter referred to collectively as "Parties".

WITNESSETH

WHEREAS, Operator is designated Operator, pursuant to that certain Operating Agreement dated September 1, 1989 by and between Conoco Inc., as Operator and Atlantic Richfield Company, Chevron U.S.A. Inc. and Amoco Production Company, as Non-Operators; and

WHEREAS, Operator, Interim Operator, BP America Production Company and Chevron U.S.A., Inc. comprise all current parties to the Operating Agreement; and

WHEREAS, under letter dated October 29, 2007, Interim Operator proposed the drilling of the Lockhart B-35 #9 (the "Well") to be located 330' FNL & 330' FEL of Section 35-21S-37E referred to as the "Operation"; and

WHEREAS, the Parties desire to amend the Operating Agreement to provide for a method to perform the Operation in a manner not provided for or contemplated in the Operating Agreement.

NOW, THEREFORE, for an in consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

The Parties hereby agree that the Operation as specifically described on Exhibit "A" attached hereto will be performed pursuant to all of the terms and conditions of the Operating Agreement which is incorporated by reference herein for all purposes of this Agreement, except as expressly provided below.

The Parties hereby agree to amend the Operating Agreement to authorize an "Interim Operator" to perform and assume the role and responsibilities of Operator as they are defined in the Operating Agreement solely for the purpose of performing the Operation, including payment of all charges related to the Operation and billing Operator and for its respective proportionate share thereof. Operator will remain Operator of record for all other purposes.

The Parties hereby agree that in order to perform the Operation on a timely basis, Interim Operator is hereby designated as "Interim Operator" from the Effective Date, as defined herein, until the Termination date, as defined herein; provided however, Interim Operator shall continue to be responsible for payment of all charges related to the Operation which are received by Interim Operator after the Termination Date and billing Operator for its respective proportionate share thereof.

The "Effective Date" of this Agreement shall be July 08, 2008. Operator shall temporarily relinquish its right to act as Operator solely for the purpose of the Operation on the Effective Date. Interim Operator shall assume the duties of Interim Operator on the Effective Date.

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The "Termination Date" of this Agreement shall be defined as the date in which the Well is ready for production. Interim Operator shall notify Operator in writing of this event. Interim Operator shall relinquish its rights as Interim Operator hereunder on the Termination Date. Operator shall resume all duties as Operator under the terms of the Operating Agreement on the Termination Date.

All notices, full daily Operation reports from the field concerning the Operation and any other information required or permitted hereunder, except as otherwise specifically provided herein, shall be deemed to have been properly given or delivered to a party hereto, and shall be effective on the day of delivery or on the day of receipt if deposited in the U.S. Mail with postage prepaid, on the day of transmittal if transmitted by telecopy directly to the office of the receiving party at the following addresses:

CONOCO CONTACTS:

For Billing Purposes:	ConocoPhillips Company Outside Operated Accounting 1080 Plaza Office Building Bartlesville, OK 74004 Attn: Kandice Williams
For Daily Operation Reports:	ConocoPhillips Company 600 N. Dairy Ashford, 3WL-6031 Houston, TX 77079 Attn: Beverly Wander Phone: 832-486-2628 Fax: 832-486-2764 <a href="mailto:Beverly.D.Wander@ConocoPhillips.com">Beverly.D.Wander@ConocoPhillips.com</a>
For Field Operations:	ConocoPhillips Company 1410 West County Road Hobbs, NM 88240 Attn: John Coy Phone: 505-391-3127 Fax: 505-391-3102 <a href="mailto:John.Coy@ConocoPhillips.com">John.Coy@ConocoPhillips.com</a>
For Right-of-Way:	ConocoPhillips Company 4100 Penbrook, Suite 345 Odessa, TX 79762 Attn: Ronald Crouch Phone: 432-368-1218 Fax: <a href="mailto:Ronald.G.Crouch@ConocoPhillips.com">Ronald.G.Crouch@ConocoPhillips.com</a>
For Facilities:	ConocoPhillips Company P.O. Box 66 Odessa, TX 79762 Attn: Larry Johansen Phone: 432-368-1223 Fax: 432-368-1471 <a href="mailto:Larry.D.Johansen@ConocoPhillips.com">Larry.D.Johansen@ConocoPhillips.com</a>
For Regulatory:	ConocoPhillips Company 3300 N. "A" Street Bldg 6, # 133

