

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **1995-06-13**
SEC Accession No. **0000950129-95-000649**

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FILER

BROWN TOM INC /DE

CIK: **14803** | IRS No.: **951949781** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **S-8** | Act: **33** | File No.: **033-60191** | Film No.: **95546764**
SIC: **1311** Crude petroleum & natural gas

Business Address
500 EMPIRE PLAZA BLDG
PO BOX 2608
MIDLAND TX 79702
9156829715

Registration No. 33 - _____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TOM BROWN, INC.
(Exact name of registrant as specified in its charter)

<TABLE>	<S>	DELAWARE (State or other jurisdiction of incorporation or organization)	<C>	95-1949781 (I.R.S. Employer Identification No.)
		508 WEST WALL STREET, SUITE 500 MIDLAND, TEXAS		79701
		(Address of principal executive offices)		(Zip Code)

TOM BROWN, INC. 1989 STOCK OPTION PLAN
(Full title of the plan)

DONALD L. EVANS
Chairman of the Board of Directors, Chief Executive Officer and President
500 Empire Plaza Building
Midland, Texas 79701
(Name and address of agent for service)

915-682-9715
(Telephone number, including area code, of agent for service)

Copy to:
Thomas W. Ortloff
Lynch, Chappell & Alsup
300 N. Marienfeld, Suite 700
Midland, Texas 79701
(915) 683-3351

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

Title of Securities To Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share*	Proposed Maximum Aggregate Offering Price*	Amount of Registration Fee
<S> Common Stock, \$.10 par value	<C> 400,000	<C> \$14.79	<C> \$5,916,000	<C> \$2,040.00

* Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) based upon the average of the high and low prices of the Registrant's Common Stock as reported on the NASDAQ National Market System for June 9, 1995.

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PURSUANT TO GENERAL INSTRUCTION "E"
 OF FORM S-8,
 THE CONTENTS OF THE REGISTRANT'S
 REGISTRATION STATEMENT NO. 33-42991
 ARE HEREBY INCORPORATED BY REFERENCE

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

The validity of the issuance of the Common Stock issuable upon exercise of the options has been passed upon for the Company by Lynch, Chappell & Alsup, a Professional Corporation, Midland, Texas. James M. Alsup, a shareholder in the firm of Lynch, Chappell & Alsup, is the Secretary of the Company and the beneficial owner of 10,000 shares of Common Stock of Registrant.

ITEM 8. EXHIBITS

<TABLE>

<CAPTION>

Exhibit No. -----	Description -----
<S>	<C>
4.1 --	Certificate of Incorporation of Registrant (Incorporated by reference to Exhibit No. 3.1 in the Registrant's Form 8-B Registration Statement dated July 15, 1987 and filed with the Securities and Exchange Commission on July 17, 1987)
4.2 --	Certificate of Amendment to the Certificate of Incorporation of Registrant, as amended September 7, 1988 (Incorporated by reference to Exhibit No. 3.1 in the Registrant's Form 10-K Report dated June 27, 1989 and filed with the Securities and Exchange Commission on June 29, 1989)
4.3 --	Certificate of Amendment to the Certificate of Incorporation of Registrant, as amended June 5, 1990 (Incorporated by reference to Exhibit No. 3.3 in the Registrant's Form 10-K Report dated July 12, 1990 and filed with the Securities and Exchange Commission on July 16, 1990)

</TABLE>

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<TABLE>

<S>	<C>
4.4 --	Bylaws of Registrant (Incorporated by reference to Exhibit No. 3.2 in the Registrant's Form 8-B Registration Statement dated July 15, 1987 and filed with the Securities and Exchange Commission on July 17, 1987)
4.5 --	Rights Agreement dated as of March 5, 1991 between the Registrant and American Stock Transfer & Trust Company (Incorporated by reference to Exhibit No. 4(a) in the Registrant's Form 8-K Report dated March 12, 1991 and filed with the Securities and Exchange Commission on March 15, 1991)

* 4.6 -- Registrant's 1989 Stock Option Plan, as amended

* 5 -- Opinion of Lynch, Chappell & Alsup, a Professional Corporation

*23.1 -- Consent of Lynch, Chappell & Alsup (contained in Exhibit 5)

*23.2 -- Consent of Arthur Andersen LLP

*24.1 -- Power of Attorney contained on Page 5 hereof

</TABLE>

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 * Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8, and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Midland, Texas, on June 9, 1995.

