



SKELLY OIL COMPANY

TULSA 2, OKLAHOMA

MANUFACTURING DEPARTMENT
JAMES W. VAIDEN, VICE PRESIDENT
GAS DIVISION
L. L. BYARS, MANAGER

August 21, 1958

Mr. Q. B. Davis
Aztec Oil & Gas Company
920 Mercantile Securities Building
Dallas 1, Texas

Dear Mr. Davis:

Attached for your files is a fully executed copy of the casinghead gas contract covering your jointly owned State HD-36 lease in Section 36-22S-37E, Lea County, New Mexico. Executed copies are also being furnished to your co-owners, along with carbon copies of this letter.

Since receipt of your contract we ran into unexpected problems in obtaining right-of-way from one of the principal landowners over whose land our lines must be laid to reach your lease and the leases of others which will form a part of the extension that has been projected. All that was asked was \$5.00 a rod, plus all liquids collected in drips located on the land of this particular landowner. As a result of this, we have been compelled to postpone commencing installation of lines pending settlement of the matter. We believe that negotiations are now at the point where the matter will be settled on a basis acceptable to both sides — and that work will be commenced — within the next week to ten days. It is estimated that it will take from 30 to 40 days to complete the installation after work has started.

We would express to you our appreciation for entering into the contract with us and would assure you that we shall exert every effort to have your lease tied in at the earliest practicable date. If there is to be a delay beyond the date indicated in getting the project under way, I will write you further and give you the facts concerning it.

Very truly yours,

L. L. Byars

LLB:ms
Attach.

cc: Amerada Petroleum Corporation
Attn: Mr. Albert Taylor
P. O. Box 2040
Tulsa, Oklahoma
(w/attach.)

Western Oil Fields, Inc.
Attn: Mr. W. B. Middlemist
P. O. Box 1139
Denver, Colorado
(w/attach.)