

UNION PACIFIC RAILROAD COMPANY

WILLIAM REINHARDT
VICE PRESIDENT



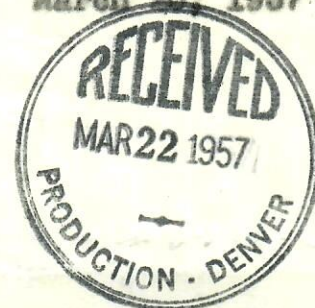
422 WEST SIXTH STREET
LOS ANGELES 14, CALIF.

March 20, 1957

The California Company
1006 U. S. National Bank Bldg.
Denver 2, Colorado

Attention: Mr. C. L. Pickett

Gentlemen:



Please refer to Joint Operating Agreement between Union Pacific Railroad Company and The California Company dated February 10, 1955, covering oil and gas development of certain lands of our respective companies in Township 8 North, Range 66 West, Weld County, Colorado, designated as the Pierce Area.

Five of the wells drilled to date in the Pierce Area have been located closer than 600 ft. to the nearest boundary line of Union Pacific property, but Union Pacific approved the location in each instance because arrangements had been effected with respect to the 80 acre parcels assigned to each well assuring an equitable distribution of royalties. These five locations were approved by Union Pacific as follows:

✓ By letter dated March 2, 1956, covering well M. A. Andre #1.

By letter dated October 8, 1956, covering wells Jones #1 and Pierce Townsite #1.

By letter dated November 12, 1956, covering well Jones-UGLI #2.

By telegram dated January 4, 1957, covering well Venable #2.

It appears that under Rule 317 of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission, waivers or consents from Union Pacific should have been filed with the Commission in connection with the drilling of each of the foregoing wells. The approvals by Union Pacific, as mentioned above, constituted, as far as Union Pacific was concerned, a waiver of the standback requirements of Rule 317. Accordingly it is suggested that copies of the



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attached letters and telegram be filed with the Commission at this time in order to complete its files.

Very truly yours,

Lee S. Osborne
Assistant Vice President



LSO/oz