TOM BROWN, INC.

By: /s/ Donald L. Evans

 Donald L. Evans, Chairman of
 the Board of Directors, Chief
 Executive Officer and President

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POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Donald L. Evans and R. Kim Harris and each of them, either one of whom may act without joinder of the other, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him in his name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them severally, full power and authority to do and to perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

<TABLE>
 <CAPTION>

Signature	Title	Date
-----------	-------	------

<S> /s/ Donald L. Evans ----- Donald L. Evans	<C> Chairman of the Board of Directors, Chief Executive Officer and President (Principal Executive Officer)	<C> June 9, 1995
/s/ R. Kim Harris ----- R. Kim Harris	Controller (Principal Financial Officer)	June 9, 1995
/s/ Thomas C. Brown ----- Thomas C. Brown	Director	June 9, 1995
/s/ William R. Granberry ----- William R. Granberry	Director	June 9, 1995
/s/ Henry Groppe ----- Henry Groppe	Director	June 9, 1995
/s/ Edward W. LeBaron, Jr. ----- Edward W. LeBaron, Jr.	Director	June 9, 1995
/s/ James B. Wallace ----- James B. Wallace	Director	June 9, 1995
/s/ Robert H. Whilden, Jr. ----- Robert H. Whilden, Jr.	Director	June 9, 1995

</TABLE>

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EXHIBIT INDEX

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</TABLE>

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* Filed herewith.

TOM BROWN, INC.

1989 STOCK OPTION PLAN
(AS AMENDED)

I. PURPOSE OF THE PLAN

The TOM BROWN, INC. 1989 STOCK OPTION PLAN (the "Plan") is intended to provide a means whereby certain employees and directors who are not employees ("Nonemployee Directors") of TOM BROWN, INC., a Delaware corporation (the "Company"), and its subsidiaries may develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and to encourage them to remain with and devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. Accordingly, the Plan provides for granting certain employees and Nonemployee Directors the option ("Option") to purchase shares of the common stock of the Company ("Stock"), as hereinafter set forth. Options granted under the Plan to employees may be either incentive stock options, within the meaning of section 422A(b) of the Internal Revenue Code of 1986, as amended (the "Code"), ("Incentive Stock Options") or options which do not constitute Incentive Stock Options. Options granted under the Plan to Nonemployee Directors will be options which do not constitute Incentive Stock Options.

II. ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Company (the "Board") or by a committee (the "Committee") of three or more directors of the Company appointed by the Board. If the Plan is administered by the Board, a majority of the members of the Board, and a majority of the members of the Board acting in the matter, shall not be eligible, and shall not have been eligible at any time within one year prior to their appointment to the Board, to participate in the Plan or in any other stock, stock option or stock appreciation rights plan of the Company or any of its affiliates ("Company Stock Plan"), other than the eligibility of Nonemployee Directors to participate in the Plan pursuant to paragraph (b) of Article IV or eligibility to participate in any other Company Stock Plan which would not cause the individuals constituting such majority to cease to be "disinterested persons" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act"). Moreover, members of the Committee shall not be eligible, and shall not have been eligible at any time within one year prior to their appointment to the Committee, to participate in a Company Stock Plan, other than the eligibility of Nonemployee Directors to participate in the Plan pursuant to paragraph (b) of Article IV or eligibility to participate in any other Company Stock Plan which would not cause such members to cease to be "disinterested persons" within the meaning of Rule 16b-3 under the 1934 Act. If a Committee is not appointed by the Board, the Board shall act as and be deemed to be the Committee for all purposes of the Plan other than the

immediately preceding sentence. The Committee shall have sole authority to select the employees who

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are to be granted Options from among those eligible hereunder and to establish the number of shares which may be issued to employees under each Option. The Committee is authorized to interpret the Plan and may from time to time adopt such rules and regulations, consistent with the provisions of the Plan, as it may deem advisable to carry out the Plan. All decisions made by the Committee in selecting the employees to whom Options shall be granted, in establishing the number of shares which may be issued to employees under each Option and in construing the provisions of the Plan shall be final.

