

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company
P. O. Box 823085
Dallas, Texas 75382-3085

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: NM-12413

Legal Description of Land: 990' FSL & 660' FEL
Section 25, T19S, R32E

Formation(s) (if applicable): Morrow

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

BLM Bond File No: NM1307

7/9/99
Date

Blaik H. Wisenbaker
Blaik Wisenbaker
Senior Petroleum Engineer

**ATTACHMENT TO FORM 3160-3
DIAMONDBACK 25 FEDERAL COM #1
SECTION 25, T19S, R32E
LEA COUNTY, NEW MEXICO**

DRILLING PROGRAM

1. GEOLOGIC NAME OF SURFACE FORMATION

Sand Dunes

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

Rustler	1,200'	Wolfcamp	11,100'
Yates	3,020'	Strawn	12,110'
Capitan	3,650'	Morrow	12,820'
Delaware	5,180'	TD	13,700'
Bone Spring	7,850'		

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS

Delaware	Oil	7,500'
Bone Spring	Oil	8,930'
Morrow	Gas	13,220'

4. CASING AND CEMENTING PROGRAM

<u>Casing Size</u>	<u>From</u>	<u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
13-3/8"	0 - 350'		48#	H40	STC
8-5/8"	0' - 2,000'		24#	K55	STC
	2,000' - 4,400'		32#	K55	STC
	4,400' - 5,200'		32#	HCK55	STC
5-1/2"	0' - 4,200'		20#	N80	LTC
	4,200' - 8,400'		17#	N80	LTC
	8,400' - 13,700'		20#	N80	LTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

We plan to drill a 17-1/2" hole to equal 350'. 13-3/8" casing will be cemented with 400 sx or volume necessary to circulate to surface.

We plan to drill an 11" hole to 5,200'. 8-5/8" casing will be set using 2,300 sx 35/65 Poz "C" or volume based on a fluid caliper necessary to circulate to surface.

We plan to drill a 7-7/8" hole to equal to 13,700'. 5-1/2" production casing will be cemented with 1,500 sx 50/50 Poz "H" or volume necessary to tie back to 8-5/8" casing.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

The BOP stack will consist of a 5,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

6. CIRCULATING MEDIUM

Spud and drill to 350' with fresh water mud for surface string. The salt section will be drilled with 10 ppg brine to 5,200'. The intermediate section will be drilled with fresh water to 5,200'. The production section from 5,200' to 11,000' will be cut brine at 8.6 ppg, from 11,000' to 12,700' with 9 ppg cut brine, from 12,400' to 13,700' with Brine/Poly Pac/XCD system with mud weight sufficient to control formation pressures.

7. AUXILLARY WELL CONTROL AND MONITORING EQUIPMENT

None required.

8. LOGGING, TESTING, AND CORING PROGRAM

DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS

BHP expected to not exceed 6,000 psi.

10. ANTICAPATED STARTING DATE:

Is planned that operations will commence on August 20, 1999, with drilling and completion operation lasting about 45 day.

SURFACE USE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING

NEARBURG PRODUCING COMPANY
DIAMONDBACK 25 FEDERAL COM #1
SECTION 25-T19S-R32E
LEA COUNTY, NEW MEXICO

LOCATED

6 miles North of Halfway, New Mexico

OIL & GAS LEASE

NMNM - 12413

RECORD LESSEE

Burlington Resources Oil and Gas Company
Samson Hydrocarbon Inc.

BOND COVERAGE

\$25,000 statewide bond of Nearburg Producing Company

ACRES IN LEASE

160 acres will be communitized with Lease #077006 to form a 320 acres spacing unit.

GRAZING LEASE

Snyder Ranch
Hobbs, New Mexico

POOL

Gem, Morrow

EXHIBITS

- A. Area Road Map
- B. Drilling Rig Layout
- C. Vicinity Oil & Gas Map
- D. Topographic & Location Verification Map
- E. Well Location & Acreage Dedication Map

This well will be drilled to a depth of approximately 13,700'.

1. EXISTING ROADS

A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.

B. Exhibit C is a plat showing existing roads in the vicinity of the proposed well site.

2. ACCESS ROADS

A. Length and Width

The access road will be built and is shown on Exhibit D. It will be approximately 12' wide and 1500' long.

B. Surface Material

Existing.

C. Maximum Grade

Less than five percent.

D. Turnouts

None necessary.

E. Drainage Design

Existing.

F. Culverts

None necessary.

G. Gates and Cattle Guards

None needed.

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit D.

6. METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES

None required.

8. WELL SITE LAYOUT

Exhibit B shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

10. OTHER INFORMATION

A. Topography

The land surface at the well site is rolling native grass with a regional slope being to the east.

B. Soil

Topsoil at the well site is sandy soil.

C. Flora and Fauna

The location is in an area sparsely covered with mesquite and range grasses.

D. Ponds and Streams

There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures

There are no residences within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites

None observed on this area.

G. Land Use

Grazing

H. Surface Ownership

Bureau of Land Management
PO Box 1178
Carlsbad, NM 88221

11. OPERATOR'S REPRESENTATIVE

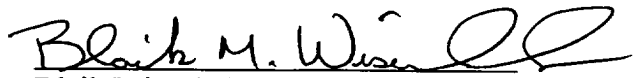
H. R. Willis
3300 North "A" Street, Bldg 2, Suite 120
Midland, Texas 79705
Office: (915) 686-8235
Home: (915) 697-2484

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Nearburg Producing Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

7/7/99

Date



Blaik Wisenbaker
Senior Petroleum Engineer