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July 30, 1996

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RE: C.J. Price Lands,
Pecos County, Texas.

Dear Folks:

The old expression of "when it rains it pours!" seems to have been bogging me down lately. Not long after you two and Bill Burton "breezed" through the country out here in mid-June I found myself deluged with so many "panicky" tasks of various natures that it's been a long 45-day struggle to achieve some semblance of order. As a consequence, I've been able to work on your request only a bit at a time. But, I think now I have enough of a "grasp" of your holdings to submit you a "narrative".

My understanding is that you would like to know exactly what it is you own, approximately what it is worth, and the events of its history. I shall try to do this from the basis of my own research, experience in the area, conceptions, and understandings. It may be that some of my background discussions will be more than you wanted and that some of my opinions and estimations may not seem as well documented as you would like. Hopefully, you will be able to forgive my shortcoming in these areas.

The Prelude:

It was, undoubtedly, the lures of plenty of cheap land, the fabled Pecos River, and the fever of the nationwide "irrigation boom" of the early years of the twentieth century that "tickled the fancy" of investor C.J. Price, of Topeka, Kansas, when he decided to invest considerable sums in Pecos County, Texas, in 1908.

The irrigation of the tillable soils was nothing new to Pecos County by the end of the nineteenth century. There had been numerous successful projects during the previous thirty years; but, these had been, for the most part, the utilization of waters from the numerous large natural springs in the area.

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The region was still very sparsely settled at the time, and millions of acres of land in western Texas were owned by various railroad companies, a scattering of "homesteaders", and the State of Texas. These vast unsettled areas were being used, for the most part, by seasonal cattle ranchers owning land only around small springs and paying little or nothing to the railroads and the State for the grazing lands which they enjoyed.

After the Civil War of the 1860's, the nationwide "railroad boom" of the entire western one-half of the nation began with a frenzy when the national government offered the railroads "so much land for each mile of track laid" over the federal domain of lands west of the Mississippi River and when the State of Texas, having its own domain of lands in western Texas, did the same thing. By about 1881 the grants of land to railroads ceased, and those who had already earned lands in western Texas began to establish surveys to identify their holdings. For the most part, the State required these surveys to be laid-out so as to establish boundaries for twice the amount of land that the railroads were acquiring. Thus, in most instances, the railroads would own alternate sections and the State would retain the other ones.

The Houston and Great Northern Railway Company was one of those acquiring lands in western Texas, and numerous "Blocks" of surveys (or sections) in Pecos County bear their name. The Block 12, of the subject lands, is one of these; and it was laid out along the southern banks of the Pecos River in such a fashion that each 640 acre tract had about one-half mile of "river-front" with the remaining acreage extending away from the river in a southward direction for some two miles.

Most of the railroads wanted to sell their lands for cash as quickly as possible and to be "out of the land business". But, buyers were few and the H. & G.N. Ry. Co., among others, ended up selling the most or all of their lands to eastern investors quite cheaply. These, too, found the "going to be slow"; and they were still looking for buyers for a number of years after 1900.

The State of Texas was, also, anxious to sell most of their western Texas lands for badly needed money and to promote migration and settlement to that region. The State issued various kinds of "script" for the acquisition of lands to Civil War veterans, and many others, and passed a series of "homesteading acts" for settlers to acquire lands that they would "live on and improve". There were some abuses in this system of the transfer of State lands to individuals, of course; and it is reputed that many of the large western Texas land holdings were put together by the "cowboys" (ranch hands) establishing "homesteads" on lands

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within the ranch operating boundaries. These were, as a pre-arranged understanding, later sold to the ranch owner. Other types of "homesteaders" wanted to own their own land and start a ranching enterprise for themselves while others desired to sell the land for a profit once acquired from the State. In any event, by 1900 the State terminated the homesteading acts when practically all of the western domain lands were either sold or allocated to the state schools and the outstanding "scripts" for acquiring lands by various means.

The Acquisition - 1908.

In 1908 two people showed up for the first time in the Pecos County Courthouse records who were involved in land dealing on the subject lands - F.M. Robinson of Comanche County, Oklahoma, and Charles James Price, and his wife Ella C. Price, of Topeka, Shawnee County, Kansas. It is felt that the relationship of these two men had been established for some time prior to the Pecos County land deals. Robinson may have been acting as an agent for Price or he may have had prior dealings with him in the making of investments. The courthouse records do not reflect any arrangement of agency, but the short span of time between Robinson's acquisitions and his transfer of these to Price indicates continued communication between the two. Also, during several years both prior to and after the Robinson-Price dealings, neither man was engaged in activities in other areas of Pecos County. The fact that Robinson seems to have profited quite handsomely from the dealings (as will be discussed below) probably means that he was, simply, a "promotor" and that Price was a willing and knowledgeable "promotee" who didn't mind others making good profits so long as the "package" was good and solid.

Frank M. Robinson moved swiftly in late 1908 to put together the "package" of lands that he soon sold to C.J. Price.

On November 3, 1908, he bought the five "odd" numbered sections of the package from Thomas R. White, Jr., through his agent Ira H. Evans of Austin, Texas. White was the New Jersey investor who had in 1894 bought all of the H. & G.N. Ry. Co. lands in Pecos County (146,113 acres) from the Phepps family. The total land Robinson bought from White was 3,186.5 acres and the cost was \$5.00 per acre, a total of \$15,932.50 with \$3,186.50 cash down and \$12,746.00 in time-deferred notes. (Deed Records Volume 14, Pages 449, 451, 454, 457, and 460).

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A month later, on December 4, 1908, he contracted with one Z.T. Brooks (Contract Records, Volume 1, Page 78) to purchase all of the even numbered sections of the package upon which Brooks was purportedly living and improving and about one year away from gaining ownership from the State of Texas under some type of "land script" (The Patents, or "deeds", issued much later in 1948 by the General Land Office of Texas referred to the "scripts", or certificates, that allowed the purchase of the lands from the State as having been issued to "Miss M.E. Brooks upon a filing on December 5, 1906, under laws for regular sales of Public Free School Lands"). These lands were in nine tracts and comprised 5,064.62 acres (later resurveyed to be 5,094.86 acres, or 30.24 acres more). The cost was \$3.07 per acre plus a long term debt to the State of Texas of \$2.50 per acre (thought to be correct but not proven) for a total of \$5.57 per acre. Robinson paid Brooks \$1,000.00 in cash and signed four notes each bearing 6% interest from the date of contract for a total of \$14,548.71 - one for \$2,242.05 due on December 26, 1908, one for \$2,177.42 due on March 1, 1909, one for \$5,064.62 due on December 20, 1909, and one for \$5,064.62 due on December 5, 1910. Thus the total cost was \$15,548.71.

