

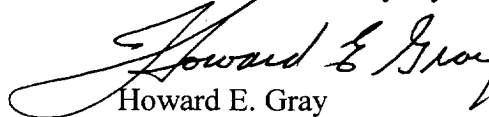
As you can see from the Subcrop Map, we have interpreted the Fusselman to be terminated at a position very near the West line of Spacing Units A & I in which Arch owns leasehold rights to the Fusselman formation and as a result, the requested unorthodox location should have no affect on your spacing units. If this interpretation is proved to be incorrect and Arch should propose to drill a Fussleman well no closer than 100' from the West line of Spacing Unit A or I, Home-Stake agrees not to protest such application if Arch waives its objection to Home-Stake's application.

If you object to this application, please notify the Division in writing within 20 days of the date of this letter. The Division's address is 2040 South Pacheco Street, Santa Fe, New Mexico 87505. If you have no objection and agree to Home-Stake's proposal, please sign below, indicating your waiver to the unorthodox location, and return one copy of this letter to me. Home-Stake currently has a drilling rig on location and anticipates penetrating the Fusselman with the vertical hole prior to the expiration of the 20 day protest period. In the event it is necessary to sidetrack the well to the East, your early approval of this application would be appreciated.

If you have any questions pertaining to this application, please call me immediately.

Very truly yours,

The Home-Stake Royalty Corporation


Howard E. Gray
Vice-President of Operations

Attachments

We hereby agree to waive objection to Home-Stake's application for the unorthodox location.

Company: _____
Name: _____
Date: _____