

(Submit in triplicate to appropriate
Regional Oil and Gas or Mining Supervisor)

DESIGNATION OF OPERATOR

The undersigned is, on the records of the Minerals Management Service, holder of lease

DISTRICT LAND OFFICE: Roswell, New Mexico
SERIAL NO.: NM-16139

and hereby designates

NAME: BTA Oil Producers
ADDRESS: 104 South Pecos, 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):

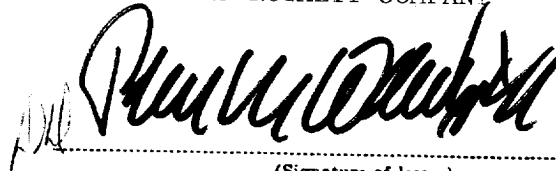
N/2 of Section 9, T-25-S, R-34-E, NMPM, Lea County, New Mexico

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.

SOUTHLAND ROYALTY COMPANY



(Signature of lessee)

Phil M. Whitsitt
District Land Manager
21 Desta Drive, Midland, Texas 79701
(Address)

5-24-87
(Date)

Rec'd 7/22/87

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