In just a little over one month Frank M. Robinson had his "land package" ready for C.J. Price to buy and take over; and, in the last ten days of December of 1908 the transfer was accomplished.

On December 22, 1908, F.M. Robinson executed five deeds to C.J. Price for the five odd-numbered sections (Deed Records, Vol 14, Pages 462, 466, 467, 468, and 470) that he had acquired from T.R. White, Jr. The price on the 3,186.5 acres was \$12.00 per acre consisting of \$25,492.00 in cash and the assumption of \$12,746.00 in notes due to T.R. White, Jr. The profit to Robinson was some \$23,000.00.

On December 23, 1908, F.M. Robinson contracted with C.J. Price to assign him all of his rights to buy the 5,064.62 acres of lands under the previous contract with Z.T. Brooks (Contract Records, Volume 1, Pages 82 and 78, respectively). The contract stated that the consideration was "\$10.00 and other good and valuable consideration", so that we cannot determine what profit F.M. Robinson made on this transaction. He had already paid \$1,000.00 to Z.T. Brooks. For sure, he must have gotten that back plus some unknown amount of profit. Just to have a "number", we'll assume that he got another \$1,000.00 and ended up making most of his profit on the T.R. White, Jr. lands (which was a considerable profit).

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On December 30, 1908, the Contract Records (Volume 1, Page 81) show where Z.T. Brooks acknowledged receiving \$4,446.50 in the form of a draft (#245,590) drawn by the "Bank of Topeka", Kansas on the Fourth National Bank of New York in favor of Frank Robinson. This was to pay for the first two notes of F.M. Robinson to Z.T. Brooks due December 26, 1908, and March 1, 1909. There should be little doubt that these funds came from C.J. Price in Topeka, Kansas, and that he was solidifying his position so that the next note payment would be one year away in December 1909.

So, by New Year's Eve of 1908, C.J. Price fully owned 3,186.5 acres in the subject Block 12 of Pecos County and had a strong contractual position to purchase another 5,064.62 acres as soon as Z.T. Brooks fulfilled his "script" requirements for the State of Texas.

At this point, the investment of C.J. Price in Pecos County lands appears to be as follows:

<u>Source</u>	<u>Acres</u>	<u>Cash Paid</u>	<u>Notes Payable</u>	<u>Total Cost</u>
T.R. White, Jr.	3,186.50	\$25,492.00	\$12,746.00	\$38,238.00
Z.T. Brooks	5,064.62	6,446.80 (*)	10,129.24	16,576.04
Totals	8,250.12	\$31,938.80	\$22,875.24	\$54,814.04

(*) Assuming F.M. Robinson made a \$1,000.00 profit.

The costs stated do not include the long term debt to the State of Texas on the lands from Z.T. Brooks. These costs were paid much later in January through June of 1948 by the Price-Miller-McClintock joint owners. Thus, on the first day of 1909, the investment of C.J. Price is thought to have been, including cash and debts, something close to \$55,000.00 or, roughly, \$6.70 per acre of land purchased, both surface and minerals.

Subsequent events appearing in the Pecos County Courthouse records attest to C.J. Price having paid off all of the debts and to the perfecting of the title to the State lands:

March 18, 1910, the General Land Office of Texas accepted the "Proof of Occupancy" on the even-numbered Sections filed on behalf of Z.T. Brooks in Deed Records, Volume 18, Page 84.

October 4, 1910, Z.T. Brooks issued a release to C.J. Price for the debts due him in Deed Records, Volume 16, Page 380.

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November 27, 1912, T.R. White, Jr., issued a Release of Vendor's Lien on the purchase of lands from him in Deed Records, Volume 27, Page 120.

January thru June, 1948, Patents (Deeds) are issued by the State of Texas in the name of Z.T. Brooks for the even-numbered sections in Patent Records, Volume 7, Pages 156, 157, 158, 169, 170, 171, 172, 176, and 177.

The Irrigation Scheme.

Once the land purchases had been secured, C.J. Price set out to appropriate sufficient waters from the Pecos River to irrigate his lands once he would be able to clear and prepare them for farming.

He submitted three separate filings, with maps, to the County Clerk of Pecos County to establish his "appropriation" of Pecos River waters. These are in the Irrigation Records, Volume 2, Pages 91, 93, and 106.

The first was filed on February 2, 1911, and it was submitted with a crudely drawn map showing that he proposed to build a dam and a headgate some 9 airline miles up river from his lands and to build a 35 foot wide by 5 foot deep canal, to carry some 500 cubic feet per second of water, southeastward to his lands for the purpose of irrigating 40,000 acres of lands. The name of the canal would be "Eureka".

The second was filed on May 11, 1911; and it was similar to the first except that the dam was to be over 10 air-line miles up river from his lands, its canal would be called "Eureka Canal No. 2", and the map submitted was more finely drawn, probably by the "Williams Boys" of Fort Stockton who were engaged in surveying and map making at the time. The "Williams boys" were sons of a pioneer surveyor and lawyer in Pecos County.

The third and final filing, on June 22, 1912, indicates that the planning had now been "fine-tuned" because (1) the dam and headgate are now only 8 air-line miles up river because the "ideal dam site is found on Section 9 (Block 11, H & G.N. Ry. Co.) with bed-rock all the way across the bottom of the river whereas in Section 3 (previous site) bed-rock is found

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thirty eight feet below low water", (2) the canal (still named "Eureka Canal No. 2") is now only 21 1/4 feet wide, (3) the waters appropriated are still 500 cubic feet per second, (4) the canal has been re-designed to a smaller size to carry 66 cubic feet per second, and (5) now the map is large and professionally done on June 20, 1912, by W.W. Colpitts, Professional Engineer of Kansas City, Missouri.

The Taking-In of Partners.

