

Texas Canadian Oil Corp., Ltd.

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Arp, Texas

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General A.D. McRae,

I have made very little progress with our 6500 acre wild cat block in Angelina County. The major companies have not been giving much support to new drilling, however I got some very good promises and I feel sure that as soon as program of 30 wells are completed here that we can make successful attempt to prove this acreage with no cost to us, we could sell 4000 acres of this block and have plenty left. Our contract does not call for drilling here before the 1st of March and a possibility of further extension if necessary. With regard to this contract there is no financial obligations except that we forfeit this big block if drilling operations is not started on time. The geology on this acreage is very good, as a matter of fact the first oil ever discovered in the state of Texas was found in Angelina County and I feel sure there is a good size pool either somewhere under this acreage or close to it.

I am writing our Toronto office to arrange a meeting for either the 4th or 8th of February, I prefer the later date as it would give us plenty time to discuss every angle of the situation here, as advised before we are to a great disadvantage in not having our full office records here. There seems to be no change in the price of oil and as everything is usual in the field, no hot oil has been run nor has any of the little refineries been able to start up since the recent Court Decision.

With kind regards, hoping to see you in Toronto shortly,
I am.

Yours truly,

TEXAS-CANADIAN OIL CORPORATION LTD.

By

P.D. Bowlen
P.D. Bowlen, President.

FDB/p

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

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