

DESIGNATION OF OPERATOR

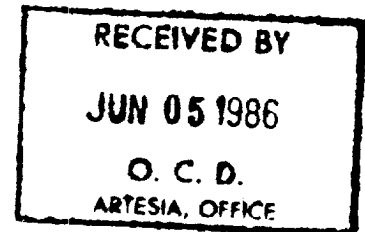
The undersigned is, on the records of the Bureau of Land Management, holder of lease

DISTRICT LAND OFFICE:

SERIAL NO.: NM 077004

and hereby designates

NAME: Morexco, Inc.
ADDRESS: P.O. Box 489
Artesia, New Mexico 88211



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):

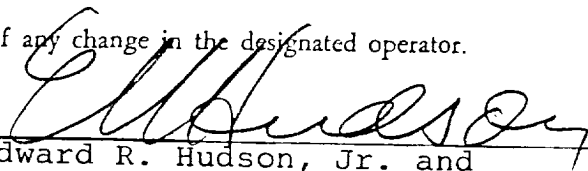
Township 19 South, Range 33 East, NMPM
Section 19: SW/4 SE/4

down to and including 3176 feet from the surface of the ground.

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.


Edward R. Hudson, Jr. and

Francis Hudson Bowden, Agent and
Attorney in Fact for William A.
Hudson
1440 InterFirst Tower

Fort Worth, TX 76102

May 22, 1986

(Date)