Now that the lands were secured and the "irrigation" filings and planning were done in late June of 1912, it was time to take partners into the venture. Whether this was pre-planned or whether C.J. Price needed to bring-in additional capital monies is not evident. Remember that there were still debts to be paid from the land purchases that would mature rather quickly and the debt to the State of Texas on the even-numbered sections would eventually have to be paid.

In any event, during the last half of 1912 C.J. Price sold one-half of his venture to other people in Topeka, Kansas; and, thereby, raised considerable cash, some of which was used to liquidate the near-term land debts.

On August 10, 1912, C.J. Price sold 3/8 of his holdings to the Miller Livestock and Investments Co. (Deed Records, Volume 26, Page 348) for \$30,937.50 which represented a sale at \$10.00 per acre yielding a profit to Price of something over \$2.00 per acre on the acres sold. Filed simultaneously with the deed to "Miller", and dated August 17, 1912, was a Quit Claim Deed from Frank M. Robinson, and wife Nellie W. Robinson, now of Jackson County, Missouri, for C.J. Price's 5/8th interest and "Miller's" 3/8 interest in the five sections acquired from T.R. White, Jr. Apparently, the "Millers" wanted further assurance that Robinson had no further liens against the lands.

On November 12, 1912, C.J. Price sold another 1/8 interest of his holdings to J.C. McClintock for \$6,948.10 which represented a sale of \$6.70 per acre which was very close to Price's actual cost in the lands. Dr. John C. McClintock was married to C.J. Price's sister, Ray Price McClintock.

With the funds thus generated C.J. Price paid off the final land debt to T.R. White, Jr. and received a "Release" from him

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on November 27, 1912, as listed above. There was, at this time, one last debt on the lands; and this was to the State of Texas on the even-numbered sections. In the deeds from C.J. Price to "Miller" and "McClintock" it was specified that they would be obligated to pay their shares of this debt. The debt to the State carried a very low rate of interest and was not due and payable until something like 40 years. Most people owing these debts deferred paying them until they were due as the Price-Miller-McClintock group did when they paid them in 1948.

The deeds to Miller and McClintock included the transfer to them of their respective fractions of interest in the irrigation filings and enterprise. Everything was now in place for the farming development.

The Irrigation Boom "Busts"!

As the year 1913 dawned C.J. Price had the Pecos County lands paid for and his plan to develop a farming enterprise were complete. But, time had run out, as the rush of "boomers" to appropriate the waters of the Pecos River had resulted in far more appropriations than the river could ever conceivably carry; and the State Legislature was making plans to remedy and "rein in" this situation, which was a common problem for a number of streams about the State. A quote from "The New Handbook of Texas", Texas Historical Association, 1996, probably describes the situation the best:

"...Since 1895 land acquired from the state has no longer carried riparian water rights as a matter of course. Instead individuals must appropriate water rights from the state through established statutory procedures.... Between 1895 and 1913 a landowner could appropriate water from a stream merely by filing a sworn statement and map with his county clerk describing the diversion. It is not surprising that under this loosely administered system, water-rights claims often overlapped, described unrealistically large irrigated acreages, or claimed more water than the stream could possibly supply. These rights are called "certified filings" because after 1913 the state recognized and recorded certified copies of the early diversions, which amounted to almost 1,000 certified filings. A 1913 statute introduced a more modern and strictly administered appropriation procedure."

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It is probable that C.J. Price was never able to "put a spade in the ground" on his irrigation project, as the saying goes; and that he could not get his prior irrigation filings "certified" after the actions of the State Legislature in 1913.

Some parts of the "irrigation boom" did survive on the Pecos River for a time, but these were far upriver from the C.J. Price holdings. All of these remained on tenuous ground, being plagued with too little financing and too much "promotion" to sustain a viable system of dependable water supply to their irrigated lands. Some of the dams actually built were washed away in the periodic floodings on the Pecos River; and the severe drought of 1916 to 1918, World War I, the recession following that war, and, then, the economic depression of the 1930's served to hamper these projects from becoming self-sustaining. Finally, in 1936 a dam was built, with funds provided by the U.S. Government, just a few miles south of the Texas-New Mexico border named Red Bluff Reservoir. This dam was to provide water to a series of irrigation districts in Reeves, Ward, and Pecos Counties extending just a few miles south of Imperial, Texas, and about 18 airline miles upriver from the C.J. Price lands. From about 1937 to 1955 farming in these areas was good. Everyone thought, with the completion of the Red Bluff Dam, the water problem was solved. This was not to be. The people in New Mexico began building dams further up the Pecos River, and the irrigation "boom" on the Pecos River in Texas was finally "busted" for good.

The Lean Years - 1913 to 1926.

After the irrigation scheme "fizzled", there was nothing to do with the "package" of lands that C.J. Price had assembled except to "hang-on". Apart from paying land taxes and trying to collect grazing fees from anyone operating a livestock operation on and near the lands, there was not much going on in this period of time except for drought and war and the recession of its aftermath. On March 29, 1925, C.J. Price's sister, Ray Price McClintock, died leaving as heirs her husband, Dr. John C. McClintock, and four daughters, Ruth P. McClintock Mohler, Helen I. McClintock, Gertrude V. McClintock Whitcomb, and Frances R. McClintock Shoemaker.

The Roaring Twenties and the Pecos County Oil Boom of 1926.

The gigantic Yates Oil Field of far eastern Pecos County

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was discovered on October 28, 1926, while Mid-Kansas Oil & Gas Co. and Transcontinental Oil Co. were drilling a joint test well. When the drill bit was nearing a depth of 1,000 feet the "thing blew out" unexpectedly, spewing oil all over the surrounding countryside. It took several days to get it under control. By this time the news had spread rapidly, and those who were still loudly proclaiming that "there's no oil west of the Pecos River" were drowned out by the noise of the stampede of drillers, oil operators, lease hounds, and mineral speculators dashing westward across the river.

It was an "Oil Boom" of classic proportions; and leases were being negotiated, mineral interests were being bought, and cable-tool drilling rigs were "pounding the earth" all over the Trans-Pecos region. The county seat of Fort Stockton became a "boom-town" with some two dozen or more oil "scouts" living in the three-story rock Stockton Hotel and having nightly "drinking bouts" as they exchanged the latest "hot" information as to who was doing what and how the "wells" were going. Most of the activity was "at random", being based on very little "scientific" evidence and being prompted by such things as "dowsing", "bends in the river", "high ground", "sparse vegetation", and so on.

