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October 23, 1995

**FACSIMILE TRANSMISSION**

U.S. Mail

Mr. Rand Carroll, Legal Counsel  
New Mexico Energy, Minerals and  
Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Re: Diamond Back Petroleum, Inc.  
Alleged Bond No. 867464  
\$50,000 Blanket Plugging Bond  
State of New Mexico

Dear Mr. Carroll:

This letter will confirm our telephone conversation and our request that the Show Cause hearing date be postponed for eight weeks. It is my understanding that you are agreeable to this postponement, and I would appreciate your faxing that agreement back to me for my file. As I indicated on the telephone, my fax number is 414/797-9495.

Old Republic Surety Company purchased the fidelity and surety business of Northwestern National Insurance Company. Files and computer runs were given to us. When we received from the runoff operation of Northwestern National in Ohio your letter of October 13, 1995, along with the application for plugging and the order to show cause, we immediately attempted to find a file or a computer run showing that this bond has been issued with this number. We find nothing. Therefore, at this time we have no records for Diamond Back nor any corresponding financial data, personal indemnity, etc. This could be for one of two reasons:

- (1) The bond was cancelled by Northwestern; and because of the cancellation, the file was destroyed. Please remember that this is over 12 years old; or
- (2) The bond was unreported and unauthorized by the agent.

Mr. Rand Carroll  
Page 2  
October 23, 1995

We have had our underwriting people attempt to find the agent who signed the bond, Bradford J. Petti, and we understand that he has retired from the business. We will be attempting to make contact with him to find out what records, if any, he has regarding Diamond Back Petroleum, Inc., this alleged bond and perhaps its cancellation, as well as other information regarding the people behind Diamond Back Petroleum, Inc.

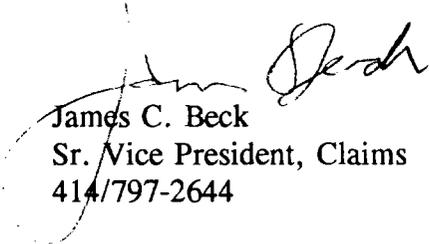
Our attempts to find Diamond Back Petroleum, Inc., at the two addresses that you show on your letter of October 13, 1995, were unsuccessful. A telephone directory does not show them as having a telephone, and a check with D&B and another credit source does not list a Diamond Back in either of these cities.

Hopefully by the time the 60 days comes up, we will have a better handle on this problem. Meanwhile, we will also contact Ray Smith in Artesia, New Mexico, regarding potential cost of plugging and the names of some contractors who might do the work.

Again, thanks for the extension of time.

Very truly yours,

OLD REPUBLIC SURETY



James C. Beck  
Sr. Vice President, Claims  
414/797-2644

JCB/mb