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Midland, TX 79705  
Attn: Celeste Dale  
Phone: 432-688-6884  
Fax: 432-688-6019  
[Celeste.G.Dale@ConocoPhillips.com](mailto:Celeste.G.Dale@ConocoPhillips.com)

For All Other Matters:

ConocoPhillips Company  
Attn: Pat Gregory  
P.O. Box 2197  
Houston, TX 77252  
Phone: 832-486-2218

APACHE CONTACTS:

Land:

Apache Corporation  
Attn: Mario Moreno  
6120 S. Yale, Suite 1500  
Tulsa, OK 74136  
Phone: 918-491-4963  
[mario.moreno@apachecorp.com](mailto:mario.moreno@apachecorp.com)

Right of Way:

Apache Corporation  
Attn: Harold Swain  
299 Stanolind Road  
Wink, TX 79789  
Phone: 432-527-3311  
[harold.swain@apachecorp.com](mailto:harold.swain@apachecorp.com)

Drilling Engineer:

Apache Corporation  
Attn: Sam Hampton  
6120 S. Yale, Suite 1500  
Tulsa, OK 74136  
Phone: 918-491-4954  
[sam.hampton@apachecorp.com](mailto:sam.hampton@apachecorp.com)

Production Engineer:

Apache Corporation  
Attn: Clint Mills  
6120 S. Yale, Suite 1500  
Tulsa, OK 74136  
Phone: 918-491-4970  
[clint.mills@apachecorp.com](mailto:clint.mills@apachecorp.com)

Regulatory (Drilling):

Apache Corporation  
Attn: Lana Williams  
6120 S. Yale, Suite 1500  
Tulsa, OK 74136  
Phone: 918-491-4980  
[lane.williams@apachecorp.com](mailto:lane.williams@apachecorp.com)

Regulatory (Production):

Apache Corporation  
Attn: Sophie Mackay  
6120 S. Yale, Suite 1500  
Tulsa, OK 74136  
Phone: 918-491-4864  
[sophie.mackay@apachecorp.com](mailto:sophie.mackay@apachecorp.com)

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This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns, provided however, Interim Operator shall not assign its rights under this Agreement, in whole or in part, without the prior written consent of Operator.


In the event of conflict between this Agreement and the Operating Agreement applicable to the Operation covered by this Agreement, this Agreement shall control.

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

WITNESS THE EXECUTION HEREOF as of the date first above written.

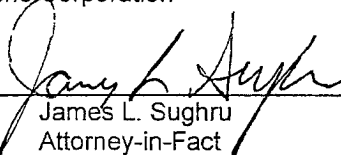
**OPERATOR:**

ConocoPhillips Company

By:   
TJS J.P. Gregory  
Attorney-in-Fact

**INTERIM OPERATOR:**

Apache Corporation

By:   
James L. Sughr  
Attorney-in-Fact

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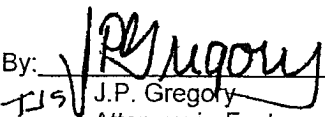
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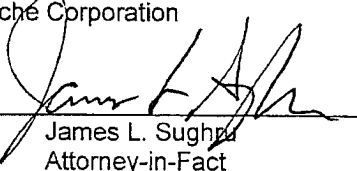
**OPERATOR:**

ConocoPhillips Company

By:   
J.P. Gregory  
Attorney-in-Fact

**INTERIM OPERATOR:**

Apache Corporation

By:   
James L. Sughra  
Attorney-in-Fact

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## EXHIBIT "A"

### INTERIM OPERATOR AGREEMENT

Apache Corporation ("Interim Operator") agrees to drill and complete or plug and abandon said Lockhart B-35 #9 (the "Well") as a reasonable and prudent operator in accordance with the terms and conditions of the Operating Agreement dated September 1, 1989, and all other applicable laws, rules and regulations, and also agrees to the following conditions:

