



# SHELL OIL COMPANY

1700 BROADWAY  
DENVER, COLORADO 80202

January 14, 1969

Subject: Pool 915  
Kirbie-Government 1-26 Well  
Section 26-17N-22W  
Ellis and Roger Mills Counties,  
Oklahoma

Reply To: D. W. Lohse

Ms. Opal L. Oliver  
543 North Birch Avenue  
Reedley, California 93654

Dear Interest Owner:

Most of you have executed Division Orders for your share of production from the captioned well and will be receiving payments within the near future.

As you are aware, this well is located on a United States Oil and Gas Lease and you are sharing in production by virtue of a State Spacing Order which provides that production from this well is to be distributed proportionately throughout the section.

This well is a good well for this area but, we feel, has not completely developed the section. Our studies and evaluations of the remainder of this section are now completed and have led us to propose the drilling of three additional wells as set forth in the enclosed Communitization Agreement.

Basically, these three wells would be drilled on the three remaining quarter-sections in the section. We now believe the section to be underlain by oil and anticipate the next well to be drilled in the southeast quarter. The next two wells will be drilled in the west half of the section. If a gas well should be drilled and it could be shown that the balance of the section is underlain by gas, no further wells would be due under the Agreement.

Our main thought is to develop this section as it now stands, that is on a 640 acre basis. This Agreement will accomplish 640 acre development upon execution by interest owners and approval of the United States Geological Survey.

Development on a 640 acre basis means that you will continue to share in the present production as well as share in any subsequent production in the section. The big advantage to you is that if a dry hole is encountered on lands contributed by you, your share of the producing lands will not diminish nor be lost.

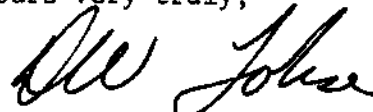
We feel that this 640 acre plan of development will provide the most benefit for all parties concerned.

There is presently pending before the Corporation Commission of Oklahoma a hearing to despace this section to 80 acre spacing units. The economics of the production in this area, we feel, will require that 160 acre units be drilled and two 80 acre tracts be put together to form this 160 acre tract. We plan to oppose this despacing action as we are attempting to accomplish basically the same idea, that is, there will be one well per 160 acre tract except that we will have a unit based upon the whole section and the dry hole possibilities are shared by all as well as production by the whole section.

If our proposal meets with your approval, we would appreciate your executing one copy of the enclosed Communitization Agreement by signing one copy in the presence of a Notary Public and return it to this office in the enclosed courtesy envelope. The additional copy may be retained for your records.

Your attention to this matter will be greatly appreciated.

Yours very truly,

A handwritten signature in dark ink, appearing to read "T. T. Thompson", is written over the typed name.

For: T. T. Thompson  
Division Land Manager  
Oklahoma Division

Enclosures