

OIL & GAS CONSERVATION COMMISSION
Meeting: March 19, 1969
Mr. John Bannister, Executive Secy



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1824 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

A G E N D A

Meeting

March 19, 1969

Room 204, Arizona State Office Bldg.

9:30 a.m.

Call to order

1. Approval of minutes of meeting of February 26, 1969
2. Executive Secretary report
3. Geologist report
4. Old business
5. New business
6. Adjourn

10:00 a.m.

Hearing, Case 35

Consolidated Oil and Gas, Inc.

Kerr McGee April 16 1969

IF YOU ARE UNABLE TO ATTEND THIS MEETING, PLEASE NOTIFY
THIS OFFICE AS SOON AS POSSIBLE.

OIL AND GAS CONSERVATION COMMISSION
1624 West Adams - Suite 202
Phoenix, Arizona 85007

Minutes of Meeting
February 26, 1969

Present:

Mr. Lucien B. Owens, Chairman
Mr. George T. Siler, Vice Chairman
Mr. Ralph W. Bilby, Member
Mr. John Bannister, Executive Secretary
Mr. James R. Scurlock, Geologist
Mr. James A. Lambert, Administrative Assistant

Absent:

Mr. Kenneth G. Bentson, Member

Meeting was called to order at 9:30 a.m. by Chairman Owens.

It was moved, seconded and passed that the minutes of the meeting of January 22, 1969 be approved.

Reports of the Executive Secretary and Geologist were discussed and accepted.

Report was made on the Indian sales of February 20 and 27, 1969. It was indicated that bonuses being offered were much smaller than normal.

The Executive Secretary reported that the Commission's House Bills 61 and 66 probably would not be passed during the current Legislative session.

The Executive Secretary reported that the budget cut as recommended on the Governor's budget for this Commission would place the Commission in approximately the same financial situation as for the 1968-69 fiscal year. He reported that the Commission has not been ordered before either Appropriation Committee as yet and expressed doubt that the Commission would be so called.

The Executive Secretary reported on current lease play in Cochise County and that it was tied into the large lease play continuing to build up in Hidalgo County, New Mexico. Some 150,000 acres of land in Arizona have been taken as a result of this play. It is conjecture that Mobil and Humble are prime factors in this play.

Meeting adjourned at 10:00 a.m. to be followed by hearing of Case 34 and consideration of request of Consolidated Oil and Gas, Inc., for emergency order.

APPROVED March 19, 1969

Lucien B. Owens, Chairman



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

March 12, 1969

Memo to: Commissioners
From: John Bannister
Re: Report of Activity

Since our meeting on February 26 I have contacted A. A. Hopkins, Jr., and feel that a successful meeting resulted. You will find attached a full report on this situation.

As advised, I attended the Interstate Oil Compact Commission Executive Meeting in Topeka and there are no unusual activities to report, however the September meeting of the Executive Committee is planned in Anchorage, Alaska. It is hoped that our finances are such that I will be able to participate in this meeting.

I previously advised that Mr. Owens has been appointed to fill Lynn Lockhart's unexpired term and Mr. Frank Moore of Douglas has been appointed to a five year term. Mr. Moore will be with us at our March 19 meeting.

I will be out of town most of the week of March 17 - 22 inasmuch as Civil Defense is becoming active again and I am required to be in Santa Rosa the first part of the week and Sedona the remainder. I will be present for our hearing, of course.

Since our last meeting the leasing situation in Cochise and Graham Counties has essentially ended, however the interest is great. It seems that the prime mover of this play is Humble and Mobil, in combination. Shell Oil is apparently participating to a lesser extent. Indications are that there will be exploration in Cochise in the near future.

There is also evidence of renewed interest in the Sedona area by reliable parties.

Needless to say, weather in the northern part of the State has greatly curtailed drilling activity. I anticipate that there will be some loss of production in February and March due to this extreme weather.

New Permits:

Consolidated Oil & Gas #2 Navajo, NE SE 3-41N-28E, Apache
County.

Odessa Natural Gasoline Company #2 Navajo 8447, SE SE 33-
37N-29E, Apache County.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

March 10, 1969

MEMO: COMMISSIONERS
FROM: JOHN BANNISTER

RE: A. A. HOPKINS, JR.