- 1) Interim Operator agrees to pay damages to the Surface Owner as agreed between Interim Operator and Surface Owner. In addition, Interim Operator agrees to construct all roads necessary to gain access to the drilling location, with the concurrence of Operator, for as long as this Interim Operator Agreement is effective.
- 2) Submit to Operator's representative all casing and completion programs and equipment specifications prior to the drilling of the wells.
- 3) Provide Operator a forecast of when drilling operations are to begin. Also, notify Operator when drilling operations are commenced.
- 4) Furnish Operator with complete daily driller's tour report.
- 5) Provide breakdown of costs to be reported on the daily drilling/completion report.
- 6) Furnish Operator with daily reports by telephone call or facsimile, as to the formation or formations penetrated during the previous day's drilling, the depth at which each formation is encountered, and the depth at which the report is made.
- 7) Furnish Operator with Daily Drilling/Completion Report by E-MAIL to Beverly Wander. Also provide Operator 24 hour notice of intent to log, core, drill stem test, or run well survey via Daily Drilling Report in order that Operator may attend and witness any and all potential tests and packer leakage test.
- 8) Allow representatives of Operator access to the location, drilling rig floor and stimulation operations at all times. Operator to obey Interim Operator's safety policies and procedures. Allow access to observe all plans and data, at the sole risk and expense of Operator.
- 9) Furnish Operator with:
  - a. One (1) copy of directional survey report and diagrams, and any other relevant directional data.
  - b. One (1) field print and one (1) final print of all wireline surveys and mud logs, or
  - c. One (1) LIS (Log Information Standard) format digital log data, (3" or 5" diskette)
- 10) Cause all cores having shows of oil and gas to be analyzed by a competent core analysis laboratory.

Two (2) preliminary and two (2) final copies of any conventional core analysis will be furnished to Operator. Additionally, two (2) copies of drill-stem tests results, well site geologist report, gas-oil ratio, shut-in and bottom hole pressure tests, including build-ups and draw-downs, stimulation reports, produced gas and water analysis, if taken, will be

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- 11) Provide Operator a representative and adequate cut of all cores and ditch samples taken during the drilling of the Wells.
- 12) Provide Operator with copies of drilling time records, hole deviation tests and all records required by governmental agencies having jurisdiction of the Wells.
- 13) Interim Operator should lay lines to a point designated by Operator. Operator will be responsible for connection into the lease production system. Operator will install all SCADA and monitoring equipment. Interim Operator to install all surface production equipment.
- 14) Notify of any intention to plug and abandon the Wells and allow Operator forty-eight (48) hours in which to concur.
- 15) Furnish the Bureau of Land Management (BLM) and the New Mexico Oil Conservation Division (NMOCD) all proper and necessary reports and well data in the required numbers and time periods as specified by the BLM and NMOCD, with a copy to Operator.
- 16) Provide the Commissioner of Public Lands of the State of New Mexico with copies of all reports and other well data submitted in accordance with the preceding paragraph.
- 17) Furnish Operator with all governmental reports, plats and notices, when approved; Well Completion or Recompletion Report (Form 3160-4), when submitted.
- 18) Comply with all applicable laws, rules and regulations, including but not limited to those under the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) as such may be amended from time to time, and pay any costs, fees and claims including attorneys fees and penalties imposed because of Interim Operator's failure to comply with FOGRMA or other laws, rules and regulations.
- 19) The Termination of this Interim Operator Agreement shall not relieve Interim Operator of any obligation or liability that arises or accrues prior to such Termination.
- 20) As between the parties, this Interim Operator Agreement shall be governed by and construed under the laws of the State of New Mexico.
- 21) The parties recognize that a cooperative atmosphere will be essential in order to plan and manage the work under this agreement and to achieve the intended knowledge sharing of successful practices. To support this intention, the following will be done:
  - a. Meetings with Operator's regulatory, right-of-way and operations personnel will be held to establish communication and clarify the specifics of how the regulatory issues, right-of-way issues, well tie-ins to facilities and transfer of operatorship after completion of the wells will be handled.
  - b. A pre-spud meeting will be held at Interim Operator's office in Tulsa to review the drilling procedures.
  - c. An open, welcoming and cooperative relationship between Interim Operator and Operator personnel at the wellsites will be essential with conversation on a routine basis to clarify the successful practices used in the field.

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