

Mr. J. A. Stevens, President,
Eastern Greasit Corporation,
Rosario, New Mexico

February 18, 1938

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The third reason for shutting down this plant was that it had been operating since June 1937 and the land owner made a personal visit to the Oil Conservation Commission's office in Santa Fe saying that gas had been used in this well continuously in the operating plant and no royalty had been paid to him. If the plant had been on commercial production this royalty should have been paid to the land owner. This land owner was unable to collect royalty due him because the operators of the plant had informed him that the plant was still in the experimental stage.

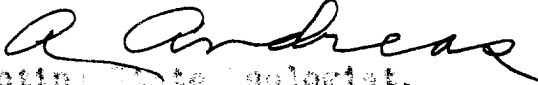
Another reason why we believe this plant was still in the experimental stage and results were unsatisfactory was because no "report on Monthly Operations" had ever been rendered to the Oil Conservation Commission as is required by our Circular No. 1.

Realizing that the "dry-ice" industry was a new industry for New Mexico and that the State welcomed new capital and was lenient with the pioneers developing this gas, the State Oil Conservation Commission did not bear down too hard on the operators, although it realized and knew in this particular case of the Eastern Greasit Company from the time of its inception to the present that they had violated the rules and regulations as enumerated above.

The facts as stated above have never been given any publicity and our statement made on Page 3 referred to by you is to the best of our knowledge clear and accurate. It could have been a great deal more misleading if we had stated that this plant was on commercial production, which can not be true due to the fact that your company has never rendered a report on the Monthly Operations stating the amount of "dry-ice" manufactured.

We will be very pleased if you can show us that your plant is on satisfactory commercial production and that it does not waste an excessive amount of gas.

Very truly yours,


Acting State Geologist.

cc- Mr. Alice Singley
Mr. Frank Gordon, Land Commissioner
Mr. C. H. Wells, President State Bureau of Mines.

[Handwritten signature]