I met with A. A. Hopkins, Jr. in Sedona on March 6th and 7th. During these meetings we reviewed all Mr. Hopkins operations with the Commission. I had with me a list of each of his actions under Permits 458, 469, 479 and 482 (list attached). Each of his actions were discussed fully - what he had done right and wrong was explained. As a result of my meeting, I feel that, with continued surveillance on our part, this situation will be under control.

Mr. Hopkins has secured a number of fee leases in the area. These fees were largely the result of early homesteading in Arizona and present somewhat of a problem as to locations to drill.

After discussion of our rules and regulations, it is my feeling that Mr. Hopkins, who indicated his principal interest at this time is securing geological information, will proceed with a series of stratigraphic tests. As you know, under our rules and regulations, a stratigraphic test does not have to comply with spacing or dedication regulations, inasmuch as its sole purpose is securing geological information. It was definitely pointed out to him that such a program would free him from spacing requirements but would in no way guarantee him permission to produce a well should a commercial production be encountered. It was explained in detail should this happen his only course of action would be to request a hearing and request permission to produce from the stratigraphic well and his ability to make a proper dedication.

A thorough discussion was held concerning the water well (which he is drilling on the Hallermund lease). Mr. Hopkins did submit to this Commission a contract with Sally Hallermund for a water well in Section 5, Township 17 North, Range 5 East, however the water well is being drilled in the SE/4 SE/4 of Section 31, Township 18 North, Range 5 East. Mr. Hopkins agreed to put this well under the Commission as a stratigraphic well. Arrangements were made to have the location surveyed and while I was at the well the surveyor reported in.

Memo: Commissioners
3-10-69
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Mr. Hopkins was informed that the Commission will, of course, carefully watch all his operations from this time henceforth. I do feel that he appreciates our desire not to be a hindrance but to work with him and that his future operations will be within the rules and regulations.

Should you have any questions, please advise.

cc - John McGowan
Case 34
Each Well File

PERMIT #482 HOPKINS #34-1Y *NENE SW NW 34-18-5*
Under bond.
Commission allowed bond transfer on 12-16-68 effective
12-23-68--went out on limb with the 34-1X.
Permit issued 12-23-68.
Commission made written request on 1-10-69 and telephoned
request on 1-16-69 to Hopkins that he furnish the
required written request to continue maintenance
of confidential status

PERMIT #479 HOPKINS #34-1X FEDERAL
SW NW 34-18N-5E
Well spudded 10-29-68 without the knowledge of the
Commission.
Permit dated 11-7-68.
Written report dated 11-12-68.
Multiple site inspections by Commission geologist.

PERMIT #469 HOPKINS #34-1
SW NW 34-18N-5E
Under bond.
Permitted 8-26-68.
Bond had to be returned for signature on 8-19-68.
Spud date (10-23-68) per our geologist's report from
information he gained at a site inspection on
11-1-68.

PERMIT # 458 HOPKINS #28-1
SE NE 28-18-5
Permitted 4-26-68.
Two letters asking for reports.
Spud date of 5-11-68 received from news service.
First written report dated 6-4-68.
Second written report was a USGS form dated 4-8-68 re-
ceived 6-7-68.
Spud date first furnished by Hopkins on report dated
6-21-68.
Completion form had to be returned as incomplete.
Copy of bond cancellation letter furnished Hopkins on
9-3-68.
Re-entered the well in November after the well had been
released to the Forest Service as a water well and the
bond had been cancelled.
Forest Service reported that they advised him that he
must be re-permitted by this office before re-entry.

OK - water well

PERMIT #482

HOPKINS #34-1Y

NEW
SWINW 34-18-5

Under bond.

Commission allowed bond transfer on 12-16-68 effective
12-23-68--went out on limb with the 34-1X.

Permit issued 12-23-68.

Commission made written request on 1-10-69 and telephoned
request on 1-16-69 to Hopkins that he furnish the
required written request to continue maintenance
of confidential status.

Commission had honored his verbal request.

Multiple site inspections by Scurlock.

Multiple telephone inquiries by Scurlock.

First written report by Hopkins dated 1-21-69.

Second written report from Hopkins dated 2-4-69.

*Run log?
copies.*

PERMIT #482 HOPKINS #34-1Y *NE NE*
SW NW 34-18-5

Under bond.