III. OPTIONS AGREEMENTS

Each Option granted to an employee shall be evidenced by an Employee Option Agreement and shall contain such terms and conditions, and may be exercisable for such periods, as may be approved by the Committee. The terms and conditions of the respective Employee Option Agreements need not be identical. Specifically, an Employee Option Agreement may provide for the surrender of the right to purchase shares under the Option in return for a payment in cash or shares of Stock or a combination of cash and shares of Stock equal in value to the excess of the fair market value of the shares with respect to which the right to purchase is surrendered over the option price therefor ("Stock Appreciation Rights"), on such terms and conditions as the Committee in its sole discretion may prescribe; provided, that with respect to Stock Appreciation Rights granted to employees who are subject to Section 16 of the 1934 Act, except as provided in Subparagraph IX(c) hereof, the Committee shall retain final authority (i) to determine whether an employee optionee shall be permitted, or (ii) to approve an election by an employee optionee, to receive cash in full or partial settlement of Stock Appreciation Rights. Moreover, an Employee Option Agreement may provide for the payment of the option price, in whole or in part, by the delivery of a number of shares of Stock (plus cash if necessary) having a fair market value equal to such option price. For all purposes under the Plan, the fair market of a share of Stock on a particular date shall be equal to the mean of the reported high and low sales prices of the Stock on the stock exchange composite tape if the Stock is traded on a stock exchange on that date, or if no prices are reported on that date, on the last preceding date on which such prices of the Stock are so reported. If the Stock is traded over the counter at the time a determination of its fair market value is required to be made hereunder, its fair market value shall be deemed to be equal to the average between the reported high and low or closing bid and asked prices of Stock on the most recent date on which Stock was publicly traded. In the event Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its fair market value shall be made by the Committee in such manner as it deems appropriate. Each Option granted to a Nonemployee Director shall be evidenced by a Nonemployee Option Agreement in the form attached to the Plan as Exhibit 1. Each Option and all rights granted thereunder shall not be transferable other than by will or the laws of descent and distribution, and shall be exercisable during the optionee's lifetime only by the optionee or the optionee's guardian or legal representative.

IV. ELIGIBILITY OF OPTIONEE

(a) Subject to the provisions of Article II and paragraphs (b) and (c) below, Options may be granted only to individuals who are key employees (including officers and directors who are also key employees) of the Company or any parent or subsidiary corporation (as defined in section 425 of the Code) of the Company at the time the Option is granted. Options may be granted to the same employee on more than one occasion.

(b) Subject to the limitation on the number of shares of stock set forth in Article V, (i) each individual who is a Nonemployee Director on December 12, 1989 is hereby granted, effective as of such date, an Option to purchase 25,000 shares of Stock and (ii) each individual who becomes a Nonemployee Director following December 12, 1989 shall be granted, effective the Monday following such individual's election to the Board as a Nonemployee Director, an Option to purchase 25,000 shares of Stock.

(c) No Incentive Stock Option shall be granted to an individual if, at the time the Option is granted, such individual owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporation, within the meaning of Section 422A(b)(6) of the Code, unless (i) at the time such Option is granted the option price is at least 110% of the fair market value of the Stock subject to the Option and (ii) such Option by its terms is not exercisable after the expiration of five years from the date of grant. To the extent that the aggregate fair market value (determined at the time the respective Incentive Stock Option is granted) of stock with respect to which Incentive Stock Options granted after 1986 are exercisable for the first time by an individual during any calendar year under all incentive stock option plans of the Company and its parent and subsidiary corporations exceeds \$100,000, such Incentive Stock Options shall be treated as options which do not constitute Incentive Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations and other administrative pronouncements, which of an employee optionee's Incentive Stock Options will not constitute Incentive Stock Options because of such limitation and shall notify the employee optionee of such determination as soon as practicable after such determination.

