

GLADYS E. MC CORMICK
478 South First Street
San Jose, California
CYpress 4-0264

December 15, 1951

Joe B. & Feliz A. Garcia
621 Alarid Street
Santa Fe, New Mexico

About a year ago the Sunol Oil Company, of which I am Secretary, entered into a deal with Thomas W. Bailes of Los Angeles, California, to drill a well for oil in Valencia County near the Junction of Dales, State of New Mexico. To date the Sunol Oil Company has spent approximately \$50,000.00 towards this project. The derrick is erected, machinery all rigged up and in place, 6200 feet of new 7-inch casing is at the drillsite, bits and other equipment are on hand, including 6200 feet of drill pipe, and 10-3/4-inch surface casing is set and cemented.

It was brought to my attention recently that under the laws of the State of New Mexico a well cannot be drilled on less than 40 acre parcels, which must be contiguous and in the form of square blocks.

A recent search of the records in Valencia County shows you as the owner of land in this vicinity. Due to the 40-acre law, which now prevails, it is necessary that we have more land in order to fill up some of the gaps now existing in the lease held by the Sunol Oil Company.

This situation we hope to accomplish by means of a new lease, known as the EL CAPITAN COMMUNITY OIL AND GAS LEASE, which is enclosed herewith. This new lease will not exceed 2500 acres of leased land. Even if no well is ever drilled on your land, once it is incorporated in the EL CAPITAN COMMUNITY OIL AND GAS LEASE you will participate in all wells drilled under said lease, as provided for the landowners thereunder according to the amount of acreage you sign in this lease.

May I point out that if we are unable to obtain sufficient acreage to block this area more solidly, the Sunol Oil Company might decide to abandon the drilling entirely.