Commission allowed bond transfer on 12-16-68 effective 12-23-68--went out on limb with the 34-1X.

Permit issued 12-23-68.

Commission made written request on 1-10-69 and telephoned request on 1-16-69 to Hopkins that he furnish the required written request to continue maintenance

PERMIT #479 HOPKINS #34-1X FEDERAL
SW NW 34-18N-5E

Well spudded 10-29-68 without the knowledge of the Commission.

Permit dated 11-7-68.

Written report dated 11-12-68.

Multiple site inspections by Commission geologist.

Multiple phone calls for reports by Scurlock.

Multiple written reports furnished on 12-14 and 12-15 when Hopkins wanted to plug and abandon this well and wanted to transfer the bond to another well.

Completion form had to be returned because it was improperly executed.

Well not properly marked as Hopkins written report indicated when the site was visited on 12-17-68.

Still not completed (location not on marker) when Scurlock visited site on 12-26-68.

Commission allowed bond transfer to 34-1Y well 12-16-68 on good faith that Hopkins would fulfill all requirements pertaining to this well.

Commission allowed an amended plat to be used for this well.

add 4/4 section to pipe

PERMIT #482

HOPKINS #34-1Y

NENE
SW NW 34-18-5

Under bond.

Commission allowed bond transfer on 12-16-68 effective 12-23-68--went out on limb with the 34-1X.

Permit issued 12-23-68.

Commission made written request on 1-10-69 and telephoned request on 1-16-69 to Hopkins that he furnish the required written request to continue maintenance

PERMIT #479

HOPKINS #34-1X FEDERAL

SW NW 34-18N-5E

Well spudded 10-29-68 without the knowledge of the Commission.

Permit dated 11-7-68.

Written report dated 11-12-68.

Multiple site inspections by Commission geologist.

PERMIT #469

HOPKINS #34-1

SW NW 34-18N-5E

Under bond.

Permitted 8-26-68.

Bond had to be returned for signature on 8-19-68.

Spud date (10-23-68) per our geologist's report from information he gained at a site inspection on 11-1-68.

USGS report "to spud" and "to abandon" dated 11-2-68 was the first written report.

The well is being used as a water well for the 34-1X with the consent of the Forest Service.

Our letter dated 12-12-68 requires a cement plug from bottom to surface and disapproves the plugging program submitted.

To be plugged or water well
samples needed

PERMIT #482 HOPKINS #34-1Y ^{NENE} SW NW 34-18-5

Under bond.

Commission allowed bond transfer on 12-16-68 effective 12-23-68--went out on limb with the 34-1X.

Permit issued 12-23-68.

Commission made written request on 1-10-69 and telephoned request on 1-16-69 to Hopkins that he furnish the required written request to continue maintenance of confidential status.

PERMIT #479 HOPKINS #34-1X FEDERAL
SW NW 34-18N-5E

Well spudded 10-29-68 without the knowledge of the Commission.

Permit dated 11-7-68.

Written report dated 11-12-68.

Multiple site inspections by Commission geologist.

PERMIT #469 HOPKINS #34-1
SW NW 34-18N-5E

Under bond.

Permitted 8-26-68.

Bond had to be returned for signature on 8-19-68.

Spud date (10-23-68) per our geologist's report from information he gained at a site inspection on 11-1-68.

PERMIT # 458 HOPKINS #28-1
SE NE 28-18-5

Permitted 4-26-68.

Two letters asking for reports.

Spud date of 5-11-68 received from news service.

First written report dated 6-4-68.

Second written report was a USGS form dated 4-8-68 received 6-7-68.

Spud date first furnished by Hopkins on report dated 6-21-68.

Completion form had to be returned as incomplete.

Copy of bond cancellation letter furnished Hopkins on 9-3-68.

Re-entered the well in November after the well had been released to the Forest Service as a water well and the bond had been cancelled.

Forest Service reported that they advised him that he must be re-permitted by this office before re-entry.

