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THE CALIFORNIA COMPANY

Denver 1, Colorado

October 12, 1954

CONSENTS - WEST RANGELY UNIT
Rio Blanco County, Colorado

MR. WOOLEN A. WILSHE:

On Monday afternoon, October 11, we spent approximately 2½ hours with Judge Clark, an Associate Justice of the Colorado Supreme Court, who owns an overriding royalty interest in Rangely with his wife, Alice C. Clark; and who also has an interest as a mortgagee in the overriding royalty owned by Harriet Leona Burch, of Grand Junction.

Judge Clark is an exceptionally intelligent man and has had a great deal of exposure to oil and gas problems and to oil and gas unitization. His first question was, "How did you arrive at the division of the field in forming the West Rangely Unit?" His second question was, "Have all of the operators joined this unit?" He then inquired as to the location of the land which was uncommitted to the unit insofar as the working interests were concerned. He expressed doubt that we could get final approval of the unit without these other operators. We discussed with Judge Clark different questions and problems regarding the Rangely Unit for approximately 2½ hours. During this time Judge Clark stated that he was convinced that this unitization was an excellent idea, that he was in favor of it, he agreed that if Mr. Joe F. Juhan asked him about it or he happened to be talking to Mr. Juhan that he would recommend that he join the unit. He several times during our talk expressed some irritation that we were attempting to get our overriding royalty interests committed to this unit when we did not have all the operators signed up. We explained as best we could our stand on the matter and the fact that we felt someone had to begin this unitization and that we were beginning it in the hope of getting the final approval by January 1, 1955. We parted on a very friendly basis and feel that Judge Clark will help us in obtaining the consents of any persons that he might have influence with. This is conditioned upon Judge Clark's final statement in which he was very final, that is, that he would sign or commit his interest to the West Rangely unit as soon as we had enough operators signed up whereby we would be able to get final approval of the unit. I gather from his rather firm stand on this point that any recommendation he might make to other overriding royalty owners would be subject to the same conditions. He stated that at any time we would have sufficient operators committed, all we had to do was telephone him and he would commit his entire interest to the unit. As we stated above, he was very friendly but several times expressed irritation that we were attempting to get what he considered small overriding royalty interests committed to this unit prior to having commitment of what he considers sufficient working interests to get final approval of the unit. Our attempts to allay his irritation on this point were unsuccessful.

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morning and it appears that Mr. Stockmar has not completed his examination, or if he has, the results of it have not been communicated to the personnel in Mrs. Hill's office. They agreed to check again and call back regarding the status of the consents.

Elva M. Merideth - This interest is being handled by Mr. Clay Merideth, husband of Elva M. Merideth. We talked with Mr. Merideth for about two hours on Friday, October 8. He stated at that time that he wanted to talk to Mr. Zarlengo about committing his interest to the unit and would let us know after he was able to discuss the matter with Mr. Zarlengo. It appears that Mr. Merideth left Denver on a business trip before he was able to talk to Mr. Zarlengo, and we have been unable to contact him since our talk with him on October 8. (See comments on Mr. Zarlengo.).

Walter E. Schwed, Jr. - We have had two talks with Mr. Schwed. The final result of this was that Mr. Schwed stated the source of his interest was through Mr. Joe T. Juhan. He therefore felt that if Mr. Juhan signed this unit agreement he felt he should go along with whatever action Mr. Juhan took. He stated that if Mr. Juhan executes the consent to the unit agreement that we should advise him and he would forward his executed consents to us.

Anthony F. Zarlengo - We have had several conversations with Mr. Zarlengo. In all of these he has stated that pressure of other business has prevented him from adequately examining the unit agreement and its effect on his interest. In our conversations with Mr. Zarlengo this morning he stated that he was having a conference with Mr. Magor of Rifle either tomorrow, October 13, or the next day, and expected that Mr. Magor would bring with him one or two other individuals familiar with Rangely, and they would probably make some decision as to their interest at that time. He said that he had talked to Mr. Merideth over the telephone and that Mr. Merideth stated he wanted to discuss the Rangely unit with him but due to the fact Mr. Merideth had been out of town part of the time and the other time Mr. Zarlengo had been tied up in court on a case, they had been unable to get together. We now have a definite appointment to talk to Mr. Zarlengo on Thursday, October 14, with the thought that at that time we shall attempt to clear up any unresolved questions resulting from his conference with Mr. Magor and any other parties that Mr. Magor may bring with him.

R. F. Magor, Jr. - As we advised you over the telephone, Mr. Magor had a heart attack on September 29, 1954. We talked with Mrs. Magor on October 11, and she said at that time that Mr. Magor had left the hospital but the doctor had requested that he not attempt to conduct any business for at least another week or ten days. She stated at that time she was not sure Mr. Magor was going to follow those instructions, but would appreciate it if we did not attempt to discuss with him the matter of the Rangely consents until after the doctor had stated he was in shape to conduct his regular business. It appears from our talk that Mr. Zarlengo that Mr. Magor is not paying too much attention to his doctor's instructions, but we plan not to attempt to contact Mr. Magor directly until his wife agrees that it will not affect his health.

John R. and Alice J. Clark - See memo attached.

GENERAL COMMENTS:

Our general feeling of the status of the consents as far as the Denver people are concerned is that if we get this unit to a point where we can honestly state we feel that we are sure of final approval of the unit from the Geological Survey we will have no particular difficulty in getting all of the interests in Denver signed. One of the main points of objection brought out by all of the people with whom we have gone into this in detail has been the lack of the execution of the unit agreement by the other working interest parties. In each case they have asked the direct question as to execution by the other operating interests, and we have been obliged to explain in so far as we could the lack of execution by Stanolind and Phillips. The people here in Denver seem to be going into this unitization in a great deal of detail, and it appears also that they are attempting to get together and comparing notes particularly where their interests were originally acquired in connection with some other individual who still owns an interest. In most cases they all have shown a great deal of reluctance to talk to us about this unitization until they have exhausted their own sources of information and have made their own studies. As we stated above, the best bush here in Denver as far as execution of these consents is concerned would be our ability to give an adequate answer to the question, "Do you think you can get this unit through without Stanolind and Phillips' execution of the unit agreement?"

Harold F. Riebesell

HAROLD F. RIEBESELL

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