The C.J. Price group was, no doubt, caught up in the excitement of this time, and it is likely that they were approached by one or more persons to sell all or a portion of their mineral interests. If so, then they wisely declined; and the only known oil and gas lease made during this period was on March 19, 1929, covering Section 6. A well was drilled by the Jay Hawk Oil Co., the #1 Price, to a depth of 1,735 feet having no shows. It reported to having had a "hole full of sulphur water" from depths of 625 feet to the bottom. It was plugged

Explanatory Note. No attempt was made to study all of the oil & gas leasing activities on the subject lands, nor the various rights-of-way granted to public roads or pipelines. A sampling indicates that oil & gas leasing activities began in late 1929 and continued from 1937 with consistent regularity on to the present. A rough estimate would be that the "Price Group" has received, over the years, enough "bonus" payments on oil and gas leases to recover their original investment by several times, not to mention the royalties received

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since actual substantial production began
after 1960.

Depression Years of the 1930's.

In November of 1929 the stock market on Wall Street in New York City crashed, sending the entire nation into an economic depression of dire proportions. The effects moved in the fashion of "falling dominoes" as the "tidal wave" of economic failure moved rapidly southward and westward to every border of the nation. Credit "dried up", totally, and bank foreclosures were the order of the day. In Pecos County the drillers, the lease hounds, the oil operators, and the mineral speculators slunk silently back eastward across the Pecos River from whence they had come; and the lands of the Trans-Pecos region were clouded by a pall of gloom and despair. There was no money and no credit, and everyone had to "dig in" to survive.

On December 12, 1936, C.J. Price died in Dallas, Texas, where he was then living; and his surviving wife, Ella C. Price, had to take over the overseeing of his holdings.

By 1937 and 1938 the oil and gas explorationists had regained enough courage and confidence to once again begin looking for oil fields west of the Pecos River. The C.J. Price group was able to benefit from a few mineral leases negotiated during this period, but no "strikes" were made. In early 1939 the "Schade Company" drilled an offset wildcat well called the "Nevil #1", immediately south of the Price Group's Section 10. It drilled to 2,558 feet and was abandoned on March 26, 1939.

In the very late 1930's the Italians, under Mussoline, invaded Ethiopia, and the Germans, under Adolph Hitler, invaded Yugoslavia and Poland. World War II was then under way, and the American nation got involved when the Japanese bombed Pearl Harbor in the Hawaii's on December 7, 1941.

The War Years - 1941 to 1945.

As the American nation embarked upon the tremendous mobilization effort to field fighting forces in both the Pacific Ocean and the surrounds of the Mediterranean Sea every focus was in support of the war effort. The sheep ranchers of western Texas experienced a "boom" as the demand for wool for military uniforms skyrocketed; but, there was a shortage of "man power" due to the draft of young men for the military. "Old men and girls" did most of the agricultural work. At this time the oil companies made a valiant effort to increase their exploration efforts to supply the huge demand for fuels for the machinery of war. But, their "man power" was

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limited, also; and casing for the wells was scarce and "dear" as the mills were swamped with the demands of the building of ships, tanks, vehicles, and other materials of war. There was considerable exploratory drilling in western Texas during this time; but wells that showed no promise of significant reserves were abandoned and plugged. However, there were many instances of "shows" and other indications of nearness to oil and gas accumulations developed during this time that were "returned to" in later years and developed into a smaller variety of oil fields that were economical with cheaper drilling costs and better product prices.

The C.J. Price group participated, again, in some of the leasing activities of the war period; but, again, nothing "viable" was found. In early 1942 Magnolia Petroleum Co. (now Mobil) drilled a test well on the C.J. Price Group's Section No. 4, near its mid-point to a depth of 5,500 feet; but it was dry and abandoned.

After World War II - The Pump Irrigation Boom.

Contrary to conventional wisdom, the aftermath of World War II provided not an expected "recession" but a "boom" in activity of all kinds. In western Texas the rage was "pump irrigation farming". There were many known areas there of ground water accumulations that could supply a seemingly "inexhaustible" supply of water if "pumped" to the surface by mechanical means. Cotton was the crop, and it was selling at high prices. The dry air and rich soils of western Texas would provide a rich "growing environment" with a minimum of "bug problems" (notably, the boll weevil); if, there was plenty of water available. Once again the hordes of "drillers" came in; but, this time it was water well drillers.

About this time a young attorney named Maurice R. Bullock moved into Fort Stockton, established a home, and became the County Attorney of Pecos County. He had been drafted into the military in World War II, and served in the U.S. Army Intelligence. He began to develop a specialty of representing landowners, both resident and non-resident, in their dealings with grazing leases, oil and gas leasing, and taxation matters. He soon became acquainted with the C.J. Price group and has served them in various capacities ever since - "quite well!" would be my opinion.

The "pump irrigation boom", which commenced with the ending of World War II, involved four areas of Pecos County - the "Coyanosa" area some 25 miles northwest of Fort Stockton, the "Belding" area some 10 miles to the southwest, the "Imperial" area some 25 miles northeast and the "Bakersfield" area some 37 miles to the southeast.

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In September of 1945 the local newspaper, Fort Stockton Pioneer, carried an article that announced the coming irrigation boom in the Bakersfield area:

"SHALLOW WATER IRRIGATED DISTRICT
BEING DEVELOPED ON PECOS RIVER
NEAR BAKERSFIELD

Reminiscent of the days when corn and grain were grown in Pecos County by early-day Spanish settlers, before the advent of Americans, in the Pecos River Valley northeast of Bakersfield, work is now underway in development of farms in the broad Pecos Valley near the confluence of Tunis Creek.

Many years ago small and primitive irrigation systems in that area took water from the Pecos River for irrigation. Today, power pumps will lift the water from shallow wells.

On land owned by the C.J. Price Land Company of Topeka, Kansas, Edgar Martin, Alpine contractor, is clearing and leveling farm sites, in tracts of forty acres and up. Jack Wooten of Fort Stockton and Alpine, already has bought 120 acres, drilled a well, and installed a pump which is said to produce a pipe full of water using an eight-inch rotary pump to lift the water from a depth of eighty feet. Total depth of the well is 122 feet.