V. SHARES SUBJECT TO THE PLAN

The aggregate number of shares which may be issued under Options granted under the Plan shall not exceed 1,400,000 shares of Stock. Such shares may consist of authorized but unissued shares of Stock or previously issued shares of Stock reacquired by the Company. Any of such shares which remain unissued and which are not subject to outstanding Options at the termination of the Plan shall cease to be subject to the Plan, but, until termination of the Plan, the Company shall at all times make available sufficient number of shares to meet the requirements of the Plan. Should any Option hereunder expire or terminate

prior to its exercise in full, the shares theretofore subject to such Option may again be subject to an Option granted under the Plan. The aggregate number of shares which may be issued under the Plan shall be subject to adjustment in the same manner as

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provided in Paragraph IX hereof with respect to share of Stock subject to Options then outstanding. Exercise of an Option in any manner, including an exercise involving a Stock Appreciation Right by an employee, shall result in a decrease in the number of shares of Stock which may thereafter be available, both for purposes of the Plan and for sale to any one individual, by the number of shares as to which the Option is exercised. Separate stock certificates shall be issued by the Company for those shares acquired pursuant to the exercise of an Incentive Stock Option and for those shares acquired pursuant to the exercise of any Option which does not constitute an Incentive Stock Option. (Amended May 17, 1995)

VI. OPTION PRICE

Subject to the provisions of Article VII, the purchase price of Stock issued under each Option shall be the fair market value of Stock subject to the Option on the date the Option is granted.

VII. OPTIONS EXCHANGED FOR PRIOR OPTIONS

An Option may be granted in exchange for an individual's right and option to purchase shares of Stock pursuant to the terms of an agreement that existed prior to the date of such Option is granted ("Prior Option"). An Option Agreement that grants an Option in exchange for a Prior Option shall provide for the surrender and cancellation of the Prior Option. The purchase price of Stock issued under an Option granted in exchange for a Prior Option shall be determined by the Committee and, such purchase price may, without limitation, be equal to the price for which the optionee could have purchased Stock under the Prior Option.

VIII. TERM OF PLAN

The Plan shall be effective upon the date of its adoption by the Board. Except with respect to Options then outstanding, if not sooner terminated under the provisions of Paragraph X, the Plan shall terminate upon and no further Options shall be granted after the expiration of ten years from the date of its adoption by the Board.

IX. RECAPITALIZATION OR REORGANIZATION

(a) The existence of the Plan and the Options granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Company to make or authorize any adjustment, recapitalization,

reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Stock or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

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(b) The shares with respect to which Options may be granted are shares of Stock as presently constituted, but if, and whenever, prior to the expiration of an Option theretofore granted, the Company shall effect a subdivision or consolidation of shares of Stock or the payment of a stock dividend on Stock without receipt of consideration by the Company, the number of shares of Stock with respect to which such Option may thereafter be exercised (i) in the event of an increase in the number of outstanding shares shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares shall be proportionately reduced, and the purchase price per share shall be proportionately increased.

(c) If the Company recapitalizes or otherwise changes its capital structure, thereafter upon any exercise of an Option theretofore granted the optionee shall be entitled to purchase under such Option, in lieu of the number of shares of Stock as to which such Option shall then be exercisable, the number and class of shares of stock and securities to which the optionee would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the optionee had been the holder of record of the number of shares of Stock as to which such Option is then exercisable. If (i) the Company shall not be the surviving entity in any merger or consolidation (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company), (ii) the Company sells, leases or exchanges or agrees to sell, lease or exchange all or substantially all of its assets to any other person or entity (other than a wholly-owned subsidiary of the Company), (iii) the Company is to be dissolved and liquidated, (iv) any person or entity, including a "group" as contemplated by Section 13(d)(3) of the 1934 Act, acquires or gains ownership or control (including, without limitation, power to vote) of more than 50% of the outstanding shares of Stock, or (v) as a result of or in connection with a contested election of directors, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board (each such event is referred to herein as a "Corporate Change"), then effective as of a date (selected by the Committee) within (a) ten days after the approval by the shareholders of the Company of such merger, consolidation, sale, lease or exchange of assets or dissolution or such election of directors or (b) thirty days of such change of control, the Committee, acting in its sole discretion without the consent or approval of any optionee, shall effect one or more of the following alternatives with respect to the then outstanding Options held by employees, which may vary among individual employee optionees: (1) accelerate