OK - water well



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5151

March 11, 1969

GEOLOGIST'S REPORT

From: James Scurlock
To : Commissioners

YAVAPAI COUNTY

Hopkins #34-1Y Federal
T18N, R5E, G & SRM
Sec. 34: SW/4 NW/4
Permit #482

"TIGHT HOLE"

Total depth is 1150'. 4½" casing was set to 1038'. Well is still pumping approximately 115 barrels of fresh water per day. Mr. Hopkins feels that once this water is pumped down sufficiently, he will then be able to acidize the Devonian Dolomite. If there is oil in the area, this should bring it in. Jay Shields, the geologist, seems to be impressed by the "rainbow show of oil" which accompanies the fresh water. This rainbow show is to be expected from the Devonian inasmuch as it is known to be pet-roliferous; that is, the Devonian in this area is characterized by an odor of oil on fresh break. Another instance of this Devonian oil staining can be seen on the highway cut 6 miles north of Payson where the highway crosses the East Verde River. It has also been reported that the Devonian in the Grand Canyon, the Martin Formation, carries this same slight staining and odor of oil; however, not to such an extent, as far as we know, to ever give rise to what one might call an "oil seep".

Riddle #3-A Federal
T17N, R4E, G & SRM
Sec. 3: NE/4 NE/4
Permit #485

Riddle is still shut down at 1183'. They have had a lot of trouble with the rig motor and finally were forced to replace it entirely. There has been a lot

Page 2
Geologist's Report
3-11-69

of rain and snow recently, and the area is still covered with snow. They should be back drilling in a few days.

COCONINO COUNTY

Hopkins #1 Stevenson
T17N, R6E, G & SRM
Sec. 8: SE/4 NW/4
Permit #486

"TIGHT HOLE"

This well was turned over to Mr. Stevenson to be used as a water well.

Eastern Petrol #1 Fed Moqui Bardo
T14N, R11E, G & SRM
Sec. 10: NW/4 SW/4
Permit #464

"TIGHT HOLE"

Total depth is 3681'. This well was abandoned on 2-13-69. It was turned over to the Forest Service as a water well.

Tops given:

Kaibab	Surface
Coconino	394'
Supai	1092'
Naco	2289'
Molas	3252'
Redwall	3259'
Martin	3371'
	Total Depth

APACHE COUNTY

Consolidated Oil & Gas #1 Navajo
T41N, R28E, G & SRM
Sec. 2: SW/4 SW/4
Permit #481

Total depth is 5900' in the Devonian.

Tops given:

Desert Creek	4726'
Akah	4888'

Set 7" at 5899'. Perforated Akah zone from 4897' to 4909' (injection zone). Perforated Desert Creek from 4739' to 4743' (production zone). Ran pumping string (for production) 2 3/8" tubing set at 4807'. Set injection string, ran 2 3/8" tubing to 4840. On 24-hour test well pumped 240 barrels of water--no oil.

Page 3
Geologist's Report
3-11-69

Have run dye tracer revealing communications between the two strings. Possibly a leaky seal in the packer or a leak in the tubing. Preparing to put workover rig back on location and pull string to investigate this mechanical difficulty.

SCUTTLEBUTT:

The big lease play in Cochise County continues. The State Land Department reports that approximately 300,000 acres of State land have been recently leased. Most of this acreage is centered around the Wilcox Playa area, the Portal area, and the extreme southeastern corner of the State lying to the east of Douglas. Leasing is being done by brokers from Midland, Shreveport, and Abilene.

We understand that 27 seismic crews are working in Hidalgo County, New Mexico. Apparently, this Cochise County play is a spillover from the New Mexico side. Humble drilled a 14,000 foot test in southern Hidalgo County a few years ago located about 35 miles from the Arizona line. This well reported a slight show of oil staining in the Permian Formation from 1748 to 1753'. A show of gas also was reported from 4190 to 4219'. Gas to surface on a drill stem test in 32 minutes, estimated at 10 MCF per day.