The Price interests own thirteen sections of land lying between Sections 2 and 18 in Block 12, H. & G.N., some eight miles northeast of Bakersfield, and about the same distance down river from Girvin. Lee Bullock of Fort Stockton represents the landowners in dealing with Mr. Martin for development of the land.

Soil is said to be deep and rich, and the land is to be sold in 40-acre tracts. Mr. Martin is to handle the clearing, leveling, and drilling of wells. Extensive colonizing is foreseen."

This article probably had some effect in attracting attention to the Bakersfield farming area, however, the persons mentioned therein were all of the "promoter" type and not really "big players" in the development. The "Lee Bullock" mentioned was of no relation to the attorney "Maurice Bullock"; and it is thought to be highly doubtful that he actually had any "representation" authority from the C.J. Price group. Neither Lee Bullock nor Edgar Martin nor Jack Wooten show up in the Pecos County Deed Records as having bought any land between 1942 and 1950. Wooten

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bopught a small home in Fort Stockton.

It wasn't until late 1947 that the Price group began to sell surface lands (no minerals) to the "pump irrigation boomers"; and these sales were in four deeds:

On November 21, 1947 (Deed Records, Volume 122, Page 93)
the E/2 of Section 12, Block 12, being 320 acres, was sold to Tom L. Warren, and wife Ida C. Warren, of Pecos County, for \$16.00 per acre, a total sale of \$5,120.00 as indicated by the \$6.05 in documentary stamps attached to the deed.

On January 27, 1948 (Deed Records, Volume 121, Page 164)
a huge sale was made to R.N. Beakley and J.E. Whiteside of Brownwood, Brown County, Texas, consisting of Sections 8,9,10,11,14,16, and W/2 of 18, Block 12, a total of 4,115.51 avcres at \$20.00 per acre for a total sale of \$82,500.00 as indicated by the \$90.75 in documentary stamps attached to the deed.

On October 14, 1950 (Deed Records, Volume 141, Page 46)
Section 7, Block 12, being 640 acres, was sold to E.L. Hawkins of Monahans, Ward County, Texas, for \$60.00 per acre, a total sale of \$38,400.00 as indicated by the \$42.35 in documentary stamps attached to the deed.

On October 24, 1951 (Deed Records, Volume 149, Page 222)
another sale was made to E.L. Hawkins of the southern 362.2 acres of Section 6, Block 12 (metes and bounds description) for some \$76.00 per acre, a total sale of \$27,500.00 as indicated by the \$30.25 in documentary stamps attached.

These four sales generated a total of \$153,520.00 to the Price group, and the surface lands sold were about 2/3 of the total holding. No lands have been sold since 1951, and those remaining are on the western end of the "package" where it is believed the underground water strata will not furnish volumes sufficient for farming; and, also, the terrain is rougher and less "flat" than lands eastward.

On September 30, 1951, Ella C. Price passed away while living with her daughter in Topeka, Kansas. From that time until the "Stipulation of 1982" (referred to later) the Price family 1/2 of the group was represented by the various administrators and trustees as required by the will of Ella C. Price. Her will was probated in Dallas County, Texas, by attorney Maurice R. Bullock, and her daughter, Ruth Mary Price, was the Independent Executrix and Trustee until she was deceased on April 24, 1981.

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The Pump Farm Irrigation Boom "Busts".

As in all "booms", the "irrigation boomers", in all areas, drilled too many water wells and optimistically cleared too much land for tilling. The underlying water aquifers simply could not yield as much water as development demanded. In all of the areas of Pecos County it was becoming evident early in the 1950's that "there was a problem" to be reckoned with. In some areas the "consolidation" became necessary rather quickly. In others the painful process was more drawn-out. In all areas only those of strong will and "deep pockets" were able to hang on.

In the Coyanosa area the bottom of the water aquifer was deep, like 1800 feet below the surface; but this was the situation for only a small percentage of the area. Too many pumping wells began lowering the "water table" rapidly, and the peripheral areas were soon "out of water". Today only the "hardy" can stay in business with the expensive deeper pumping required, and vast areas lay idle.

In the Belding area a similar sequence of events occurred. The area yielding water "shrank" as the water level dropped, and today only a couple of "well heeled" operations are still trying to keep going. One has planted a huge Pecan tree orchard and the other is grazing cattle. The small farmers are gone.

In the Imperial area it was soon evident that the water there contained far too much mineral content to grow crops successfully. This area is today, for all practical purposes, "dead as a doornail".

In the Bakersfield area two disquieting things soon became evident. The nearly 100 water wells drilled lowered the water table at a rapid pace; and, as the water table went down, Pecos River water of high salinity began to move "backwards" in a southerly direction. By late 1861 nearly one-half of the wells had been abandoned and only 56 were still in use.

Under date of October, 1961, a report was published on the "Geology and Ground-Water Resources of Pecos County, Texas" by the U.S. Geological Survey and the Texas Board of Water Engineers. Attachment 'E' hereto is their write-up of the Bakersfield farming area and a map showing the irrigation wells. It can be seen that, even then, those wells closest to the Pecos River were being laid idle or abandoned as the saline river waters moved southward due to the lowered water levels in the Bakersfield aquifer. The map shows, in yellow the surface lands yet owned by the Price group and, in blue, the surface lands that were sold at the beginning of the "irrigation boom".

Since that time the "tillable" area has shrunk even further, and the "survivors" are trying to grow "salt tolerable" crops, like Coastal hay grass.

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More Lean Years - the 1950's.

After the surface lands were sold during the Bakersfield "irrigation boom", things settled into a long period of little activity as the Price Group paid their property taxes, collected a little grazing rental on their remaining surface lands, and occasionally made an oil and gas lease. Although the oil companies were still active in exploring for oil and gas in western Texas during this time, their results were only minimal; and the flood of cheap Arabia Peninsula oil kept the prices low in the \$4.00 per barrel range. The "Suez Canal Crises" of 1957 served to raise prices nearly to \$5.00 per barrel, but this "bonus" soon faded, and mineral owners in western Texas were happy if they could keep their minerals under lease for a nominal "bonus" and bank the annual "delay rentals". Natural gas was selling for something like 10¢ to 15¢ per MCF at the wellhead and oil was in a "limbo region" at about \$4.50 per barrel.

