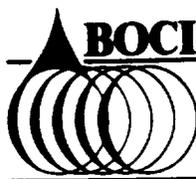


8080 North Central Expressway  
Suite 780, LB 41  
Dallas, Texas 75206



**Browning Oil Company, Inc.**

Phone: (214) 739-3481  
Fax: (214) 739-4458

October 9, 1995

Mr. Jerry Sexton  
State of New Mexico  
1000 West Broadway  
Hobbs, New Mexico 88240

*Case 11403*

Re: Knowles # 1 Well  
State of New Mexico Lease V-1222  
Section 1, Township 16 South, Range 38 East  
Lea County, New Mexico

Dear Mr. Sexton:

Please be advised that Browning Oil Company, Inc. proposes to drill a well to be located in the southeast corner of Lot 10, Section 1, Township 16 South, Range 38 East in Lea County, New Mexico. The placement of this well constitutes an "Unorthodox Location" and we have filed an Application for Unorthodox Location with Mr. Bill LaMay in Santa Fe for approval by the State.

We are submitting, herewith, the original and five (5) copies of form C101, form C102 and a schematic of our blowout preventers. We are also enclosing a copy of our application letter to Mr. LaMay for your information and files.

The anticipated spud date for this well is November 15, 1995. It is our understanding that the enclosed forms, along with our application for unorthodox location, are the only items necessary for a permit to drill a well in the State of New Mexico. If, however, anything additional is required, please do not hesitate to contact the undersigned immediately.

Very truly yours,

Ed Stewart  
Landman  
ES/ems  
Enclosures