the time at which such Options may be exercised so that such Options may be exercised in full for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Committee, after which specified date all unexercised Options and all rights of employee optionees thereunder shall terminate, (2) require the mandatory surrender to the Company by selected employee optionees of some or all of such Options (irrespective of whether such Options are then exercisable under the provisions of the Plan) as of a date, before or after such Corporate Change, specified by the Committee, in which event the Committee shall thereupon cancel such Options any pay to each employee optionee an amount of cash per share equal to the excess of the amount calculated in Subparagraph (d) below (the "Change of Control Value") of the shares subject to such Option over the exercise price(s) under such

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Options for such shares, (3) make such adjustments to such Options as the Committee deems appropriate to reflect such Corporate Change (provided, however, that the Committee may determine in its sole discretion that no adjustment is necessary to such Options) or (4) provide that thereafter upon any exercise of an Option theretofore granted the employee optionee shall be entitled to purchase under such Option, in lieu of the number of shares of Stock as to which such Option shall then be exercisable, the number and class of shares of stock or other securities or property to which the employee optionee would have been entitled pursuant to the terms of the agreement of merger, consolidation or sale of assets and dissolution if, immediately prior to such merger, consolidation or sale of assets and dissolution the employee optionee had been the holder of record of the number of shares of Stock as to which such Option is then exercisable. In the event of a Corporate Change, as described in the immediately preceding sentence, any then outstanding Options held by Nonemployee Directors shall become fully exercisable on the fifth day following the approval by the shareholders of the Company of such Corporate Change.

(d) For the purposes of clause (2) in paragraph (c) above, the "Change of Control Value" shall equal the amount determined in clause (i), (ii) or (iii), whichever is applicable, as follows: (i) the per share price offered to shareholders of the Company in any such merger, consolidation, sale of assets or dissolution transaction, (ii) the price per share offered to shareholders of the Company in any tender offer or exchange offer whereby a Corporate Change takes place, or (iii) if such Corporate Change occurs other than pursuant to a tender or exchange offer, the fair market value per share of the shares into which such Options being surrendered are exercisable, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Options. In the event that the consideration offered to shareholders of the Company in any transaction described in this Subparagraph (d) or Subparagraph (c) above consists of anything other than cash, the Committee shall determine the fair cash equivalent of the portion of the consideration offered which is other than cash.

(e) Any adjustment provided for in Subparagraphs (b) or (c) above shall be subject to any required shareholder action.

(f) Except as hereinbefore expressly provided, the issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to Options theretofore granted or the purchase price per share.

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X. AMENDMENT OR TERMINATION OF THE PLAN

The Board in its discretion may terminate the Plan at any time with respect to any shares for which Options have not theretofore been granted. The Board shall have the right to alter or amend the Plan or any part thereof from time to time, provided, that no change in any Option theretofore granted may be made which would impair the rights of the optionee without the consent of such optionee; and provided, further, that the Board may not make any alteration or amendment which would materially increase the benefits accruing to participants under the Plan, increase the aggregate number of shares which may be issued pursuant to the provisions of the Plan, change the class of individuals eligible to receive Options under the Plan, change the purchase price of Stock purchased pursuant to an Option granted to a Nonemployee Director or extend the term of the Plan, without the approval of the shareholders of the Company.

XI. SECURITIES LAWS

The Company shall not be obligated to issue any Stock pursuant to any Option granted under the Plan at any time when the shares covered by such Option have not been registered under the Securities Act of 1933 and such other state and federal laws, rules or regulations as the Company or the Committee deems applicable and, in the opinion of legal counsel for the Company, there is no exemption from the registration requirements of such laws, rules or regulations available for the issuance and sale of such shares.