In late summer of 1953 oilman George Putnam of Austin, Texas, drilled a shallow wildcat well in the northern 1/4 of Section 7 on the Price group holdings. It reached a depth of 3,125 feet and was abandoned on September 27th.

across the Pecos River to the north of the Price group lands an oil discovery was made in September of 1956 that brought considerable interest to that area. This was the Crossett, South (Devonian) Field which produced oil at a depth of 5,300 feet. The field turned out to be quite large, and its ultimate recovery was 13,500,000 barrels of oil. In its later life production was developed in a shallower Detrital zone at a depth of 4,900 feet, this becoming, also, quite prolific.

The 1960's - Oil and Gas Royalties at Last.

The development of the Crossett, South, Field to the north of the Price lands created a flurry of activity, and the "oil drillers" flocked in once again in spite of the low prices for oil and gas. The "trend" indicated possibilities southward from the new field across the river and onto the Price group lands. And to there they moved.

During the decade of the "60's" there was "plenty" of activity on the "package". On Price lands numerous oil and gas leases were made, some 10 dry holes were drilled, and producing wells were completed in 3 fields designated as "oil" and in 2 designated as "gas". Today 14 of these completions are still producing.

At long last the Price group began to enjoy a substantial monthly revenue. Mostly this came from oil as natural gas was cheap in price and hard to market, unless a gas pipeline just "happened" to be near

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at hand. Unfortunately, most of the original investors had not lived to see the fulfillment of their ambitions.

In the mid-1860's there was a lot of "talk" and a lot of nationwide "media hype" about an impending shortage of natural gas all over the nation. Whether or not this was, in fact, a bonafide fear is beside the point. Like the cry of "Thar's gold in them thar hills!" in California in 1848, it was enough to precipitate a stampede of "gas drillers" all rushing to get in on the bonanza. The "rig count" began rising in western Texas, and the "lease hounds" were busy signing new leases with mineral owners.

The Energy Era - 1970 to 1985.

The combination of interest stirred by the discovery of the Crossett, South, Field and the newer "gas shortage" phenomenon caused activities all around the Price group lands to continue at a steady pace through the 1970's. Nine more dry holes were drilled; but, also, 6 more fields were discovered, 3 in oil and 3 gas, from which 7 wells continue to produce on Price lands.

In 1972 the arabs of the Persian Gulf shocked the nation and the world with an "oil embargo" that turned the oil and gas markets, and just about everything else, "upside down". Panic prevailed, long lines resulted at gasoline service stations, governments reacted with forms of "rationing", "allocations", and "historical entitlements".

While the politicians were busy making things worse, the "drillers" again heard the call of "gold in the hills", and another classic "oil boom" (this one worldwide) began that would proceed with a fever and a furor for some thirteen years.

As the 1970's got underway the prices for both oil and natural gas began to rise upwards at an ever increasing "slope". Natural gas soon sold for 20¢ per MCF, quickly reached 80¢, actually experienced some sales at \$5.00, and the "boomers" were predicting \$15.00 per MCF. Likewise oil quickly sold at \$10.00 per Bbl, then \$20.00, then \$30.00, and finally actually reached \$40.00 per Bbl., while the "boomers", again, were convinced of \$80.00 per Bbl. In this frantic period of time almost everybody and his "proverbial dog" got into the "oil business", wheeling and dealing in every conceivable fashion. The bankers were "most happy" with the events. They loaned out horrendous sums for every conceivable purpose - proven reserves of oil and gas, "hot" drilling deals, drilling rigs, airplanes, leasing "plays", welding trucks, pipeline equipment, and even for "toys" - the gratuities given slyly to company executives as inducement for favorable treatment in the parcelling out of contracts.

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During this period the Price lands enjoyed both the benefits of increasing product prices and the completion of new wells during the 1970's. By 1980 development on these lands was all but over for a time. During the early 1980's one more dry hole was drilled as the "drillers" began drifting away to more lucrative places.

Another Boom "Busts" - 1985 to Present.

By 1985 the arabs had become intensely frustrated that the world seemed to be getting along quite well in spite of their huge oil reserves. Late in that year they began "opening the valves". Soon they had the whole world "awash in a sea of oil"! In the first few months of 1986 the oil market collapsed dramatically as crude oil fell from \$40.00 to \$15.00 per barrel. This began a ten year period of devastation for the domestic oil and gas industry. Most everyone either wanted out of the "oil business" or they were forced out. Drilling rigs were "stacked" in storage, service trucks were parked in huge fenced-in areas, airplanes were either sold or "lost" to the bankers, and the "roughnecks" and "roustabouts" sought new jobs in construction, auto garages, or wherever. Soon the bankers owned more equipment and more properties through foreclosures and failures than they could even count. But there was no viable market for any of it. Then the banks started failing "like dominoes", again. Then the u.s. Government, through the Federal Deposit Insurance Corporation, became the owner of all the "junk" and ended up losing "billions" in its disposition.

From early 1986 until the present there has been a long and painful period of "regrouping" in general - layoffs, consolidations, buy-outs and sell-outs, and austerity and conservatism in all forms. It has been only in the last few years that confidence has begun to exhibit itself again in the oil fields of western Texas. In about 1990 the Price group again made some profitable oil and gas leases on the central portion of their lands and 3 new oil wells resulted.

At the present things are relatively "quiet" in the area of the Price lands. But, could it be the "lull before the storm"? Oil prices are on a rise in spite of "experts" predictions, and there are ominous things happening in the arab world and the Cossacks in Russia have been in open rebellion for over a year. Right or wrong, it would seem to me that there might be "something in the wind"! Like \$100.00 oil?

The Present Status.

(A) The Lands.

