

SAN MATEO OIL AND REFINING COMPANY
PHOENIX, ARIZONA

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L. MACCALLEN, SECRETARY
323-325 HEARD BUILDING
PHOENIX, ARIZONA

Dear Sir:-

I have become interested in the above company and own considerable of their stock. We lease 513 acres of oil land in proven territory, the land being surrounded by producing wells, and a derrick has been placed and drilling is being contracted for.

We have an agreement to drill on 28 acres on the southwest corner, and the well is now producing oil. The Mid State Oil Company, adjoining us on the east has three producing wells, and has erected a refinery and a casing head plant and is operating both.

The field is known as the Half Moon Bay field, 35 miles southwest of San Francisco, on ocean frontage, and the structure carries a high grade of oil. Oil is produced at 900 feet, 1750 feet and 2250 feet, the difference in the last two depths being caused by position on the hillside.

We are capitalized at \$1,000,000.00 and a portion of this stock is being sold for operating expenses at \$1.00 a share. It is fully paid and non assessable.

I want you to take some stock in this company, say \$250.00 to \$500.00 worth, and the prospects look bright for a five for one return for each investor, as the Mid State Wells produce 30 to 70 barrels daily in the shallow sand, the oil is of a high gravity, analysis attached, and sells for \$5.00 a barrel.

Discounting this with an altogether too conservative cut by estimating the production to be 30 barrels daily at \$3.00 a barrel gives an income of 900 barrels or \$2,700.00 monthly which shows annual earnings of \$32,400.00 for each well. It is the intention to drill other wells as fast as each one is completed, and on ten acre tracts, the land will accommodate 48 wells. This division is also conservative as wells are drilled much closer in other California fields.

The average time we allow for drilling is 90 days, though an article attached from the National Petroleum News of February 24th shows six to eight weeks, but as above, I am again discounting as a safety feature and predict that we will have four wells producing at the end of the first year's operations.

Geological reports indicate a big pay sand at 4,000 to 5,000 feet, but it is not our intention to drill for this until the company is on a dividend paying basis. When struck, it will more than quadruple the value of the property.