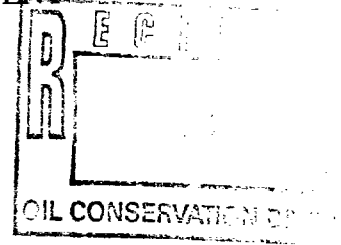


STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION



APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER REQUIRING THE TWO WELLS OPERATED BY DIAMOND BACK PETROLEUM INC., LOCATED IN UNITS F AND L, OF SECTION 7, TOWNSHIP 17 SOUTH, RANGE 28 EAST, EDDY COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED, AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND ORDERING A FORFEITURE OF THE PLUGGING BOND.

CASE NO. 11399

APPLICATION FOR PLUGGING

1. Diamond Back Petroleum Inc. (hereinafter called "Operator") is the operator of the following wells located in Eddy County, New Mexico:

Margie Kay Well No. 1 located in Unit F, 1980 FNL and 1980 FWL of

Sec. 7, T-17-S, R-28-E; and the

Martha Well No. 1 located in Unit L, 1980 FSL and 660 FWL of

Sec. 7, T-17-S, R-28-E.

2. Diamond Back Petroleum Inc. as Operator, has posted a surety blanket plugging bond in the amount of \$50,000 in compliance with Section 70-2-14 N.M.S.A. 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the Statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the well operated by said Operator.

3. Operator has obtained from the Northwestern National Insurance Company, a blanket plugging bond in the amount of \$50,000 (Bond No. 8674 64).

4. The subject wells have not produced hydrocarbon substance or has otherwise been inactive for more than one year or is no longer usable for beneficial purposes and no permit for temporary abandonment has been requested by the Operator and approved by the Division.

5. By virtue of the failure to use the wells for beneficial purposes or to have an approved current temporary abandonment permits, the subject wells are presumed to have been abandoned and are required to be plugged.

6. By authority of Section 70-2-12 N.M.S.A. 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

7. Demand has been made upon the Operator to either place the subject wells to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisor of District II of the Oil Conservation Division applies to the Director to enter an order:

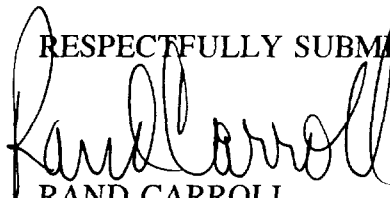
1. Determining whether or not the above-described wells should be plugged in accordance with a Division-approved plugging program:

2. Upon determination that said wells should be plugged directing Diamond Back Petroleum Inc. as Operator to plug said wells.

3. Further ordering that if operator fails to plug and abandon said wells as ordered by the Director, that the Division be authorized:

- a. to plug said wells;
- b. to declare forfeit on said bond and to take such action to  
foreclose on said bond; and
- c. to recover from the Operator any costs of plugging in excess  
of the amount of the bond.

4. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,  
  
RAND CARROLL  
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