

March 8, 1989

CERTIFIED - RETURN
RECEIPT REQUESTED

Mr. Doug Bailey
Trustee for Knightsbridge Petroleum
2100 First Republic Bank Tower
801 Cherry Street
Fort Worth, Texas 76102

→ Re: Knightsbridge Petroleum Corp.
Triple Crown Well No. 1
Unit O, Sec. 6, T-9-N, R-31-E
Quay County, New Mexico
→ U.S. Dist. Case No. 487-41160-MT-11

Dear Mr. Bailey:

Please accept this letter as an official notice of the State of New Mexico's intention of foreclosing on the cash plugging bond for the above-referenced well. For the past two years this office has attempted to have this well in compliance with our rules and regulations. Not having any success with these endeavors, we have placed this matter for hearing before our next examiner for a forced plugging (Case No. 9160). This office will seek an order of forfeiture of the operator's bond and authorizing the Director of this Division to make demand upon First National Bank of Tucumcari to pay to the Division the funds on deposit given as collateral for this plugging bond to cover the cost of properly plugging said well. Due to the depth of this well and cost to properly plug and abandon, this agency will also seek to obtain any interest that may have accrued on the certificate of deposit during the past two years.

Should you have any questions concerning this matter, please contact me at this office.

Sincerely,

ROY E. JOHNSON,
Sr. Petroleum Geologist

REJ/dr

cc: U.S. Courthouse
Fort Worth, Texas 76102

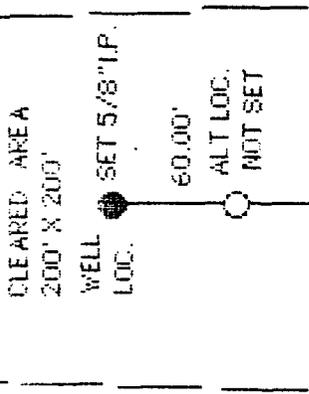
Attention: The Honorable Judge Tillman

The First National Bank of Tucumcari
P. O. Box 1107
Tucumcari, New Mexico 88401
Certificate of Deposit No. 01 50618 8 30

CALCULATED LOCATIONS

WELL LOCATION IS 3.01' NORTH OF THE CENTER AND 9.00 FEET EAST OF THE CENTER OF THE SW 1/4 SE 1/4 OF SECTION 6, T 9 N, R 31 E, N.M.P.M.

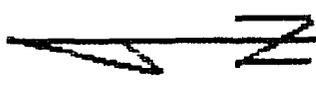
ALT LOC IS 56.99' SOUTH OF THE CENTER OF THE SW 1/4 AND 8.64' EAST OF THE CENTER OF THE SW 1/4 SE 1/4 OF SECTION 6, T 9 N, R 31 E, N.M.P.M.



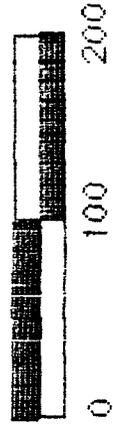
NORTH 660.00' TO WELL LOCATION

I CERTIFY THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND THAT IT CONFORMS TO NEW MEXICO STANDARDS FOR SURVEYS.

Signature
 PEALS N.M. No. 3789

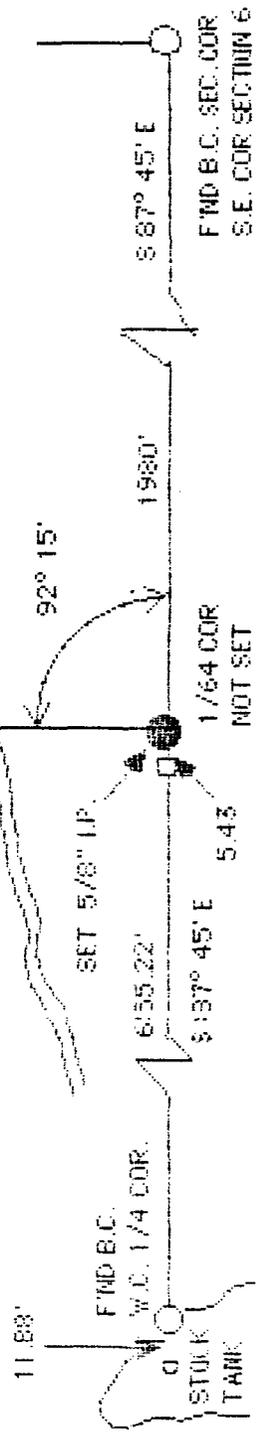


SCALE 1" = 100'



BASIS OF BEARING IS BLM SURVEY PLATS.

WELL LOCATION SURVEY FOR KNIGHTS BRIDGE PETROL COMPANY, ARLINGTON, TEXAS IN LANDS OF DENNIS CATTLE COMPANY, TUCUMCARI, N.M.



FIND B.C. SEC. COR S.E. COR SECTION 6