File IT 2 CB

February 24, 1927.

Dear Sarah:

This is the first moment I have had to write since I left New York. They kept me so busy with entertainments that I had difficulty in getting in the business.

Howard came down from the Lease Monday morning. It is the first time that I have seen him since he was a child and I was impressed by his general appearance and good sense. He thinks that we ought to keep the Lease, buy out the one-fourth and let him take as much of it as he can swing. I think his father has left him something and he says that he has been saving. He is going to buy out the 48th, to divide it into five parts, would make it too small to handle. He says that it is just getting into paying shape. They are pumping 42 wells. The gas pressure has been applied in one locality, it is slow showing results, but he says that the production of one of the wells has been doubled. The gas which they use is dry and it comes out from the well fit to go again to the gasoline plant. He says that one of the leases nearby has had its production increased 50% and a considerable addition made to the gasoline by this process. He is certain that we can bring up the production of the old wells by 50%.

Howard is all for drilling on the under-developed one-third. He says that we have all the pipe that we shall need for some time, also full equipment for putting down one new well and helping on a second. I asked him what he thought the production was worth a barrel. He said about $5,000.00. As I understand it he would be willing to pay for part of the one-fourth if we took it over, at that rate. Of course in selling or buying it is only the net that is considered and gasoline is put in at about the rate of two barrels of oil to one of gas. Howard thinks that we would make a real mistake in selling now, but that we ought to buy. He thinks that he can run the lease more cheaply, says that if we will give him $200.00 a month that he will hire all of the additional help needed, has a good man who has been doing Bue's work for some time and he can get him every other day. If you think it wise to go on with the lease and to accept this proposition, you ought to have a clear understanding about the extra work. Ask him if the pulling of wells is taken care of by or by us, also how about teaming. There is no doubt that if How had an interest in the lease he would manage it more carefully, and I am convinced he will do better without his father. I think he would like to know our decision about wages as soon as possible.

GEORGE BAYLISS - George came to see me on Tuesday at Iris's. I have an idea that he thought we were going to ask him if he wanted to buy the lease, but am not sure. I did not put that to him at all, but talked about the advisability of our buying out Mrs. T. Told him that she was a ~~racket~~ nuisance, which he said he knew very well, said that he would not think of trying to run the lease with her as a partner. I told him about the last year's returns. He was surprised I think, did not think that we had as much oil and gas and did not know about the undeveloped section. He figured that if we would offer her $4,000, it would be fair. Thinks that she might consult some friend here, Mr. Egbert, for example, who would put a higher price on it, but he said emphatically that he would not pay more than $4,000, himself. I told him what Howard said about the gas pressure and he seemed to think that was an argument for our holding out. Thinks the $200.00 a month high, but he is paying $125.00 and $150.00, for the care of fewer wells and no gasoline plant. He took me down to see Mr. Stevens at the Bank. They had laid out for him my account and yours and he did not know one from the other, but George and I straightened him out. George had looked the accounts up too before coming to see me. I put the case to him in the same way that I had to George. Told him that Mrs. T, was such a nuisance that you were not willing to go on. He said that you ought to insist that all the oil from the lease be sold in the name of Tarbell & Co., and that she receive only the net after expenses. I asked him what he thought of our buying her interest - he said by all means do it, if we were going to keep the lease. We talked price and he said quite frankly, if you are going to sell you should ask $5,000, but if you are going to buy offer $4,000, that you have an excellent case, the lease not having paid anything this last year and requiring considerable investment in order to bring it back. I told him what Howard said, and he said of course he is right, but it will take time and money to get results. He says that if we make the purchase you better come on and take a desk in the bank, that they will give you all the clerical help you need, and it seems there is something of a task to sell an oil interest. He said also that if the bank can do anything for you in the way of credit that all you have to do is tell us what you want. He says that they are pleased with the way you handle things and evidently are relieved because I took up the other account. We did not talk selling at all, for I wanted to get them committed to a fair price for buying. Of course have with Mrs. T, the additional advantage that she must pay her share of the obligations against the lease which I figure to be about $1800.00.

BRYAN - Sam Bryan telephoned to Iris saying he wanted to see me. Came up to tell me that he thought that we ought to install an air pressure pump, that he had doubled the production on one of his leases, thinks it would pay us to put in something worth $5,000 to $10,000. Told him that Howard was already using gas pressure with little or no cost and that we could re-use the dry gas. He seemed much disappointed. I didn't give him any encouragement. He has no gas on the lease that has been improved, that is, none to speak of.

I think you better write Howard that his proposition has been put up to you but that you will have to wait until I get back and we talk it over, as it looks to me now, I think I would be willing to go on with the property, putting in money to buy for you and me all of the interest that Howard does not take. If we do this, I should insist that you take a salary for the accounts, that is if you want to go on with the accounts. Think it over and we will discuss it when I get back, which will be about the 7th, I think.

Of course I had a beautiful time in Titusville. They were very considerate, letting me rest until after my lecture, but that over, they put me thru the paces, and I did not have a moment except what I stole for talking with the men above.

I arrived here last night very tired and taking today off to get rid of a little correspondence. Tell Mrs. King ~~xxx xx~~ that I received her first letter and that she is handling the correspondence all right. She better write me every day. I'll give you news about people later.

Love to you,