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EXHIBIT 1

NONSTATUTORY STOCK OPTION AGREEMENT
FOR NONEMPLOYEE DIRECTORS

AGREEMENT made as of the _____ day of _____, 19____,
between TOM BROWN, INC., a Delaware corporation (the "Company") and
_____ ("Director").

To carry out the purposes of the TOM BROWN, INC. 1989 STOCK OPTION PLAN (the "Plan"), by affording Director the opportunity to purchase shares of common stock of the Company ("Stock"), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Director hereby agree as follows:

1. GRANT OF OPTION. The Company hereby irrevocably grants to Director the right and option ("Option") to purchase all or any part of an aggregate of 25,000 shares of Stock, on the terms and conditions set forth herein and in the Plan, which Plan is incorporated herein by reference as a part of this Agreement. This Option shall not be treated as an incentive stock option within the meaning of section 422A(b) of the Internal Revenue Code of 1986, as amended (the "Code").

2. PURCHASE PRICE. The purchase price of Stock purchased pursuant to the exercise of this Option shall be \$ _____, which has been determined to be the fair market value of the Stock at the date of grant of this Option. For all purposes of this Agreement, fair market value of Stock shall be determined in accordance with the provisions of the Plan.

3. EXERCISE OF OPTION. Subject to the earlier expiration of this Option as herein provided, this Option may be exercised, by written notice to the Company at its principal executive office addressed to the attention of its Chief Executive Officer, at any time and from time to time following the expiration of six months from the date of grant hereof, but, except as otherwise provided below, this Option shall not be exercisable for more than a percentage of the aggregate number of shares offered by this Option determined by the number of full years from the date of grant hereof to the date of such exercise, in accordance with the following schedule:

<TABLE>
<CAPTION>

NUMBER OF FULL YEARS -----	PERCENTAGE OF SHARES THAT MAY BE PURCHASED -----
<S>	<C>
Less than 1 year	40%
1 year	70%
2 years or more	100%

</TABLE>

This Option is not transferable by Director otherwise than by will or

the laws of descent and distribution, and may be exercised only by Director during Director's lifetime and while Director remains a director of the Company, except that:

- (a) If Director ceases to be a director of the Company because of disability (within the meaning of section 22(e) (3) of the Code), this Option may be exercised in full by Director (or Director's estate or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Director) at any time during the period of one year following such termination.
- (b) If Director dies while he is a director of the Company, Director's estate, or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Director, may exercise this Option in full at any time during the period of one year following the date of Director's death.
- (c) If Director ceases to be a director of the Company for any reason other than as described in (a) or (b) above, unless Director is removed for cause, this Option may be exercised by Director at any time during the period of three months following the date Director ceases to be a director of the Company, or by Director's estate (or the person who acquires this Option by will or the laws of descent and distribution or otherwise by reason of the death of Director) during a period of one year following Director's death if Director dies during such three-month period, but in each case only as to the number of shares Director was entitled to purchase hereunder upon exercise of this Option as of the date Director ceases to be a director. For purposes of this Agreement, "cause" shall mean Director's gross negligence or willful misconduct in the performance of his duties as a director, or Director's final conviction of a felony or of a misdemeanor involving moral turpitude.

This Option shall not be exercisable in any event after the expiration of ten years from the date of grant hereof. The purchase price of shares as to which this Option is exercised shall be paid in full at the time of exercise (a) in cash (including check, bank draft or money order payable to the order of the Company), (b) by delivering to the Company shares of Stock having a fair market value equal to the purchase price, or (c) any combination of cash or Stock. No fraction of a share of Stock shall be issued by the Company upon exercise of an Option or accepted by the Company in payment of the purchase price thereof; rather, Director shall provide a cash payment for such amount as is necessary to effect the issuance and acceptance of only whole shares of Stock. Unless and until a certificate or certificates representing such shares shall have been issued by the Company to Director, Director (or the

person permitted to exercise this Option in the event of Director's death) shall not be or have any of the rights or privileges of a shareholder of the Company with respect to shares acquirable upon an exercise of this Option.