The present description of the Pecos County lands that C.J. Price

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acquired in Block 12, H. & N.G. Ry. Co. Survey, Pecos County, Texas,
 is as follows:

Section or Survey	Part	State Certificate	Abstract	Ownership	Acres
2	All	8/1612	5617	Surface & Minerals	640.00
3	All	8/1613	290	Surface & Minerals	633.00
4	All	8/1613	5616	Surface & Minerals	651.36
5	All	8/1614	291	Surface & Minerals	640.00
6	North Part	8/1614	5615	Surface & Minerals	286.85
6	South Part	8/1614	5615	Minerals Only	343.20
7	All	8/1615	292	Minerals Only	640.00
8	All	8/1615	5614	Minerals Only	650.10
9	All	8/1616	293	Minerals Only	640.00
10	All	8/1616	5610	Minerals Only	639.80
11	All	8/1617	294	Minerals Only	633.50
12	E/2	8/1617	6915	Minerals Only	315.50
14	All	8/1618	5612	Minerals Only	630.20
16	All	8/1619	5611	Minerals Only	624.80
18	W/2	8/1620	6540	Minerals Only	313.05

TOTAL ACRES----- 8,281.36

Summary:

Surface & Mineral Ownership	2,851.21(*)
Mineral Ownership Only	<u>5,430.15</u>
Total-----	8,281.36

(*) Surface Acreage is reduced by about 46 acres due to
 the highway.

Enclosed is a land plat of the area of these lands. Those where
 both the surface and the minerals are still owned are colored in yellow.
 Those where the surface has been sold but the minerals retained are
 colored in blue. The map is Attachment 'A'.

It must be noted that when C.J. Price acquired this large holding
 of lands he owned both the surface rights and 100% of the mineral estate.
 To date the major portion of the surface rights have been sold, but the
 heirs and associates of C.J. Price still own all of the mineral rights.
 This is a rather unique situation amongst land holdings in western Texas.
 During the oil industry "booms" of the 1920's, and the succeeding "booms"
 of various times since then, a goodly portion of the mineral rights under
 western Texas lands have been sold off to traders, speculators, and
 investors so that it is rather rare to find an owner of the surface lands
 having a majority ownership of the mineral estate under his or her lands.
 One is reminded of the quote of a saying by J. Paul Getty, the fabulously

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wealthy and successful oil man of past decades, when he said "The meek can have the earth. All I want is its mineral rights".

The ownership of C.J. Price's 50% interest in the above lands has been passed down to he and his wife's heirs beginning in early 1937 when his will and probate matters were filed for record in Pecos County, (Deed Records, Volume 7, Page 486) and completing in late 1951 when her will and probate matters were filed in Pecos County (Deed Records, Volume 148, Pages 378,383 and 386). From early 1937 to late 1982 the interests have been controlled by the various Estate Administrators and the Trustees for various Trusts created as a result of Estate of Ella C. Price. Effective on September 10, 1982, the remaining heirs signed and filed for record in Pecos County a "Stipulation and Agreement" (Deed Records, Volume 516, Page 215) that declared the administration of the will and Trust provisions of the Estate of Ella C. Price were fulfilled and that remaining heirs would own their portion of the Price ownership in the percentages stated in the stipulation free of Trust management. The letter you received from the Bullock lawfirm dated June 18, 1996, is in accord with the above referred "stipulation" after allowing for the death of Effie Mae Pool Price. See Attachment 'B'.

At the present time Arnette C. Johnson, Trustee owns 1/10 of all the lands and minerals described above. This is the same as owning 20% of the Price heirs 50% of the lands and minerals.

Upon the event of the death of Elsie Price Barry, Arnette C. Johnson, Trustee is pre-scheduled to receive another 2 1/2% of the Price heirs ownership from Elsie Barry's present "Life Estate" ownership of 10%. The "handing down" of Elsie Barry's other "separate property" ownership of 10% is not known to me.

Thus, we can say that, for the present, Arnette C. Johnson, Trustee owns 20% of the Price heirs interest and will ultimately own 22 1/2% or perhaps, as much as 25%, depending upon the will of Elsie Barry.

(B) The Producing Oil and Gas Royalties.

On the land plat included (Attachment A) the oil and gas wells that are now shown in an active status by the Texas Railroad Commission are circled in red. Of the 24 wells shown, some 9 are not producing at the present and some of these may have lost their leasehold rights. The fate of the others is unknown; but future better product prices could cause renewed efforts to produce them.

On the page following is a listing of the "active" oil and gas wells on the Price lands. There are 23 "lines" on the page which encompasses the 24 wells shown on the map. This confusion was not "planned", it just "happened". On some of the lines two wells are represented, and on several pairs of lines there is only one well but two separate producing zones in a "dual" completion.

Active Oil & Gas Wells-C.J. Price Group-Pecos County, Texas

Location	Part	Operator	Lease & Well	Type-Depths	Field	Current Monthly		County
						Production Bbls	Valuation	
0	N/2 S/2	Llano Oper.	Price #1	Gas-4,690	El Cinco(Leonard,Lower)	-0-	-0-	
0	S/2	Llano Oper.	Price #2	Gas-4,690	El Cinco(Leonard,Lower)	-0-	-0-	
0	N/4	Olsen Energy	Price B-#1	Gas-4,690	El Cinco(Leonard,Lower)	-0-	2,740.00	
0	N/4	Shell Western	Price #4-8	Oil-4,900	Crossett,S.(Detrital)	-0-	-0-	
0	N/4	Austex	Price #3-8	Gas-4,900	Crossett,S.(Detrital)	-0-	-0-	
0	N/4	Shell Western	Price #1-8 & #2-8	Gas-4,900	Crossett,S.(Detrital)	-0-	-0-	
0	N/4	Apache Corp.	R.M. Price B,NCT-#4T	Gas-4,900	Crossett,S.(Detrital)	-0-	-0-	
0	N/4	Apache Corp.	R.M. Price B,NCT-#4C	Gas-4,690	El Cinco(Leonard,Lower)	-0-	-0-	
0	S St. N/2	Apache Energy	Ruth Price E-#1 & #2	Oil-4,900	Crossett,S.(Detrital)	60	1,450	2,270.00
0	N. Pt.	Seay Expl.	Birpoint	Oil-5,280	Huber(Detrital 5,150)	90	500	1,190.00
0	N/2	Apache Corp.	Price NCT-1,B #2 & #5	Oil-4,900	Crossett,S.(Detrital)	130	1,300	1,950.00
0	N/2	Apache Corp.	Price NCT-1,B #4C	Gas-4,690	El Cinco(Leonard,Lower)	-0-	-0-	
0	N/2	Apache Corp.	Price NCT-1,B #4T	Gas-4,900	Crossett,S.(Detrital)	-0-	-0-	
0	N Pt S/2	Huber Corp.	Price B-#1T	Gas-4,690	El Cinco(Leonard,Lower)	-0-	-0-	
0	N Pt S/2	Huber Corp.	Price B-#1C	Gas-4,500	El Cinco(Wichita Albany)	70	1,300	1,470.00
0	N Pt. S/2	Olsen Energy	Ruth Price GU D #1T	Gas-4,900	Crossett,S.(Detrital)	-0-	3,000	15,710.00
0	N Pt S/2	Olsen Energy	Ruth Price GU D #1U	Gas-4,500	El Cinco(Wichita Albany)	-0-	1,250	
0	S Pt. S/2	Olsen Energy	Ruth Price D #3	Gas-4,500	El Cinco(Wichita Albany)	-0-	3,500	
1	N. Pt.	Seay Expl.	River #1 & #2	Oil-5,280	Huber(Detrital 5,150)	110	2,100	4,950.00
1	S.Pt. N/2	Seay Expl.	Pecos #1	Oil-5,280	Huber(Detrital 5,150)	-0-	-0-	
1	S.Pt. N/2	Seay Expl.	Pecos #2	Oil-4,500	El Cinco(Wichita Alb,Mid)	30	200	1,520.00
1	N.Pt. S/2	Huber Corp.	Price CH1 & #3	Oil-4,500	El Cinco(Wichita Alb,Mid)	210	800	5,390.00
8	N.Pt.	Xeric Oil & Gas	Tripp #1	Oil-51,00	Trippett,W(Wolfcamp 5,050)	30	130	-0-