AGENCY Oil & Gas Conservation Commission

DIVISION _____

IDENTIFICATION CODE NO. 1-7-10-000-0000

1	2	3	4
CLAIMS PAID YEAR TO DATE	OBJECT CODE NO.	DISTRIBUTION OF EXPENDITURES CLASSIFICATION	CLAIMS PAID MONTH OF <u>Feb 1969</u>
28,638 76	110	1 Salaries, wages: employees	1 3,625 00
825 00	150	2 Per diem: board members	2 150 00
		3	3
287 12	211	4 Postage	4
1,132 75	212	5 Telephone, telegraph	5 153 75
1,149 03	221	6 Travel-State: meals and lodging	6 45 90
489 10	222	7 mileage reimbursed private cars	7 53 00
91 48	223	8 fares for planes, trains, etc	8 271 51
962 83	224	9 State-owned auto expense	9
24 75	225	10 telephone, taxi, etc	10
40 00	226	11 registration fees at meetings	11
		12	12
		13	13
148 25	231	14 Travel-out of State: meals and lodging	14
700 00	233	15 fares for plane, train	15
3 00	234	16 State-owned auto expense	16
54 75	235	17 telephone, taxi, etc	17
15 00	236	18 registration fee at meetings	18
		19	19
205 00	240	20 Professional services	20
		21	21
47 88	262	22 Mntns/repairs to office equip., furniture	22
169 80	294	23 Legal advt., notary, court, recording fees	23 89 62
	295	24 Transportation of things (well samples)	24
3,824 71	299	25 Miscellaneous (blueprint service, Ariz Bu	25 1,825 00
		26 Mines, Museum N. Arizona)	26
		27	27
		28	28
407 41	310	29 Office supplies	29 75 82
456 23	360	30 Scientific supplies	30
3 06	370	31 Mntns supplies (duplicate keys	31
60 33	390	32 Other supplies (film	32
		33	33
		34	34
7 52	411	35 Rent, office equip: copy machine	35
		36	36
14 50	421	37 Bond (notary public)	37
81 25	430	38 Subscription/organization dues	38
		39	39
		40	40
352 56	611	41 Office equipment/furniture	41
		42	42
		43	43
		44	44
		45	45
250 00	995	46 To create revolv fund	46
		47	47
		48	48
		49	49
		50	50
		51	51
		52	52
		53	53
		54	54
		55	55
90,435 05		TOTAL	6,339 70

MONTHLY FINANCIAL REPORT

1	2	3	4	5
RECEIPTS MONTH OF	CLASSIFICATION	APPROPRIATED RECEIPTS	UNAPPROPRIATED RECEIPTS	TOTAL ALL RECEIPTS YEAR TO DATE
Feb. 1969	1 Permits to drill		25.00	600.00
25.00	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
25.00	TOTAL CURRENT MONTH RECEIPTS		25.00	XXXXXX
	TRANSFERS IN		(150.00)	
XXXXXX	BALANCES BROUGHT FORWARD		5,832.25	XXXXXX
	TOTALS - MONTH AND YEAR TO DATE		5,707.25	600.00

6	7	8	9	10	11
CLAIMS PAID MONTH OF	EXPENDITURES FUND TITLES	TOTAL AMOUNT AVAILABLE YEAR TO DATE	CLAIMS PAID YEAR TO DATE	OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
Feb. 1969	1 Personal Services:				
3,625.00	2 General Fund	27,262.50	23,126.26	-	4,136.24
150.00	3 Conservation Fund	6,750.00	6,337.50	-	412.50
319.19	4 Current Expenditures	4,511.25	2,889.79	970.21	651.25
369.91	5 Travel-State	5,545.00	2,757.19	1,686.72	1,101.09
-	6 Travel-out of State	3,248.00	921.00	140.00	2,187.00
-	7 Current Fixed Charges	525.00	95.75	-	429.25
-	8 Professional Services	2,800.00	205.00	200.00	1,595.00
-	9 Capital Outlay	582.00	352.56	-	229.44
1,875.00	10 Museum N. Arizona	1,875.00	1,875.00	-	-
-	11 Arizona Bureau Mines	1,875.00	1,875.00	-	-
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				
	21				
	22				
	23				
	24				
	25				
	26				
	27				
	28				
	29				
	30				
6,339.10	TOTALS	54,173.75	40,435.05	2,996.93	10,741.77

FORM 12-A POST AUDITOR

TO BE FILED WITH THE POST AUDITOR BY THE 15TH OF EACH MONTH



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

March 4, 1969

MEMO: COMMISSIONERS
FROM: JOHN BANNISTER

RE: REGULAR MEETING & CONSOLIDATED OIL & GAS, INC., HEARING.

A quorum will be available to conduct our regular monthly meeting and Consolidated Oil and Gas, Inc., hearing on March 19th, consequently Chairman Owens has suggested that we "get back on schedule". Accordingly, the next Commission meeting will be March 19th beginning at 9:30 a.m., with the Consolidated hearing scheduled at 10:00 a.m.

