

**NEW MEXICO OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505**

December 6, 1995

Paul S. Guardalabene
Assistant Vice President, Claims
Old Republic Insurance Companies
P.O. Box 1635
Milwaukee, WI 53201

Re: Claim No. 22187
Bond No. DLI 867464 for \$50,000
Principal: Diamond Back Petroleum, Inc.
Company: Northwestern National Insurance Company/Old Republic
Surety Company

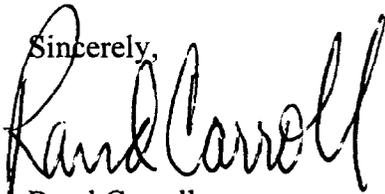
Dear Mr. Guardalabene:

We have received your letter dated November 29, 1995 and offer the following information. Pride Petroleum Services is a reputable plugging company and is acceptable to the Oil Conservation Division. The work must, however, be conducted according to the OCD plugging plan which can be supplied by Ray Smith of our Artesia office (Ph.# 505/748-1283). Mr. Smith will also monitor the plugging operation to assure compliance with the OCD plan. Once Mr. Smith approves the pluggings, we will release the bond.

We have found only two wells operated by Diamond Back covered by this bond. Therefore if these wells are plugged to our satisfaction, we will release the entire bond. We have no provision for partial release of a blanket bond but since you will be plugging all the bonds covered by this bond, there is no need for a partial release, you get a full release.

If you have any questions, please feel free to call me at 505/827-8156 or FAX 505/827-8177.

Sincerely,



Rand Carroll
Legal Counsel

cc: Tim Gum, OCD Artesia District Supervisor
Ray Smith, OCD Artesia Field Representative