

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company
3300 North "A" Street, Building 2, Suite 120
Midland, Texas 79705

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: 710' FSL & 1980' FEL
Section 24, T19S, R32E
Eddy County, New Mexico

Formation(s) (if applicable): Morrow

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

BLM Bond File No: NM1307

2-8-01
Date

H.R. Willis/KS
H. R. Willis
Drilling Superintendent

**ATTACHMENT TO FORM 3160-3
DIAMONDBACK 24 FEDERAL COM #1
SECTION 24, 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	13,800'
Bone Spring	7,850'		

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

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

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'	575'	48#	H40	STC
9-5/8"	0'	5,200'	24# & 32#	J55	STC
5-1/2"	5,200'	13,800'	17# & 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 575'. 13-3/8" casing will be cemented with 400 sx or volume necessary to bring cement back to surface.

11" hole will be drilled to 5200' and 9-5/8" casing will be cemented with 2,300 sx or volume necessary to bring cement back to surface.