4. STATUS OF STOCK. Director understands that at the time of the execution of this Agreement the shares of Stock to be issued upon exercise of this Option have not been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities law. The Company may effect such a registration in the future; however, until the shares of Stock acquirable upon the exercise of the Option have been registered for issue under the Act, the Company will not issue such shares unless the holder of the Option provides the Company with a written opinion of legal counsel, who shall be satisfactory to the Company, addressed to the Company and satisfactory in form and substance to the Company's counsel, to the effect that the proposed issuance of such shares to such Option holder may be made without registration under the Act. In the event exemption from registration under the Act is available upon an exercise of this Option, Director (or the person permitted to exercise this Option in the event of Director's death), if requested by the Company to do so, will execute and deliver to the Company in writing an agreement containing such provisions as the Company may require to assure compliance with applicable securities laws.

Director agrees that the shares of Stock which Director may acquire by exercising this Option shall be acquired for investment without a view to distribution, within the meaning of the Act, and shall not be sold, transferred, assigned, pledged or hypothecated in the absence of an effective registration statement for the shares under the Act and applicable state securities laws or an applicable exemption from the registration requirements of the Act and any applicable state securities laws. Director also agrees that the shares of Stock which Director may acquire by exercising this Option will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable securities laws, whether federal or state.

In addition, Director agrees (i) that the certificates representing the shares of Stock purchased under this Option may bear such legend or legends as the Committee deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the shares of Stock purchased under this Option on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the shares of Stock purchased under this Option.

5. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Director.

6. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas.

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IN WITNESS WHEREOF, The Company has caused this Agreement to be duly executed by its officer thereunto duly authorized, and Director has executed this Agreement, all as of the day and year first above written.

TOM BROWN, INC.

BY:

DIRECTOR

LYNCH, CHAPPELL & ALSUP
A Professional Corporation
ATTORNEYS
THE SUMMIT, SUITE 700
300 NORTH MARIENFELD
MIDLAND, TEXAS 79701
(915) 683-3351

June 9, 1995

Tom Brown, Inc.
500 Empire Plaza Building
Midland, Texas 79701

Re: Tom Brown, Inc. 1989 Stock Option Plan; Sale of up to 400,000
shares of Common Stock

Gentlemen:

We have acted as counsel to Tom Brown, Inc., a Delaware corporation (the "Company"), in connection with the proposed issuance and sale by the Company of up to 400,000 shares of Common Stock, \$.10 par value ("Common Stock"), of the Company upon exercise of stock options granted or to be granted by the Company under the Company's 1989 Stock Option Plan (the "Plan"), as further described in a Registration Statement on Form S-8 filed by the Company with the Securities and Exchange Commission (herein referred to as the "Registration Statement").

We have made such inquiries and examined such documents as we have considered necessary or appropriate for the purpose of giving the opinions hereinafter set forth. We have assumed the genuineness and authenticity of all signatures on all original documents, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies and the due authorization, execution, delivery or recordation of all documents where due authorization, execution or recordation are prerequisites to the effectiveness thereof.

Based upon the foregoing, and having regard for such legal considerations as we deem relevant, we are of the opinion that the Plan has been duly and validly authorized and adopted, and the 400,000 shares of Common Stock that may be issued and sold by the Company from time to time upon the exercise of stock options granted or to be granted in accordance with the Company's Plan, as described in the Registration Statement, will, upon issuance and delivery against payment therefor, be legally issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement and to the statements made regarding our Firm and to the use of our name under the heading "Item 5. Interests of Named Experts and Counsel" in the Registration Statement.

Yours very truly,

LYNCH, CHAPPELL & ALSUP,
a Professional Corporation

By: /s/ Thomas W. Ortloff

Thomas W. Ortloff

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we consent to the incorporation by reference in this registration statement of our report dated February 24, 1995 included in the Annual Report on Form 10-K of Tom Brown, Inc. for the year ended December 31, 1994 and to all references to our firm included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

Houston, Texas
June 9, 1995