TOTALS----- 730 16,630 \$37,190.00

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On this page are shown the approximate present monthly production from each unit in barrels of oil and MCF of gas. Also shown is the current valuation for ad valorem tax purposes by the Pecos County Appraisal District. Note that the values shown are for the Price family 50% of the Price group holdings. These same values are assessed to the Miller family 37 1/2% and the McClintock family 12 1/2%.

(C) The Non-Producing Minerals.

Attachment "C" is a listing provided to you by the Bullock, Scott, Neisig, & Owens legal firm in Midland, Texas, showing, Section-by-Section, what portions of the Price lands are either bound by an existing oil and gas lease or "open" and free to be leased anew should someone desire to negotiate for a lease to explore. A check of the Lease Records of Pecos County fails to reveal any lease made subsequent to the Attachments date of October, 1994, so that I rest assured that the present status is as shown and "etched in stone". Having known both Messieurs Bullock and Scott for more years than any of us would care to express, then I can assure you that anyone who would question their work would be either overly brave and self-assured or naive to the point of adolescence.

A browsing tally of the minerals shown to be "open" and available for future oil and gas leases yields an area of some 5,000 acres. We shall use this figure in the "Values" below.

(D) The Values:

On the very first page of this letter it was stated that we would deal in the "approximate" values of your interests. And this is what is to follow. The estimations given are just that, and there is nothing "vigorous" about the values. But, in my opinion, they are quite realistic.

(1) Surface Lands. The Pecos County Appraisal District has considered the Price Group surface acres to be 2,805.31 acres after deducting 45.90 acres for public roads from the figure of 2,851.21 acres shown on page 19 herein. Their "market value" appraisal on these lands averages some \$63.30 per acre. This is somewhat higher than some of the recent actual sales of land in the area, but it is not beyond the realm of reason, and most of the recent sales could be considered "distressed" due to the severe drought that began nearly four years ago. We will consider their "number" as being "in the ball park". Their total assessment to the Price group lands is \$177,610.00.

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Arnette Johnson's portion of this would be 10% now, 11 1/4% at some time in the future, and 12 1/2% as a possibility. These values are:

10% -----	\$17,760.00
11 1/4% -----	\$19,980.00
12 1/2% -----	\$22,200.00

(2) Producing Oil & Gas Royalties. As shown in Attachment 'D', the Pecos County Appraisal District considers the value of these royalties for the Price family heirs (50%) to be \$37,190.00. It would be hard to argue these values unless one would want to believe in the "boom" of the future and the "\$100.00 oil" mentioned, briefly, above. But, we're focused on the hard, cold realities of the present; and I think we should use these values and leave the "pie in the sky" to the speculators and future "boomers". Thus, we assign to Arnette Johnson's interest:

20% -----	\$7,440.00
22 1/2% -----	\$8,370.00
25% -----	\$9,300.00

(3) Non-Producing Minerals. As stated above, we consider that there are some 5,000 acres of the Price group minerals that are not under current oil and gas lease. Assigning a value to these interests is a guessing game. To paraphrase an old song "when minerals are hot, they're hot! And when they're not, they're not!" The time to sell minerals is when folks with "boom fever" are "slobbering" to get into the action. These people are not in evidence at present, so we must use a "nominal value" of what most any old "sly fox" would pay just to add to his inventory of future "possibles". That number is \$30.00 per acre, in my judgement; and the interest of Arnette Johnson would be:

10% -----	\$15,000.00
11 1/4% -----	\$16,875.00
12 1/2% -----	18,750.00

(4) The Summary. Adding all of the above together we arrive at the estimate of the present value of the ownership of Arnette Johnson as follows:

<u>Feature</u>	<u>10%</u>	<u>11 1/4%</u>	<u>12 1/2%</u>
Surface Lands	\$17,760.00	\$19,980.00	\$22,200.00
Royalties	7,440.00	8,370.00	9,300.00
Non-Prod. Minerals	15,000.00	16,875.00	18,750.00
Totals	\$40,200.00	\$45,225.00	\$50,250.00

Conclusion.

I hope that from all of the above "verbiage" you will be able to

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have a better understanding of what you own in Pecos County, Texas,
and to have a better grasp of how it all came about.

As I have endeavored to retrace the steps of C.J. Price and his associates from the "vision" of 1908 to the present-day scenerio, it has struck me as amazing that the Price-Miller-McClintock group has managed to remain cohesive, though independent, for these ensuing 88 years. Generations have passed on and newer ones have ascended to the ownership. Yet each of the three sets of lineages seem to have been able to maintain in their own way, an attitude and a determination of "one for all - all for one" that has resulted in the "best of all worlds" for the group.

As each new generation comes of age, the pressures, it seems, would want to factionize the old arrangements.

My final thought to you would be, to paraphrase U.S. President Abe Lincoln, "United we stand. Divided we fall".

Best regards!

Sincerely,



A.C. Atkins

ACA/dp

Attachments