Mr. Owens, Mr. Siler and Mr. Moore have indicated that they will be present. Mr. Bentson and Mr. Bilby have indicated that in all likelihood they cannot be present. Should you have any question, please contact this office.

May I again remind you that your 1969 license plate numbers should be submitted to the office as soon as possible so that proper travel records may be maintained.



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1824 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

March 4, 1969

MEMO: THE COMMISSION
FROM: JOHN BANNISTER

RE: A. A. HOPKINS, JR., CASE NO. 34

As a result of our hearing on February 26th concerning the above case, I requested Mr. Hopkins to supply me with the following:

- a. Copy of Federal application A 3097.
- b. Memo of oil and gas lease dated January 9, 1969, between John D. Stevenson et ux and Dal Petroleum Company.
- c. Letter agreement dated February 17, 1969 between Sally Hallermund and A. A. Hopkins, Jr.
- d. Memorandum Oil and Gas Lease dated November 27, 1968 between Sally Hallermund and Dal Petroleum Company.

I would like to make the following comments concerning the documents listed:

a. Application A 3097: The application for Federal Oil and Gas Lease is made out to Robert H. Spreen. Receipt attached to the application specifically instructs the applicant that "this in no way authorizes use of the land nor does it convey any interest at this time". The application does cover a portion of the land in Section 8, Township 17 North, Range 6 East, however the land so covered is in no way involved in the acreage dedicated to the Stevenson Well. It does, however, lie adjacent to it.

b. Purported to be Stevenson Lease: The instrument, however, is titled "Memorandum of Oil and Gas Lease". It specifically contains wording pointing out it is not a lease, it is merely a memorandum concerning acreage involved, consequently there is no proper lease. The Stevenson lease comprises approximately 20 acres in the SE/4 of the NW/4 of Section 8, Township 17 North, Range 6 East. As you will recall, Mr. Hopkins dedicated 80 acres comprising the S/2 NW/4 of

MEMO TO COMMISSIONERS

3-4-69

Page 2

Section 8. The only color of title submitted by Mr. Hopkins is as to this 20 acres. It is to be noted that the Memorandum of Oil and Gas Lease is a contract between Stevenson and Dal Petroleum Company, executed by Mr. Hopkins as its President. No instruments were submitted showing Mr. Hopkin's right to operate this land as an individual. The instrument has been properly acknowledged by the parties thereto, however no evidence of recording is shown.

c. Hallermund Agreement. This letter agreement is dated February 17, 1969 between Mrs. Hallermund and A. A. Hopkins, Jr., as Operator, and sets forth his right to drill a water well situated somewhere in Section 5, Township 17 North, Range 5 East, and indicates this well is to be drilled to a depth of 1100 feet or shallower, at Hopkin's discretion. It further contains the wording:

"In the event oil or gas in commercial quantities may be may be encountered while drilling said well you agree that I may complete said well as an oil or gas well and pay to you one eighth (1/8th) royalty of all oil, gas or other hydrocarbon substances that may be produced, saved or sold from said well."

This is the only instrument submitted concerning Section 5, Township 17 North, Range 5 East. If this language is considered as an oil and gas lease, it would not be a good lease inasmuch as it does not comply with the provisions for the necessary transfer of realty or interest therein.

d. Hallermund Lease: You will recall that the application dedicates the N/2 SW/4 of Section 27, Township 17 North, Range 5 East. Mr. Hopkins submitted no record of title to this acreage, however the Hallermund Lease submitted covers acreage only in Township 18 North, Range 5 East. Again, this is a Memorandum of Oil and Gas Lease, improperly executed by Mrs. Hallermund. Again it purports to be a lease between Hallermund and Dal Petroleum Company, signed by Mr. Hopkins as President, again no instrument showing his right to operate as an individual on this lease was submitted, the instrument has not been acknowledged by Mrs. Hallermund nor is there any evidence of the instrument being recorded.

In summary, the instruments submitted failed to show any color of title in the Hopkins application, shows only approximately 20 acres of the 80 acres dedicated to the Stevenson Well as being in Mr. Hopkins control.

I have an appointment with Mr. Hopkins on March 6th and will go fully into his total operations. It is hopeful that as a result of this meeting his activities within the State and with this Commission will be handled more properly.